Registration Document

Floatel International Ltd.

Important notice

This Registration Document prepared according to Regulation (EU) 2017/1129, is valid for a period of up to 12 months following its approval by Norwegian FSA. This Registration Document was approved by the Norwegian FSA on 19.12.2024. The prospectus for issuance or listing of new bonds or other securities may for a period of up to 12 months from the date of the approval consist of this Registration Document, a securities note and if applicable a summary to each issue and subject to a separate approval.

A prospective investor should consider carefully the factors set forth in chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in bonds, including any legal requirements, exchange control regulations and tax consequences within the country of residence and domicile for the acquisition, holding and disposal of bonds relevant to such prospective investor.

For definitions and certain other terms used throughout this Registration Document, see Section 3 "Definitions".

The Managers and/or affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Registration Document and may perform or seek to perform financial advisory or banking services related to such instruments. The Managers corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known. Copies of this Registration Document are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The distribution of the Registration Document may be limited by law also in other jurisdictions, for example in Canada, Japan, Australia and in the United Kingdom. Verification and approval of the Registration Document by the Norwegian FSA implies that the Registration Document may be used in any EEA country. No other measures have been taken to obtain authorization to distribute the Registration Document in any jurisdiction where such action is required, and any information contained herein or in any other sales document relating to bonds does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The content of the Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

This Prospectus shall be governed and construed in accordance with Norwegian law. The courts of Norway, with the Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

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1. Risk factors

Investing in bonds involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out in the Registration Document before making an investment decision.

A prospective investor should carefully consider all the risks related to the Group and should consult his or her own expert advisors as to the suitability of an investment in bonds issued by the Company. An investment in bonds entails significant risks and is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. Against this background, an investor should thus make a careful assessment of the Company, its credit worthiness and its prospects before deciding to invest, including its current and future tax position.

The risk factors for the Company, the Guarantors and the Group are deemed to be equivalent for the purpose of this Registration Document unless otherwise stated.

The Company believes that the factors described below represent the principal known risks at the date of the Registration Document inherent in investing in bonds in the Company, but the Company may be unable to pay interest, principal or other amounts on or in connecting with bonds for other reasons which may not be considered significant risks by the Company based on information currently available to it or which it may not currently be able to anticipate. It applies for all risk factors that, if materialized, and depending on the circumstances, may have an adverse effect on the Company or Guarantor and which may reduce anticipated revenue and profitability, ultimately resulting in a potential insolvency situation.

Risks related to the Group's business and operations

Uncertainty relating to global economic conditions and development
The Group currently owns five accommodation and construction support vessels (“ASV”). As of 30 September 2024, the Group's total contracted firm orderbook was approximately USD 364 million with approximately USD 154 million in options, both excludes letters of intent. The firm orderbook of the Group together with available liquidity is not sufficient to cover debt service obligations under the Senior Secured Bonds until the maturity date or repay or refinance the Senior Secured Bonds by the maturity date, or to cover debt service obligations under the other debt facilities of the Group. Volatility and uncertainty in general economic conditions and global or regional financial markets and inflation or interest rates due to, inter alia, Russia's aggression against Ukraine, armed conflict in Israel and the Gaza Strip, militant attacks on commercial shipping in the Red Sea and other geopolitical uncertainty, may negatively affect oil and gas prices and/or create uncertainty that can cause oil and gas companies to cut E&P spending budgets. Limitations on the availability of capital or higher costs of capital for financing expenditures, or the desire to preserve liquidity, may cause potential clients to make reductions in future capital budgets and outlays and could result in project modifications, delays and/or cancellations. Such adjustments could reduce demand for offshore services generally, and for the Group's services specifically.

Uncertainty relating to offshore services contracts
The ASVs are operating primarily on short to medium term services contracts and the future employment of the ASVs may be uncertain. In periods of excess capacity or shortfall of demand in global or regional ASV markets, charter rates and/or project values will be determined on the basis of several factors that are unpredictable and beyond the Group's control. No assurance can be given that the Group will be able to negotiate contracts on acceptable commercial terms and at favourable day rates to renew or replace its existing contracts once expired or if any options will be exercised. In addition, under the terms of offshore services contracts, circumstances may arise when the Group

receives a reduced day rate to the agreed daily operating rate, or no rate at all; in such circumstances, the Company's prospects and ability to make payments of interest on and repayments of principal of the Senior Secured Bonds may be adversely affected. If any of the ASVs are suspended for a period of time due to the occurrence of certain events, then the Group may be paid a reduced day rate until such time as operations are re-commenced (and the daily operating rate payable by the contractor will be reduced accordingly). Offshore services contracts may also be terminated if certain events occur. In the past, oil companies have forced a renegotiation of offshore services contracts in certain cases. Such circumstances may have a material impact on the Group's business, financial conditions and result of operations.

The Group may not be able to perform under its charters due to various operational factors, including unscheduled or mandatory repairs and maintenance as well as operational delays, health, safety and environmental incidents, weather events and other factors (some of which are beyond the Group's control), and the Group's customers may seek to cancel or renegotiate the charters for various reasons. In some of the Group's charters, the customer has the right to terminate the contract without penalty and in certain instances, with little or no notice. The Group's inability or the inability of the Group's customers to perform under its or their contractual obligations may have a material adverse effect on the Group's financial position, results of operations and cash flows.

Risks related to the offshore services market

The ASVs and the services offered by the Group are provided in an open market characterized by a relatively small number of potential clients. The demand for the Group's services may be volatile and is subject to variations for several reasons, including factors such as uncertainty in demand for, or timing of service programs, possible competition from other suppliers or alternative solutions, slowdown in economic activities, or regulatory changes. Any over-estimation of demand for vessels may result in an excess supply of new vessels. During periods of high utilization and day rates, industry participants may increase the supply of ASVs by ordering new vessels. This may result in an oversupply of ASVs and may cause a subsequent decline in utilization and day rates when the vessels enter the market. Lower utilization and day rates could adversely affect the Group's revenue and profitability.

Vessel book-values may be impaired

The Group’s vessels are under GAAP (IAS36 – Impairment of Assets) subject to periodic (normally at least annually or if there is any indication that an asset may be impaired) impairments tests to determine if the carrying amount (book-value) may be recoverable over the vessel’s lifespan. Soft market conditions may result in near-term weak cash flow projection which in turn may result in impairment and this risk is most imminent for vessel with limited orderbook, as a result the Group may be required to recognize impairment in any of its future financial statements. While such impairments will aim to present a more accurate and fair valuation of the Group's assets, impairments may render the Group's historical financial information less comparable as adjustments can distort past financial performance and make it challenging for investors to assess trends or make informed decisions based on historical financial information.

The market value of the Group's ASVs and any future ASVs may decrease

The second-hand sale/purchase market for ASVs may from time to time be challenging and, as a result, broker valuations of ASVs can to a large extent be based on subjective estimates and may be highly dependent on broker's discretion and significant assumptions. Furthermore, due to the second-hand market for semi-submersible ASVs being a niche market and thus subject to market liquidity risk, there may not be any available market for the sale of any of the ASVs. The Company is currently marketing Floatel Reliance, one of the Group's ASVs for sale, and such sale process may be affected by the abovementioned factors. Moreover, forced sale of the ASVs mortgaged as security for the Senior Secured Bonds (the "Collateral Vessels") may also take place at lower prices than for transactions between a willing buyer and a willing seller and may also lead to lower broker valuations. These factors may impact and have an adverse effect on the estimated market value of the Collateral Vessels and any further ASVs acquired by the Group in the future. Depending on the price decrease and the duration of a negative trend, a reduction in the value of the ASVs may lead to the Company not being in compliance with the terms for the Senior Secured Bonds, Super Senior RCF or render it unable to meet its debt obligations, which in turn may have a material adverse effect on the Group's operations and financial conditions. Reduced Collateral Vessels values will also have an adverse effect on the security coverage under the Bond Terms. No assurance can be given that any estimated values provided in broker valuations for the Collateral Vessels can be sustained or are realizable in an actual transaction.

Currency fluctuations
Charter revenues are primarily in USD which is the Group's functional and reporting currency. Operating expenses are often in local currency and changes in the value of currencies relative to USD could result in translation adjustments. Rechargeable expenses are normally invoiced in the same currency as the underlying cost. Such translation may affect the Group's reported results of operations and have a negative effect on the Group's results and cash flow can occur.

Compliance with safety and other vessel requirements
If any ASVs does not maintain its class or fails any annual survey, intermediate survey, or special survey, any such vessel will be unable to trade and will be unemployable, which may have a material adverse effect on the Group's business, financial position, results of operations and cash flows. In the long term it is not possible to predict future changes to the existing rules of the relevant class society, rules of which govern the ASV with respect to classification, or to the national (including the flag state) and international laws, rules and regulations with which the ASVs must comply. There can be no assurance that any future changes to any of such laws, rules and regulations or relevant international conventions will not subject the ASVs to additional onerous requirements and obligations which may have a material adverse effect on the Group's business, financial position, results of operations and cash flows.

New technology and/or products may cause the Group to become less competitive
As competitors and others use or develop new technologies, the Group may be placed at a competitive disadvantage and/or face competitive pressure to implement or acquire certain new technologies at a substantial cost. For example, decarbonisation efforts by way of further electrification are expected and there is no certainty that the ASVs will remain viable for the entirety of their planned lifespan of 30 years. Thus, the Group's inability to implement and use new and emerging technology in an effective and efficient manner may have a material and adverse effect on its business, financial condition, results of operations and cash flows.

Energy transition from fossil fuels to a lower carbon economy
The Group derives its income from activities primarily related to fossil fuels. The global demand to transition from fossil fuels to low carbon energy sources as a means of combating climate change is unclear and hard to predict. The oil and gas industry is expected to keep pace with the transition towards lower carbon and renewable sources of energy. An increased trend or major shift towards a net zero economy could significantly impair the Group's business by reducing demand for its services and impairing the value of the ASVs and consequently reduce its income. From time to time, governing bodies may propose legislation that would materially limit or prohibit offshore oil and gas activities in certain areas, and which may cause a general increase in industry regulation and/or operating costs with respect to offshore oil and gas activities in the countries in which the Group operates.

Collective labour agreements and the failure to renew those agreements
A significant portion of seafarers working as crew on the ASVs are employed under collective labour agreements with unionized work groups. The subsidiaries which employ the Group's employees and/or contracted crew agencies may become subject to additional labour agreements in the future. The Group may suffer labour disruptions if relationships deteriorate with the seafarers or the unions that represent them. Salaries are typically renegotiated annually or bi-annually for seafarers, and

higher compensation levels will increase the Group's costs of operations. Any future labour disruptions could harm the Group's operations and could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, there is a risk that disagreement on existing or future collective agreements may ultimately lead to work interruptions, strikes or stoppages which again could have a material adverse effect on the Group's business, financial condition and reputation. The Group may also be, directly or indirectly, negatively impacted by strikes or disputes between hired personnel and their employer. Both strikes and disputes may materially and adversely affect the Group's business, prospects, financial position and operating result.

The Group may experience reduced profits even though the operating and maintenance costs remain the same
The Group is subject to substantial operational and maintenance costs for the ASVs, which may at times be unpredictable and which may affect the Group's financial condition. Operating expenses do not fluctuate in proportion to changes in operating revenues. An increase in operating expenses without corresponding increase in daily rate results in a reduction in the profits generated for the Group under its contracts. However, the bigger impact on the profitability is what daily rate is contracted and the general market conditions dictate at what rate the Group can achieve when tendering for new contracts.

Operations are subject to operating hazards and unforeseen interruptions
The Group's ASVs are subject to numerous operating risks inherent in offshore business. These include, but are not limited to, risks of extreme weather conditions affecting the ASVs, fires, explosions, collisions and groundings, human error as well as possible arrests, requisitioning by authorities, detention, terrorism, piracy, war risk and other circumstances of events. In addition, accidents or other operating hazards could result in the suspension of operations because of related machinery breakdowns, failure of subcontractors to perform or supply goods or services, or personnel shortages. Damage to the environment could also result from the Group's operations and services, particularly from spillage of fuel, lubricants or other chemicals and substances.

The Group's insurance policies and contractual rights to indemnity may not adequately cover losses, and the Group may not have insurance coverage or rights to an indemnity for all risks. Although it is the Group's policy to obtain contractual indemnities, it may not always be able to negotiate such provisions. Further, indemnities that the Group receives from clients may not be easily enforced and may be of limited value if the relevant clients do not have adequate resources or do not have sufficient insurance coverage to indemnify the Group. Further, the amount of the Group's insurance cover may be less than the related impact on enterprise value after a loss, and the Group's coverage also includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in excess of these limits. The Group may decide to retain substantially more risk through self-insurance in the future. The occurrence of a significant accident or other adverse event which is not fully covered by the Group's insurance or any recoverable indemnity from a client could result in substantial losses for the Group.

Any of the abovementioned circumstances could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and prospects.

Risks associated with reactivations, upgrades, refurbishment, surveys and repairs
Significant cost overruns or delays may adversely affect the Group's business, financial condition and results of operations. Additionally, capital expenditures for vessel upgrade, maintenance, activation, repair, modification, special periodic surveys, and refurbishment projects could exceed the Group's planned capital expenditures. Failure to complete an upgrade, maintenance, activation, repair, modification, special periodic surveys, and/or refurbishment project on time may, in some circumstances, result in the delay, renegotiation or cancellation of an offshore service contract and could put the Group's planned arrangements to commence operations on schedule at risk. The Group could also

be exposed to contractual penalties for failure to complete upgrade, maintenance, activation, repair, modification, special periodic surveys, and/or refurbishment project and thereby fail to commence operations in a timely manner. The ASVs undergoing any upgrade, maintenance, activation, repair, modification, special periodic surveys, and refurbishment projects could exceed the Group's planned capital expenditures. Failure to complete an upgrade, maintenance, activation, repair, modification, special periodic surveys, and/or refurbishment generally do not earn a day rate during the period they are out of service.

Hidden defects and risk related to the maintenance of ASVs
Shipbuilding/yard contracts for new built, upgraded, activated, maintained, modified, repaired and/or refurbished vessels typically extend limited warranties for defects for a limited period of time (often one year from delivery), and sale and purchase agreements usually provide for sale of second-hand vessels on an "as is" basis without warranties from defects. The Group therefore carries the risk of any hidden defect or defects not discovered during any pre-purchase inspection in case of a purchase and/or final acceptance test in case of shipbuilding/yard of the respective vessel. Any such defects may have a materially adverse effect on the value of the ASVs and their ability to trade. Due to the fact that the Group invests in capital assets with remaining technical lifespans of approximately 30 years, it is expected that the ASVs will require upgrades, activation on certain occasions, maintenance, modifications, repairs and/or refurbishment work, for example in respect of wear and tear of steel work and welding, which may require further capital investments.

The ASV Floatel Reliance and investments in additional vessels
As of the date of this Registration Document, the Collateral Vessel "Floatel Reliance" is in lay-up and has been since March 2016. If a decision is made to activate Floatel Reliance, this will require substantial activation work in order to get the vessel back into operational condition, including without limitation, replacement, maintenance, modifications, upgrades and/or repairs of material systems and the superstructure as well as engineering work to meet technical recommendations, internal audits, classification surveys and class approvals. The Group cannot guarantee that such reactivation (if initiated) will be completed without delays or cost overrun or at an overall acceptable cost.
The Group may make investments in additional vessels, which may require construction, activation, modifications, maintenance and/or upgrade work in order to get the additional vessel into an operational condition, which similarly are subject to risks of delays or cost overrun and may not be completed at an overall acceptable cost.

The Group's business is subject to numerous governmental laws and regulation
The Group's business activities are conducted in or with relations to several different jurisdictions, and thereby exposed to a variety of different laws, regulations, rules, agreements, and guidelines, which may include (without limitation) regulations related to anti-trust, environmental, health & safety, anti-corruption, sanctions, tax, and other areas. Any changes thereof, or any difficulties in enforcing agreements in foreign jurisdictions, may have a significant adverse effect on the Group's operations and results. In the event that the Group is unable at any time to comply with the existing regulations or any changes in such regulations, or any new regulations introduced by local or international bodies, the operations of the Group may be adversely affected. New requirements can affect the resale value or useful lives of the ASVs, require ship modifications and/or upgrades or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national, and foreign laws, as well as international treaties and conventions, the Group could incur material liabilities, including clean-up obligations, in the event that there is a release of petroleum or hazardous substances from any of the ASVs or otherwise in connection with the Group's trade, business and operations. In addition, the Group is required to satisfy insurance and financial responsibility requirements for potential hydrocarbon spills and other pollution incidents. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Group's trade, business and operations, including, in certain instances, seizure or detention of the ASVs.

A small number of customers account for a significant portion of the Group's revenues
The Group's financial condition and results of operations could be materially and adversely affected if any one of its customers interrupts or curtails its activities, fails to pay for the services that have been performed, terminates its contracts, fails to renew its existing contracts or refuses to award new contracts and the Group is unable to enter into contracts with new customers on comparable terms. The loss of any significant customers could materially adversely affect the Group's financial condition and results of operations.

General Data Protection Regulation
The general data protection regulation 2016/679/EU (GDPR), applicable as of 25 May 2018, imposes, inter alia, stricter requirements for the processing of personal data and more severe sanctions for violations, including fines of up to 4.0% of total global annual turnover. Furthermore, due to the Group's international presence, compliance with the GDPR may be challenging when processing and transfer of personal data outside of the EU/EEA. Data protection laws and regulations may vary between jurisdictions outside of the EU/EEA, and other jurisdictions may be introducing or enhancing privacy and data protection laws and regulations, which could increase the Group's risk associated with non-compliance and costs connected to compliance. Each company in the Group has taken measures, and are planning to take additional measures, to comply with applicable laws and regulations, rules and requirements with respect to protection of personal data and data privacy, under, in particular, GDPR and its equivalents in relevant jurisdictions, but increased operational and compliance costs as well as any administrative and monetary sanctions or reputational damage due to late or incorrect implementation or breach of the provisions could adversely impact the Group's business and the Group's financial condition and prospects.

Risks related to the Company and the Group

The Company is a holding company and is dependent upon cash flows from its subsidiaries to meet its obligations
The Company depends on obtaining cash from its subsidiaries in order to have the funds necessary to meet its obligations. The ability of the subsidiaries to pay distributions, dividends, intercompany debt and other payments to the Company, may be restricted by, among other things, the availability of cash flows from operations and applicable corporate, tax and other laws and other agreements to which the subsidiaries are party. Compliance with such restrictions may limit the amounts available for such distribution or transfer or may lead to such distributions or transfers being subject to costs, deductions and withholdings.

The inability to obtain cash from its subsidiaries may limit the Company's ability to meet its debt service and related and other obligations even though there may be sufficient resources on a consolidated basis to satisfy such obligations.

Restrictions and covenants in the Bond Terms
The Bond Terms contain financial and other covenants that will limit the discretion of management with respect to certain business matters, including in relation to, inter alia, compliance with laws, continuation of business, corporate status, operations, mergers and de-mergers, arm's length transactions, insurances, incurrence of debt and granting of financial support, disposals, dividends and hedging. These covenants restrict the Group's ability to incur additional indebtedness and conduct its business, which may limit the Group's ability to finance any additional capital expenditure and other investments. These covenants also place significant restrictions on, among other things, the Group's ability to create liens or other encumbrances, to make certain payments and investments and to sell or otherwise dispose of assets and merge or consolidate with other entities, which means that the Group's management may be precluded from making certain business decisions, even though the management considers such actions to be in the best interest of the Issuer and the Group. A failure to comply with the obligations contained in the Bond Terms could result in an event of

default under the Bonds which could lead to acceleration of the Bonds and acceleration of debt under other instruments that contain cross acceleration or cross default provisions.

The Group may be subject to legal, governmental, administrative or arbitration proceedings or investigations
The Company and its subsidiaries may be involved in material litigation, claims, disputes, proceedings or investigations in the future, which may involve claims for significant monetary amounts, some of which would not be covered by insurance.

In this respect it is noted that a Brazilian first-instance court ruled in November 2022 in favour of the plaintiff (a crewing agency) regarding an alleged breach of a contractual non-solicitation provision in 2014 by a Dutch Group Company. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, the Group's client, the employees and also Brazilian authorities. However, the Brazilian Court of Appeal rejected the appeal in April 2024. The Group disagrees with the decision and has appealed to the third instance (final level). In any event, the facts and circumstances in this matter merit, in the Company's opinion, a reduction of the contractual damages, which will be calculated separately. The outcome is uncertain, and the risk has been provided for in prior periods and represents management's best risk-weighted estimate of a potentially unfavorable outcome. Rulings by the third instance against the Group Company is like to result in payment of damages by the Group, which may have a negative effect on the Group's liquidity position.

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group companies, claiming lack of compensation for quarantine periods during the COVID pandemic. The Group disagrees with the employees' stance that they are entitled to salary or other compensation during quarantine periods and has contested the class action claims. The provision made in previous years regarding this matter was entirely reversed in 2023, considering the verdict of the first instance court in the first of many similar cases, which ruled completely in the employer's favor. The pilot cases have been appealed, and the Group has agreed to a moratorium with the employees pausing the ongoing cases pending the outcome of the pilot case appeals. Depending on the continued development and outcome of the pilot cases and related class actions, the Group will incur costs related to *inter alia* legal defence. However, from a legal and factual perspective, the Company does not consider the claims against the Group to have sufficient legal grounds or factual basis to succeed.

The Company and the Group cannot predict with certainty the outcome or effect of any future claim or other litigation matters or disputes. Any litigation or dispute may have a material adverse effect on the Group's business, financial position, operating results, cash flows and/or prospects due to potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters. Any claims against the Group could result in liabilities which, to the extent the Group is not insured, or cannot insure, against such loss or the insurer may fail to provide coverage, could have a material adverse impact on the Group's business, results of operation, financial condition, cash flows and/or prospects.

Changes in tax laws, treaties, regulations or adverse outcomes resulting from examination of the Group's tax returns could affect its financial results
Although the Group strives to be compliant and seeks advice from external tax advisors, the application of these tax laws is not entirely clear and subject to interpretation. In particular, the Group structures its operations through incorporation of subsidiaries or the opening of branch offices in local jurisdictions with the aim to be compliant with tax laws, treaties and cross-border regulations in order to pay appropriate tax in each jurisdiction. There can be no assurances that there will not be changes to historically paid taxes in the Group nor to future nominal and effective tax rates in the event of changes in tax laws, treaties and cross-border regulations.

As a result of the Group's global presence, the Group could be and is subject to tax in the jurisdictions where the ASVs operate, in addition to Norway where ASV owning companies and the Company re tax residence as well as any other country where Group companies conduct business and operations, such as Singapore, Sweden and Bermuda. Taxes in such jurisdictions depends entirely on the local tax regime and tax treaties such jurisdictions have with Norway as well as each other. The Group investigates its tax position in each area of operation, trade and business prior to entering into any contract for an ASV and/or start operations, trade or business and engages local professional advisors to assist in ensuring correct compliance with local tax laws. The individual companies in the Group will from time to time be and currently are subject to tax investigations and tax audits from tax authorities in countries where the Group operates. There are ongoing tax audits in the Group.

The Group is subject to an ongoing tax investigation in Norway. The Norwegian tax authority has ongoing tax investigations regarding transfer pricing and employee compensation and benefits. Draft assessments have been received in 2023, and final assessments are pending at the date of this Registration Document. Relevant, if any, risk-adjusted amounts are included in the accounts. The accepted employee compensation and benefits amount was paid during the first quarter of 2023, and any potential further amounts being due may be material but unknown as of the date of this Registration Document.

If any tax authority successfully challenges (i) the Group's operational structure, (ii) the taxable presence of its subsidiaries in the countries in which the Group operates or (iii) the Group's interpretation of applicable tax laws and regulations, this could result in an increase in the Group's tax expenses and/or a higher effective tax rate. The same applies if the Group were to lose a material tax dispute in any country, or any tax challenge or the Company's tax payments were to be successful.

The Group may be unable to generate sufficient cash flow to satisfy its debt obligations
The Group's earnings and cash flow may vary significantly from year to year due to the cyclical nature of the offshore industry. Additionally, the Group's future cash flow may be insufficient to meet its debt obligations and commitments, including the Senior Secured Bonds, Super Senior RCF and/or other secured debt obligations. An inability to generate sufficient cash flow to satisfy its debt obligations, including obligations under the Senior Secured Bonds, or to obtain alternative financing, could materially and adversely affect the Group's ability to make payments on the Senior Secured Bonds and its business, financial condition, results of operations, and prospects.

2. Persons responsible

RESPONSIBLE FOR THE INFORMATION
Responsible for the information given in the Registration Document are as follows:

Floatel International Ltd.,
Dronning Eufemias gate 8,
0191 Oslo,
Norway.

DECLARATION BY THE RESPONSIBLE
Floatel International Ltd. confirms that, to the best of its knowledge, the information contained in the Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

19.12.2024

Floatel International Ltd.

COMPETENT AUTHORITY APPROVAL
This Registration Document has been approved by the Financial Supervisory Authority of Norway (the "Norwegian FSA") (Finanstilsynet), as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Company that is the subject of this Registration Document.

3. Definitions

ABS	-	The American Bureau of Shipping - an international classification society that provides services to the maritime industry to promote safety, security and environmental protection.
ASV	-	Accommodation and construction support vessel.
Bond Terms	-	Means the Bond Terms for ISIN NO0013188102 dated 5th April 2024.
Collateral Vessels	-	• "Floatel Superior", being a harsh environment accommodation rig delivered from Keppel FELS in Q1 2010; • "Floatel Reliance", being a harsh environment accommodation rig delivered from Keppel FELS in Q4 2010; • "Floatel Victory", being a harsh environment accommodation rig delivered from Keppel FELS in Q4 2013; • "Floatel Endurance", being a harsh environment accommodation rig delivered from Keppel FELS in Q2 2015; • "Floatel Triumph", being a harsh environment accommodation rig delivered from Keppel FELS in Q3 2016; and • any accommodation and construction support vessel acquired by the Group and financed by proceeds from a tap issue (as from the time of such acquisition).
Company	-	Floatel International Ltd., an exempted company existing under the laws of Bermuda with registration number 38902 and LEI-code 549300WL84OZOSWF0U42.
DNV	-	Det Norske Veritas - an international accredited registrar and classification society.
E&P	-	Exploration & Production.
EU/EEA	-	European Union / European Economic Area.
GBP	-	Great Britain Pound.
Group / Floatel	-	Means the Company and its subsidiaries from time to time.
Guarantors	-	At the date of this Registration Document the Guarantors are: • Floatel Rigs Ltd. (company incorporated in Bermuda with reg. no. 202100256) • Floatel Singapore Pte. Ltd. (company incorporated in Singapore with reg. no. 201425786E) • Floatel UK Contractor Ltd. (company incorporated in Scotland with reg. no. SC500821) • Floatel Operations AS. (company incorporated in Norway with reg. no. 927 672 863)

- Floatel Superior Ltd. (company incorporated in Bermuda with reg. no. 40891)
- Floatel Reliance Ltd. (company incorporated in Bermuda with reg. no. 41165)
- Floatel Victory Ltd. (company incorporated in Bermuda with reg. no. 45615)
- Floatel Endurance Ltd. (company incorporated in Bermuda with reg. no. 46839)
- Floatel Triumph Ltd. (company incorporated in Bermuda with reg. no. 47937)

LOI	-	Letter of Indemnity.
NOK	-	Norwegian Kroner.
Norwegian FSA	-	The Financial Supervisory Authority of Norway
Prospectus	-	The Registration Document together with a Securities Note constitutes a Prospectus.
Registration Document	-	This registration document dated 19.12.2024.
Securities Note	-	Document to be prepared for each new issue of bonds under the Prospectus.
Senior Secured Bonds	-	Means the "*Floatel International Ltd. 9.75% per annum USD 350,000,000 senior secured bonds 2024/2029*" with ISIN NO0013188102.
SGD	-	Singapore Dollar.
Super Senior RCF	-	A super senior revolving credit facility agreement for an amount not exceeding USD 25,000,000 dated 13 June 2024 with a termination date on 13 December 2027 between the Company as borrower and Pareto Bank ASA as Lender.
USD	-	United States dollar.

4. Statutory auditors

COMPANY:

The Company's current independent auditor and auditor for the period, which has covered the historical financial information in this Registration Document, is PricewaterhouseCoopers AB ("PwC"), Torsgatan 21, 113 97 Stockholm, Sweden.

PwC's accountants are members of FAR, the professional institute for accountants in Sweden.

GUARANTORS:

The Guarantors independent auditors for the 2022 and 2023 historical financial information in this Registration Document has been following:

Guarantor	Auditor	Business adress	Professional body
Floatel Singapore Pte. Ltd.	PricewaterhouseCoopers LLP	7 Straits View, Marina One, Singapore 018936	Public Accountants and Chartered Accountants Singapore
Floatel UK Contractor Ltd.	MacIntyre Hudson LLP	12 Carden Place, Aberdeen, AB10 1UR	ICAEW, The Institute of Chartered Accountants in England and Wales.
Floatel Operations AS.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Rigs Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Superior Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Reliance Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Victory Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Endurance Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants
Floatel Triumph Ltd.	PricewaterhouseCoopers AS	Dronning Eufemias gate 71, Postboks 748 Sentrum, 0194 Oslo, Norway	The Norwegian Institute of Public Accountants

5. Information about the Company and Guarantors

The Floatel International Group ("the Group") was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Group is to own and operate a modern, safe, and reliable flotel fleet.

COMPANY:

Floatel International Ltd.
Floatel International Ltd. ("the Company") is an exempted limited liability company incorporated in and under the laws of Bermuda on 15th September 2006 with registration number 38902 and LEI-code 549300WL84OZOSWF0U42. The Company's legal and commercial name is Floatel International Ltd. The principal place of business is in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway and the registered address is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The telephone number is +47 465 00 133.
Website: www.floatel.no [1].

GUARANTORS:

Floatel Singapore Pte. Ltd.
Floatel Singapore Pte. Ltd. is a private company limited by shares incorporated in and under the laws of the Republic of Singapore on 1st September 2014 with registration number 201425786E and LEI-code 213800LZJ5418A48CK57. The company's legal and commercial name is Floatel Singapore Pte. Ltd. The company's business and the registered address is 1 Pickering Street, #08-01, Suite 2, SG-Great Eastern Centre 048659, Singapore. Contact details, please see Floatel International Ltd.

Floatel UK Contractor Ltd.
Floatel UK Contractor Ltd. is a private company limited by shares incorporated in and under the laws of Scotland on 18th March 2015 with registration number SC500821 and LEI-code 6367008R53EZA6SDPS71. The company's legal and commercial name is Floatel UK Contractor Ltd. The company's business and the registered address is Steadfast House, Greenwell Road, Aberdeen, Scotland AB 12 3AX. Contact details, please see Floatel International Ltd.

Floatel Operations AS
Floatel Operations AS is a private company limited by shares incorporated in and under the laws of Norway on 27th August 2021 with registration number 927 672 863 and LEI-code 6367001SREKZY3W8A177. The company's legal and commercial name is Floatel Operations AS. The business and the registered address is Dronning Eufemias gate 8, 0191 Oslo, Norway. Contact details, please see Floatel International Ltd.

Floatel Rigs Ltd.
Floatel Rigs Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 6th August 2021 with registration number 202100256 and LEI-code 636700UAZ8G1XRIESY48. The company's legal and commercial name is Floatel Rigs Ltd. The principal place of business is in Norway. Contact details, please see Floatel International Ltd.

Floatel Endurance Ltd.
Floatel Endurance Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 28th August 2012 with registration number 46839 and LEI-code

[1] *Disclaimer - the information on the website does not form part of this Registration Document unless information is incorporated by reference into the Registration Document*

636700F5GU3ZP73U5L20. The company's legal and commercial name is Floatel Endurance Ltd. Contact details, please see Floatel International Ltd.

Floatel Reliance Ltd.
Floatel Reliance Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 30th November 2007 with registration number 41165 and LEI-code 636700FZ0I8B4V8MZB79. The company's legal and commercial name is Floatel Reliance Ltd. Contact details, please see Floatel International Ltd.

Floatel Superior Ltd.
Floatel Superior Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 26th October 2007 with registration number 40891 and LEI-code 636700258K4U9HOG4E15. The company's legal and commercial name is Floatel Superior Ltd. Contact details, please see Floatel International Ltd.

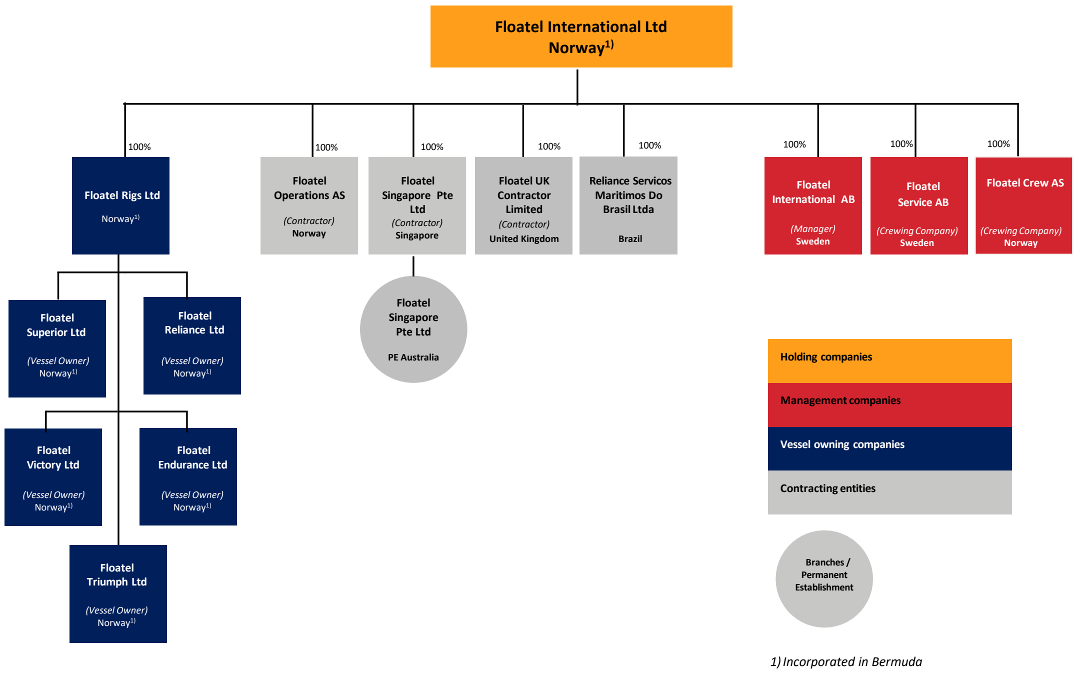
Floatel Triumph Ltd.
Floatel Triumph Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 12th July 2013 with registration number 47937 and LEI-code 636700MQDE379AE9KY27. The company's legal and commercial name is Floatel Triumph Ltd. Contact details, please see Floatel International Ltd.

Floatel Victory Ltd.
Floatel Victory Ltd. is an exempted limited liability company incorporated in and under the laws of Bermuda on 21st July 2011 with registration number 45615 and LEI-code 636700LKRYJXQP3WUY88. The company's legal and commercial name is Floatel Victory Ltd. Contact details, please see Floatel International Ltd.

LEGAL ORGANISATION:
Floatel International Ltd. is the holding company and ultimate parent company of the Group. All subsidiaries within the Group are wholly owned, and the Group has no joint ventures or similar arrangements. The Group categorises its legal entities into four types: (i) Holding entities, (ii) Vessel-owning entities, (iii) Contracting or Operating entities, and (iv) Management entities.
Five Norwegian-based, Bermuda-incorporated subsidiaries separately own one vessel each. They are organised as a sub-group under Floatel Rigs Ltd (also holding its principal place of business in Norway). All vessels are Bermuda flagged.

The Group is locally present with subsidiaries or branches and site offices, i.e., the contracting or operating entities, in jurisdictions where the Group operates from time to time. These entities primarily hold contracts with the clients. There are currently three operating companies and one branch in the Group.

There are two types of management entities, ship manager and crew agencies. Floatel International AB acts as the Group's Ship and Administrative/IT manager, while Floatel Service AB, and Floatel Crew AS, operate as crew agencies for the vessels.



* Non-trading/dormant entities are excluded

As described in Section 1 "Risk Factors" above, the Company is dependent on the upstreaming of cash and dividends from its subsidiaries in order to service its debt and operational expenditures. Floatel Rigs as an intermediate holding company is also dependent on the upstreaming of cash in order to service its debt and operational expenditures.

The Contracting or Operating entities hold the third-party contracts, and this generate the Group's external revenues, however they are dependent on the Company assigning the contracts to them in order to service its debt and operational expenditures. The Vessel-owning entities charter out, normally bareboat charter, the ASVs to the Contracting or Operating entities and are therefore dependent on such intra-group charter income in order to service its capital and operational expenditures and debt. All Group entities including the Guarantors are from time to time dependent on the Group and its cash management solutions.

Accordingly, there is an interdependency between the Company and its subsidiaries, including the Guarantors.

6. Business overview

The Group owns and operates a modern fleet of four accommodation and construction vessels with an average age of approximately ten and a half years as Floatel Reliance is marketed for sale. The fleet is designed to meet the requirements of offshore oil and gas activity and offshore wind farm installations in challenging deep water and/or hostile environments and provide superior living standards and support services. The fleet is certified and compliant to international standards and regulatory demands. All five vessels are built at Keppel FELS Shipyard in Singapore.

As of 14th October 2024:

Name	Floatel Endurance	Floatel Superior	Floatel Triumph	Floatel Victory	Floatel Reliance
Delivery	2015	2010	2016	2013	2010
Builder	Keppel FELS Singapore*	Keppel FELS Singapore*	Keppel FELS Singapore*	Keppel FELS Singapore*	Keppel FELS Singapore*
Status	Operating	Operating	Operating	Operating	For sale
Flag	Bermuda	Bermuda	Bermuda	Bermuda	Bermuda
Beds / cabins	440 / 440	440 / 440	560 / 301	560 / 301	500 / 171
Station keeping	DP3	DP3	DP3	DP3	DP2
World wide compliant excluding Norway / Norway compliant**	✓ / ✓	✓ / ✓	✓ / -	✓ / -	- / -
Current customer	AkerBP	Vår Energi	-	Equinor	-
Present location	Norway	Norway	En route Australia	Brazil	Spain

** Merged with Sembcorp Marine 2023, now called Seatrium Ltd*
*** Norway compliant means build and certified according to the Norwegian offshore regulations, a requirement to be allowed to operate on the Norwegian Continental Shelf*

The Group's vessels assist energy companies worldwide with accommodation and construction support for various offshore oil, gas and wind projects. The vessels are used, generally on a time charter[2] basis, for maintenance and modification projects and in connection with installing new offshore facilities. The vessels are connected to the host installation, which can be both floating and fixed bottom facilities, through a telescopic gangway, and are typically operated using dynamic positioning (DP) but can also be moored if requested by the client. The operation on DP provides advantageous flexibility since it enables operation in ultra deep waters and quick re-positioning of the vessel which jack-ups and moored vessels cannot provide. The telescopic gangway provides a continuous bridge to the host installation allowing flexible work schedules for the charterer personnel since people can use the gangway around the clock. This is something other types of accommodation solutions cannot provide.

Floatel Endurance
Floatel Endurance is a semi-submersible accommodation and construction support vessel ("Flotel") designed for worldwide operation with emphasis on some of the harshest environmental conditions in the world, such as the Northern North Sea.

The vessel is designed and approved for operations on the Norwegian Continental Shelf, thus meeting the world's most demanding regulatory requirements for offshore operations. Floatel Endurance is equipped with the latest Kongsberg Dynamic Positioning System for station keeping, certified to DP3

[2] *Time charter means that the customer leases the vessel for a fixed period including all the services necessary for operating the vessel.*

class which means that the system has triple redundancy to ensure that the position is not lost even if several systems fail simultaneously. There are living quarters accommodating 440 people in single bed cabins and large recreational areas, including mess room and various types of day rooms, gymnasium, sauna and cinema. The vessel has a telescopic gangway for client personnel to transfer between the flotel and the host installation. A helideck, two deck cranes, a large lay-down area as well as workshops and warehouses support the client's logistics, construction and storage activities.

Floatel Endurance is surveyed annually by the classification society DNV who certifies that the hull, machinery and equipment are in compliance with the applicable Rule requirements for the following class notations:

✠1A1 Column-stabilised Accommodation Unit (N), BIS, DYNPOS (AUTRO), E0, HELDK.

As of October, 2024, Floatel Endurance is on charter for AkerBP Skarv on the Norwegian continental shelf where its assignment started March 2, 2024. Floatel Endurance will come of charter at the end of October 2024. Following this, the vessel will remain idle in Norway until the spring of 2025. The next Customer for Floatel Endurance will be Vår Energi.

Further information about the vessel is included on the Company's website:
https://floatel.no/fleet/floatel-endurance

Floatel Reliance

Floatel Reliance is a Flotel designed for worldwide operation with emphasis on mid-harsh environmental conditions in the world, such as the US Gulf of Mexico, Campos Basin Brazil and Asia Pacific.

As of October, 2024, Floatel Reliance is idle in Tenerife in the Canary Islands, marketed for sale, since

- Floatel Reliance has been in lay-up since April 2016 and will require substantial reactivation before resuming operations, with a predicted lead time of 8-10 months.
- The reactivation cost is considered too high to create value for the Group's shareholders.
- The specification of Floatel Reliance does not meet the Group's strategy to serve tier 1 customers and high-end DP 3 markets.

The intention is to complete the sale before year-end and expected cash proceeds will be limited as a purchaser will have substantial activation and modification costs or the vessel is sold for recycling.

Further information about the vessel is included on the Company's website:
https://floatel.no/fleet/floatel-reliance

Floatel Superior

Floatel Superior is a Flotel designed for worldwide operation with emphasis on some of the harshest environmental conditions in the world, such as the Northern North Sea.

The vessel is designed and approved for operations on the Norwegian Continental Shelf, thus meeting the world's most demanding regulatory requirements for offshore operations. Floatel Superior is equipped with the latest Kongsberg Dynamic Positioning System for station keeping, certified to DP3 class which means that the system has triple redundancy to ensure that the position is not lost even if several systems fail simultaneously. There are living quarters accommodating 440 people in single bed cabins and large recreational areas, including mess room and various types of day rooms, gymnasium, sauna and cinema. The vessel has a telescopic gangway for client personnel to transfer between the flotel and the host installation. A helideck, two deck cranes, a large lay-down area as well as workshops and warehouses support the client's logistics, construction and storage activities.

Floatel Superior is surveyed annually by the classification society DNV who certifies that the hull, machinery and equipment are in compliance with the applicable Rule requirements for the following class notations:

✠ 1A1 Column-stabilised Accommodation Unit (N), BIS, DYNPOS (AUTRO), E0, HELDK, POSMOOR (ATA).

Floatel Superior is on charter for Vår Energi on the Norwegian continental shelf where the assignment started July 23, 2024. Floatel Superior will come of charter at the end of October 2024. Following this, the vessel will remain idle in Norway until the spring of 2025. The next Customer for Floatel Superior it will be Equinor.

Further information about the vessel is included on the Company's website:
https://floatel.no/fleet/floatel-superior

Floatel Triumph

Floatel Triumph is a Floatel designed for worldwide operation (except Norway) with emphasis on some of the harshest environmental conditions in the world, such as the Northern North Sea.

The vessel is designed to meet a majority of the world's most demanding regulatory requirements for offshore operations. Floatel Triumph is equipped with the latest Kongsberg Dynamic Positioning System for station keeping, certified to DP3 class which means that the system has triple redundancy to ensure that the position is not lost even if several systems fail simultaneously. There are living quarters accommodating 560 people in one and two bed cabins and large recreational areas, including mess room and various types of day rooms, gymnasium and cinema. The vessel has a telescopic gangway for client personnel to transfer between the flotel and the host installation. A helideck, two deck cranes, a large lay-down area as well as workshops and warehouses support the client's logistics, construction and storage activities.

Floatel Triumph is surveyed annually in accordance with the Rules of the classification society ABS with regards to hull, machinery and equipment and certified to the following class notations:

✠ A1, Accommodation Service, Column Stabilized Unit, Fire Fighting Vessel Class 2, ✠ AMS, ✠ DPS-3, EHS-P, (P-PL).

Floatel Triumph is currently in transit to Australia, the journey started late September 2024.

Further information about the vessel is included on the Company's website:
https://floatel.no/fleet/floatel-triumph

Floatel Victory

Floatel Victory is a Flotel designed for worldwide operation (except Norway) with emphasis on some of the harshest environmental conditions in the world, such as the Northern North Sea.

The vessel is designed to meet a majority of the world's most demanding regulatory requirements for offshore operations. Floatel Victory is equipped with the latest Kongsberg Dynamic Positioning System for station keeping, certified to DP3 class which means that the system has triple redundancy to ensure that the position is not lost even if several systems fail simultaneously. There are living quarters accommodating 560 people in one and two bed cabins and large recreational areas, including mess room and various types of day rooms, gymnasium, internet lounge and cinema. The vessel has a telescopic gangway for client personnel to transfer between the flotel and the host installation. A helideck, two deck cranes, a large lay-down area as well as workshops and warehouses support the client's logistics, construction and storage activities.

Floatel Victory is surveyed annually in accordance with the Rules of the classification society ABS with regards to hull, machinery and equipment and certified to the following class notations:
✠ A1, Accommodation Service, Column Stabilized Unit, FFV Class 2, ✠ AMS, ✠ DPS-3, TAM-PL.

As of October, 2024, Floatel Victory is in Brazil and provide maintenance and safety unit support to Equinor alongside the Peregrino FPSO, assignment commenced May 25, 2024.

Further information about the vessel is included on the Company's website:
https://floatel.no/fleet/floatel-victory

CONTRACT COVERAGE FOR THE FLEET:

7. Administrative, management and advisory bodies

COMPANY:

Floatel International Ltd.:

Board of Directors:

Name	***Position***
Kevin Chng	Chairman
Peter Jacobsson	Director
Jason Clarke	Director
Kjell E Jacobsen	Director
Kee Huat Loh	Director

Executive/senior Management:

Name	***Position***
Peter Jacobsson	Chief Executive Officer
Tomas Hjelmstierna	Chief Finance Officer
Per Marzelius	Chief Operation Officer
Christoffer Rutgersson	Chief Technical Officer

The persons referred to above can be reached at the Company's business address.

Set out below are brief biographies of the members of the Company's Board of Directors and Management:

Kevin Chng - Chairman
Mr. Chng is Chief Financial Officer of Keppel Ltd. He was previously the Chief Financial Officer of Keppel Offshore and Marine Ltd. He is a Singapore citizen and resides in Singapore.

Peter Jacobsson – Director, Chief Executive Officer, and General Manager
Mr. Jacobsson has over 30 years of experience within the offshore industry and has been the CEO since foundation of Floatel International. Previously, he was the CEO of Consafe Offshore, has had various management positions at Safe Offshore, management positions at Subsea 7, Halliburton Subsea, Rockwater and GVA. He is a Swedish citizen and resides in Sweden.

Jason Clarke– Director
Mr. Clarke has experience in investing in and advising companies in the UK and throughout continental Europe. Previously, he was the Co-head of the European Investment Team and Leader of the Operational Improvement Team in Strategic Value Partners. He also has experience from former Close Brothers Corporate Finance and Arthur Andersen. He is a British citizen and resides in the UK.

Kjell E. Jacobsen - Director
Mr. Jacobsen is the Executive Chairman of EV Private Equity with more than 30 years of energy industry experience. He is a Norwegian citizen and resides in Stavanger.

Kee Huat Loh - Director
Mr. Loh is the Managing Director & Head (Risk & Compliance / Health, Safety and Environment) of Keppel Ltd. He is a Singapore citizen and resides in Singapore.

Tomas Hjelmstierna - Chief Finance Officer and General Manager
Mr. Hjelmstierna is the Company's Chief Financial Officer. Ha has 20 years of experience within finance and corporate finance with extensive global capital markets experience, most recent positions SVP Finance and SVP Corporate Finance of the Capio Group.

Per Marzelius - Chief Operation Officer and Managing Director of Floatel International AB
Mr. Marzelius is the Company's Chief Operation Officer. He is a Master Mariner with 20 years of experience within offshore and shipping industry. Held management positions at Floatel International and various management positions at DFDS, et al.
Christoffer Rutgersson - Chief Technical Officer

Mr. Rutgersson is the Company's Chief Technical Officer. Ha has 20 years of experience in the offshore service sector. Previous positions include IT Manager at Consafe Offshore, and various positions within Floatel Group such as ICT Manager, Engineering Manager, Project Manager (Newbuilding) and PMO Manager.

GUARANTORS:

Floatel Singapore Pte. Ltd.:

Board of Directors:

Name	***Position***
TAN Cheng Shun	Director
KE Cheng Da	Director
Tomas Hjelmstierna	Director

Management:

Name	***Position***
Ke Cheng Da	Managing Director

Floatel UK Contractor Ltd.:

Board of Directors:

Name	***Position***
Tomas Hjelmstierna	Director
Soren Thorlin	Director

Floatel Operations AS:

Board of Directors:

Name	***Position***
Peter Jacobsson	Chairman
Tomas Hjelmstierna	Director

Management:

Name	***Position***
Tomas Hjelmstierna	General Manager

Floatel Rigs Ltd, Floatel Endurance Ltd., Floatel Reliance Ltd., Floatel Superior Ltd., Floatel Triumph Ltd., and Floatel Victory Ltd.:

Board of Directors:

Name	***Position***
Tomas Hjelmstierna	Director
Peter Jacobsson	Director
Christoffer Rutgersson	Director

Management:

Name	***Position***
Christoffer Rutgersson	General Manager

All the persons referred to above can be reached at the respective company's business address.

The Company subscribed in 2021 for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by the Company’s management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter’s Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company. Other than this, there are currently no potential conflicts of interests between any duties to the Company and Guarantors of the persons referred to in this section – chapter 7 - and their private interests or other duties.

8. Major shareholders

COMPANY:
As of October 5, 2024, the Company's largest shareholder is Keppel Ltd. through Kepinvest Holdings Pte Ltd. ("Keppel"), holding 49.9% of the issued common shares. The rest of the common shares are registered with Nordic Trustee Services AS ("NTS"), a Nordic Trustee / Ocorian company. The common shares registered with NTS are, in turn, represented by an equivalent number of Norwegian Depository Receipts ("NDRs") issued by NTS, mirroring the rights as the underlying shares.

Shareholders and holders of depository receipts as of October 15, 2024 are:

Shareholders		***Number of instruments***	***% of votes and ownership***
Kepinvest Holdings Pte. Ltd.	Directly registered	53 501 857	49,92 %
Barclays Capital INC	Depository receipts	23 317 988	21,76 %
Floatel Interessenter AS	Depository receipts	10 715 542	10,00 %
State Street Bank and Trust Comp	Depository receipts	4 188 879	3,91 %
Østlandske Pensjonistboliger AS	Depository receipts	3 284 491	3,06 %
Skandinaviska Enskilda Banken AB	Depository receipts	1 857 579	1,73 %
Clearstream Banking S.A.	Depository receipts	1 431 417	1,34 %
BNP Paribas	Depository receipts	1 288 438	1,20 %
Goldman Sachs International	Depository receipts	1 288 436	1,20 %
Skandinaviska Enskilda Banken AB	Depository receipts	1 231 797	1,15 %
Others	Depository receipts	5 058 865	4,72 %
Total		***107 165 289***	***100,00 %***

GUARANTORS:

Floatel Singapore Pte. Ltd. share capital is SGD 100 divided into 100 shares each with a nominal value of SGD 1 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Singapore Pte. Ltd. is owned 100% by the Company.

Floatel UK Contractor Ltd. share capital is GBP 1 divided into 1 share with a nominal value of GBP 1 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel UK Contractor Ltd. is owned 100% by the Company.

Floatel Operations AS capital is NOK 30 000 divided into 30 000 shares each with a nominal value of NOK 1 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Operations AS is owned 100% by the Company.

Floatel Rigs Ltd. share capital is USD 100 divided into 100 shares each with a nominal value of USD 1 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Rigs Ltd. is owned 100% by the Company.

Floatel Endurance Ltd. share capital is USD 1 divided into 100 shares each with a nominal value of USD 0.01 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Endurance Ltd. is owned 100% by Floatel Rigs Ltd.

Floatel Reliance Ltd. share capital is USD 1 divided into 100 shares each with a nominal value of USD 0.01 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Reliance Ltd. is owned 100% by Floatel Rigs Ltd.

Floatel Superior Ltd. share capital is USD 1 divided into 100 shares each with a nominal value of USD 0.01 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Superior Ltd. is owned 100% by Floatel Rigs Ltd.

Floatel Triumph Ltd. share capital is USD 100 divided into 100 shares each with a nominal value of USD 1 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Triumph Ltd. is owned 100% by Floatel Rigs Ltd.

Floatel Victory Ltd. share capital is USD 1 divided into 100 shares each with a nominal value of USD 0.01 fully paid. There is only one class of shares and all shares issued carry equal rights. Floatel Reliance Ltd. is owned 100% by Floatel Rigs Ltd.

At the date of this Registration Document, there are no arrangements known to the Company nor any of the Guarantors which may at a subsequent date result in a change in control of the Company or any of the Guarantors.

9. Financial information

The financial information included herein for the Company and the Guarantors should be read in connection with the financial statements which are attached to this Registration Document as Appendices 1 - 22.

COMPANY:

The consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting.

Floatel International Ltd.

	Group **Q3 2024** *unaudited*	*Group* **Q3 2023** *unaudited*	*Group* **2023** *audited*	*Group* **2022** *audited*
Income statement	Page 6	Page 5	Page 30	Page 27
Statement of financial position	Page 7	Page 6	Page 31	Page 28
Cash flow statement	Page 8	Page 7	Page 33	Page 30
Notes	Page 9 - 13	Page 8 - 12	Page 34 - 49	Page 31 - 46
Accounting principles	Page 9	Page 8	Page 34 - 38	Page 31 - 35
Auditor's report	-	-	Page 58 - 59	Page 55 - 56

	Company **2023** *audited*	*Company* **2022** *audited*
Income statement	Page 51	Page 48
Statement of financial position	Page 52	Page 49
Cash flow statement	Page 53	Page 50
Notes	Page 54 - 57	Page 51 - 54
Accounting principles	Page 54	Page 51
Auditor's report	Page 58 - 59	Page 55 - 56

2023: https://floatel.no/sites/default/files/570196185/floatel_esg_and_annual_report_2023_print.pdf
2022: https://floatel.no/sites/default/files/1694762000/floatel_annual_report_2022_print.pdf
Q3 2024: https://floatel.no/sites/default/files/409021874/interim_report_q3-2024.pdf
Q3 2023: https://floatel.no/sites/default/files/594954205/fil_q3-2023_report.pdf

The consolidated financial statements for the years ended 31 December 2023 and 2022 has been audited in accordance with ISA. The half-year financial statements 2024 and 2023 are unaudited.

GUARANTORS:

Floatel Singapore Pte. Ltd. financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). These financial statements are thus not prepared in accordance with IFRS and there may be material differences in the financial information had IFRS been applied to the historical financial information.

FRS aligns with IFRS principles but is tailored to local regulatory requirements in Singapore. However, there are no significant differences in the accounting policies impacting Floatel Singapore Pte. Ltd’s financial statements for the years ended 31 December 2022 and 2023.

Floatel Singapore Pte. Ltd.

	2023 audited	2022 audited
Income statement	Page 7	Page 6
Balance sheet	Page 8	Page 7
Cash flow statement	Page 10	Page 9
Notes	Page 11 - 28	Page 10 - 28
Accounting principles	Page 11 - 16	Page 10 - 16
Auditor's report	Page 4 - 6	Page 3 - 5

Floatel UK Contractor Ltd. financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). These financial statements are thus not prepared in accordance with IFRS and there may be material differences in the financial information had IFRS been applied to the historical financial information.

UK GAAP differs from IFRS in a number of areas, but these differences do not impact the accounting policies applied by Floatel UK Contractor Ltd. This is mostly because the company had limited operations for the years ended 31 December 2022 and 2023. As such, there are no significant differences in the accounting policies Floatel UK Contractor Ltd. have applied according to UK GAAP and IFRS

Floatel UK Contractor Ltd.

	2023 audited	2022 audited
Income statement	Page 6	Page 6
Statement of financial position	Page 8	Page 8
Cash flow statement	Page 10	Page 10
Notes	Page 11 - 19	Page 11 - 19
Accounting principles	Page 11 - 15	Page 11 - 15
Auditor's report	Page 3 - 5	Page 3 - 5

Floatel Operations AS financial statements have been prepared in accordance with Norwegian Generally Accepted Accounting Practice ("NGAAP").

Floatel Operations AS

	2023 audited	2022 audited
Income statement	Page 2	Page 2
Balance sheet	Page 3 - 4	Page 3 - 4
Cash flow statement	Page 5	Page 5
Notes	Page 6 - 10	Page 6 - 10
Accounting principles	Page 6	Page 6
Auditor's report	Page 12 - 13	Page 12 - 13

Floatel Rigs Ltd., Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd. And Floatel Triumph Ltd. financial statements have been prepared in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board.

	Floatel Rigs Ltd. 2023* audited	Floatel Superior Ltd. 2023* audited	Floatel Reliance Ltd. 2023* audited
Income statement	Page 6	Page 6	Page 6
Statement of financial position	Page 7	Page 7	Page 7
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** Includes comparative statements for 2022. The audit report covers both 2022 and 2023*

	Floatel Victory Ltd. 2023* audited	Floatel Endurance Ltd. 2023* audited	Floatel Triumph Ltd. 2023* audited
Income statement	Page 6	Page 6	Page 6
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** Includes comparative statements for 2022. The audit report covers both 2022 and 2023*

The Guarantors financial statements for the years ended 31 December 2023 and 2022 has been audited.

Save for the auditing of Floatel Singapore Pte. Litd’s and Floatel UK Contractor Ltd.’s ’s financial statements, the Guarantors financial statements as of and for the years ended 31 December 2022 and 2023 have been audited in accordance with ISA.

Floatel Singapore Pte. Ltd.’s financial statements as of and for the years ended 31 December 2023 and 2022 have been audited in accordance with Singapore Standards on Auditing “SSA”. The SSAs are generally aligned with the ISAs, but they are tailored to meet the specific regulatory and professional requirements in Singapore with no significant departures from ISA.

Floatel UK Contractor Ltd.’s ’s financial statements as of and for the years ended 31 December 2023 and 2022 have been audited in accordance with auditing standards as issued by UK's Financial Reporting Council (FRC) and which are based on the International Standards on Auditing (“ISA(UK)”). The ISA(UK)s are generally aligned with the ISAs, but they are enhanced to meet the specific regulatory and professional requirements in the UK with no significant departures from ISA.

Other statements

On April 16, 2024, the Company raised the Senior Secured Bonds, a new 9.75% per annum senior secured USD 350,000,000 bonds with ISIN NO0013188102 maturing April 2029. The proceeds were partly used to prepay and cancel all four outstanding bond issuances in full including accrued interest and premiums. An application will be made for the new bonds to be listed on Euronext Oslo Børs. The Bond Terms relating to the Senior Secured Bonds contain financial and other covenants that will limit the discretion of management with respect to certain business matters. As of the date of this Registration Document, the Company is not in breach of any of the covenants.

As described in section 6 of this Registration Document, Floatel Reliance is marketed for sale since; The reactivation cost is considered too high to create value for Floatel’s shareholders, and the specification of Floatel Reliance does not meet Floatel's strategy to serve tier 1 customers and high-end DP 3 markets.

Other than the above, there are no significant changes in the financial position of the Group which may have occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.

Other than the pending, contemplated sale of Floatel Reliance, as further described in section 6 of this Registration Document, there are no recent events in particular to the Company nor the Guarantors which are to a material extent relevant to an evaluation of the Company's or the Guarantors solvency. With respect to Floatel Reliance Ltd., upon a successful completion of the contemplated sale of Floatel Reliance, Floatel Reliance Ltd. will not have any operating proceeds nor any prospects of future income, but will on the other hand not accrue any further lay-up costs relating to its current main asset, Floatel Reliance.

Trend information
Other than the pending, contemplated sale of Floatel Reliance, as further described in section 6 of this Registration Document, there has been no material adverse change in the prospects of the Company nor any Guarantor since the date of its last published audited financial statements or any significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Registration Document.

Legal and arbitration proceedings as of September 2024
As a result of the Group's global presence, the individual companies in the Group will, from time to time, be subject to tax investigations and tax audits by tax authorities as well as disputes, litigations, and other legal issues in the ordinary course of business in countries where the Group operates. There are ongoing investigations/legal processes in the Group, and the risks have been individually reported as a contingent liability or provision to the extent required. No cases are deemed material for separate disclosure other than the ones below.

The Norwegian tax authority has ongoing tax investigations regarding transfer pricing and employee compensation and benefits. Draft assessments have been received in 2023, and final assessments are pending at the reporting date. Relevant risk-adjusted amounts, if any, are included in the accounts. The accepted employee compensation and benefits amount was paid during the first quarter of 2023.

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group companies company claiming lack of receiving compensation for quarantine periods during the COVID pandemic. The Group does not agree with the employees' stance that they are entitled to salary or other compensation during quarantine periods and has contested the class action claims. The provision made in previous years regarding this matter was entirely reversed 2023 considering the verdict of the first instance court in the first of many similar cases, which ruled completely in the employer's favour, in the first of many similar cases. The pilot cases have been appealed and the Group has agreed to a moratorium with the employees pausing the on-going our cases pending outcome of the pilot case appeals.

In November 2022, a Brazilian first-instance court ruled in favour of the plaintiff regarding an alleged breach of a contractual non-solicitation provision in 2014. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees, and the Brazilian authorities. However, the Brazilian Court of Appeal rejected the appeal in April 2024. The Group does not agree with the decision and has lodged an appeal to the third instance (final level). In any event, the facts and circumstances in this matter merit, in the Company's opinion, a reduction of the contractual damages which will be calculated in a separate process. The outcome is uncertain, provided for in prior periods and represents management's best risk weighted estimate of a potential unfavourable outcome of the process.

Other than the above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or Guarantors are aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the Company and/or Group's financial position or profitability.

Material contracts

Pursuant to the Bond Terms, the Guarantors have provided guarantees as independent primary obligors (Nw: *selvskyldnerkausjonist*) to the Security Agent on behalf of the Secured Parties (as such terms are defined in the Bond Terms), for the payment, discharge and punctual performance of the Secured Obligations (as defined in the Bond Terms) on the Security Agent's demand until the expiry of the Guarantee Period (as defined in the Bond Terms). The guarantees are joint and several, unconditional and irrevocable Norwegian law guarantees and indemnity (NW: *selskyldnerkausjon*) issued by each of the Guarantors in respect of the Secured Obligations.

Other than the above, there are no material contracts that are not entered into in the ordinary course of the Company’s or Guarantors business, which could result in any group member being under an obligation or entitlement that is material to the Company’s or Guarantors ability to meet its obligation to security holders in respect of the securities being issued.

10. Documents on display

For the term of the Registration Document the following documents where applicable, can be inspected:

- the up-to-date memorandum, byelaws and/or articles of association of the Company and Guarantors;
- all reports, and other documents, for which any part is included or referred to in the Registration Document.

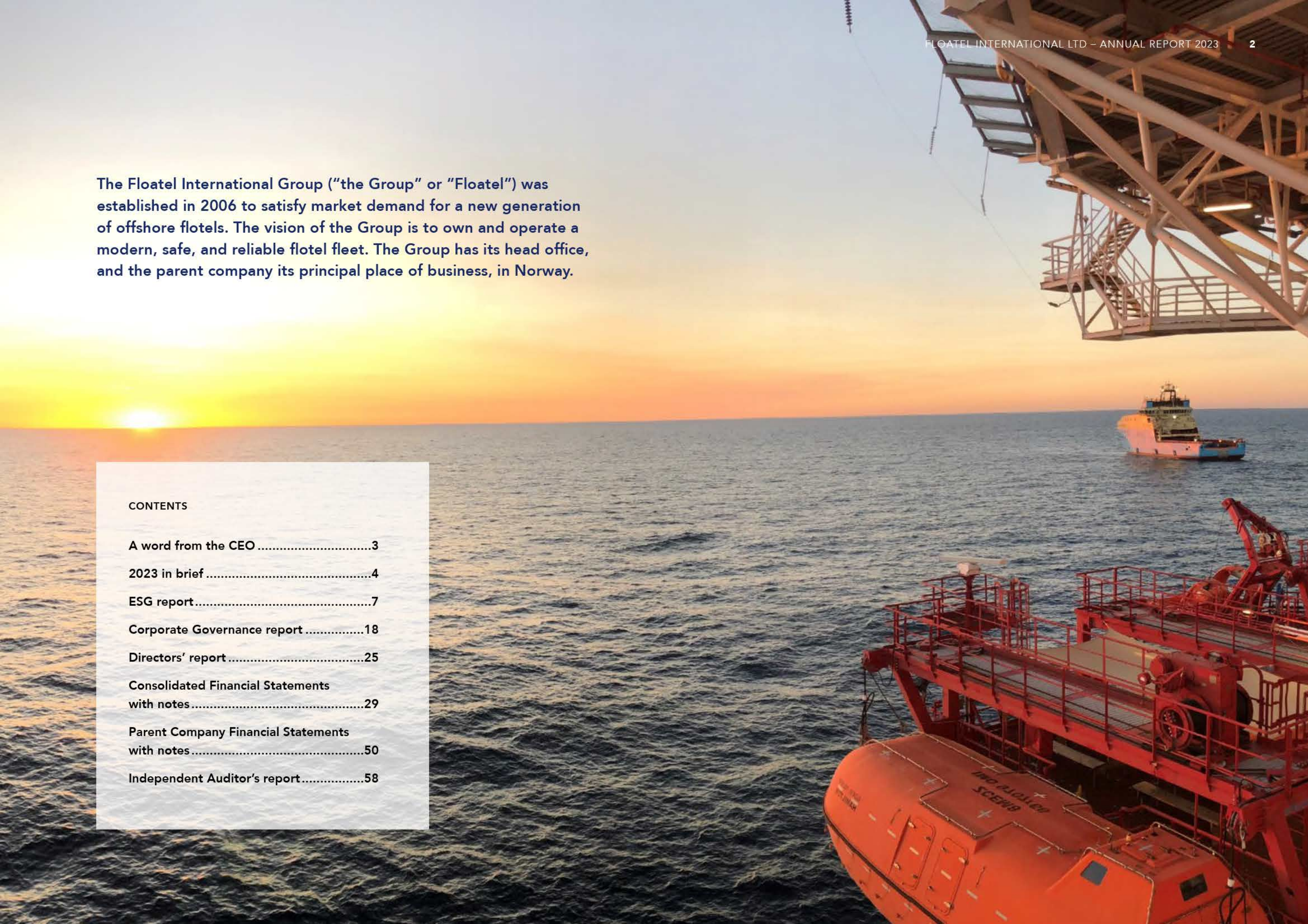
The documents may be inspected at the website: www.floatel.no or at the Company's business address during normal business hours from Monday to Friday each week (except public holidays).

11. Appendices

1. Floatel International Ltd. - Annual report 2023 and Auditor's report 2023
2. Floatel International Ltd. - Annual report 2022 and Auditor's report 2022
3. Floatel International Ltd. - Interim report third quarter 2024
4. Floatel International Ltd. - Interim report third quarter 2023
5. Floatel Singapore Pte. Ltd. - Annual report 2023 and Auditor's report 2023
6. Floatel Singapore Pte. Ltd. - Annual report 2022 and Auditor's report 2022
7. Floatel UK Contractor Ltd. - Annual report 2023 and Auditor's report 2023
8. Floatel UK Contractor Ltd. - Annual report 2022 and Auditor's report 2022
9. Floatel Operations AS - Annual report 2023 and Auditor's report 2023
10. Floatel Operations AS - Annual report 2022 and Auditor's report 2022
11. Floatel Rigs Ltd. - Annual report 2023 including comparative statements for 2022
12. Floatel Rigs Ltd. - Auditor's report covering 2023 and 2022
13. Floatel Superior Ltd. - Annual report 2023 including comparative statements for 2022
14. Floatel Superior Ltd. - Auditor's report covering 2023 and 2022
15. Floatel Reliance Ltd. - Annual report 2023 including comparative statements for 2022
16. Floatel Reliance Ltd. - Auditor's report covering 2023 and 2022
17. Floatel Victory Ltd. - Annual report 2023 including comparative statements for 2022
18. Floatel Victory Ltd. - Auditor's report covering 2023 and 2022
19. Floatel Endurance Ltd. - Annual report 2023 including comparative statements for 2022
20. Floatel Endurance Ltd. - Auditor's report covering 2023 and 2022
21. Floatel Triumph Ltd.- Annual report 2023 including comparative statements for 2022
22. Floatel Triumph Ltd.- Auditor's report covering 2023 and 2022

Annual Report 2023

Floatel International Ltd



The Floatel International Group ("the Group" or "Floatel") was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Group is to own and operate a modern, safe, and reliable flotel fleet. The Group has its head office, and the parent company its principal place of business, in Norway.

CONTENTS

A word from the CEO

I am extremely proud of our achievements over the last couple of years, and the enthusiasm and professionalism of the organisation inspire me every day. It is pleasing to see our dedication pay off too. We increased our backlog of work every quarter of last year. At the end of 2023, the backlog of committed work stood at close to USD 400 million, compared to a backlog of USD 95 million just before we announced two contracts at the end of the year before.

Overall, 2023 was a successful year although the utilization was a bit lower than we initially predicted with Floatel Reliance and Floatel Endurance laid up most of the year causing a drop of 22% in revenue compared to 2022. However, we were able to sign seven contracts during 2023 for work to be executed years to come.

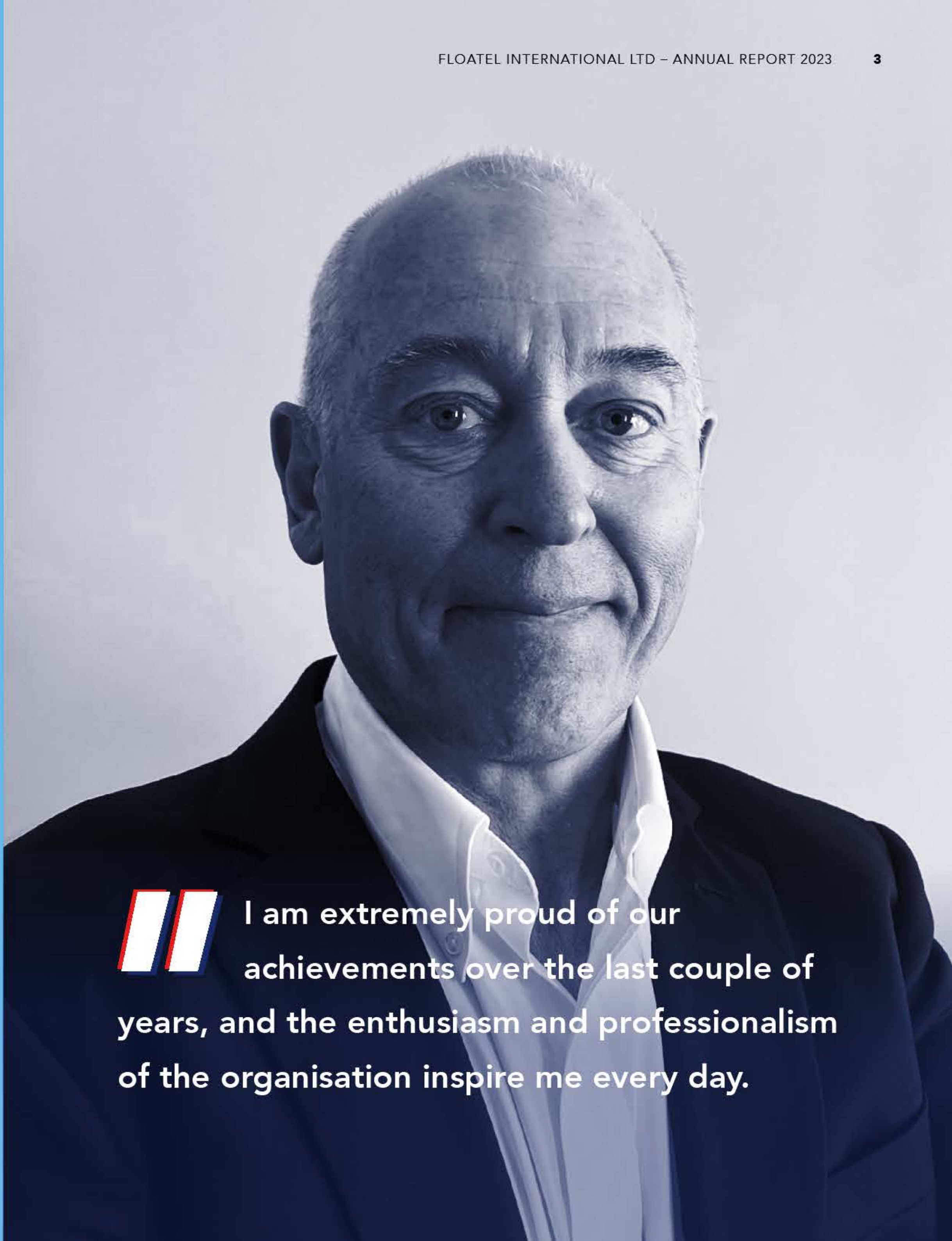
The outlook for 2024 looks more positive considering recently secured contracts. All four active vessels are on assignment in 2024 despite limited additional demand emerging in the early months of 2024. Floatel Victory was originally contracted to work for Shell Shearwater in the North Sea during 2024 but will return to Equinor Peregrino in Brazil instead. We will accommodate this by sending Floatel Triumph back to the North Sea to perform the work for Shell and by Floatel Endurance undertaking the 2025 assignment in Canada for Cenovus. So it's perhaps of little surprise that we are considering reactivating Floatel Reliance, which has been laid up since 2016. A decision on this is expected during the first half of 2024.

We have managed to secure new assignments for Floatel Endurance, Floatel Superior and Floatel Triumph in 2025 and 2026. And so, subject to finding work for Floatel Reliance, the fleet will be more or less fully booked until Floatel Victory comes off contract in Spring 2026.

Equally noteworthy is our exceptional safety record. Most of that comes down to the commitment of our employees. And I want to take this opportunity to thank them all – onshore and offshore – for their continued dedication to teams and the overall success of Floatel International.

Together, we will embrace the opportunities that lie ahead with confidence and unity. I look forward to a successful and rewarding year ahead.

Peter Jacobsson, CEO



"I am extremely proud of our achievements over the last couple of years, and the enthusiasm and professionalism of the organisation inspire me every day.

2023 in brief

The fleet completed five charters, for three different clients during the year resulting in 51% fleet utilisation compared with 62% in 2022.

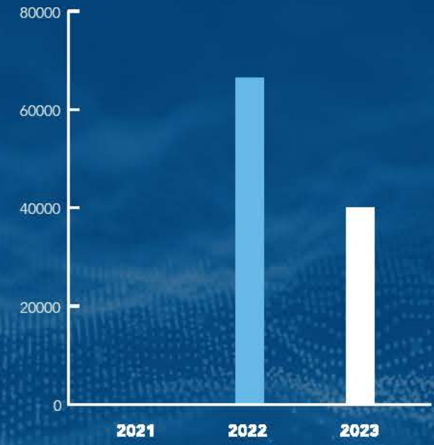
Committed to reduce our emissions by

40%

by 2030

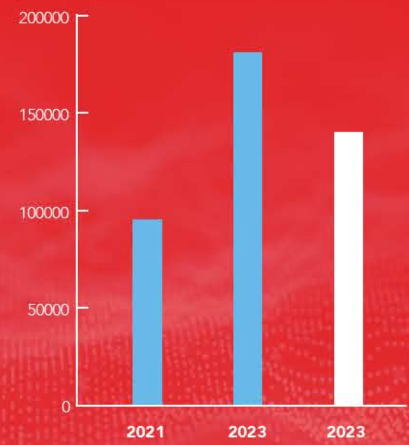
EBITDA

(USD 1,000)



REVENUE

(USD 1,000)



29%

EBITDA margin, 2023
(37%, 2022)

About Floatel

The Group owns and operates five semisubmersible accommodation vessels; all vessels were delivered between 2010 and 2016. Two vessels, Floatel Endurance and Floatel Superior, are approved to work in the Norwegian sector, and four vessels, including Floatel Endurance and Floatel Superior, are approved for the UK sector. All vessels are equipped with a dynamic positioning system and are built according to the latest HSE requirements providing quality and comfort for the guests on board. The accommodation capacity of the Floatel fleet ranges from 440 beds to 560 beds. All vessels have large deck areas, workshops, and crane support.

The Group's vessels assist energy companies worldwide with accommodation and construction support for various offshore oil, gas and wind projects. Our vessels are used, generally on a time charter basis, for maintenance and modification projects and in connection with installing new offshore facilities. Our vessels are connected to the host installation, which can be both floating and fixed bottom facilities, through a telescopic gangway, and are typically operated using dynamic positioning (DP) but can also be moored if requested by the client.

Floatel placed a new senior secured bond issuance in April 2024 which inter alia refinanced the four existing bond issuances, an application will be made for the new senior secured bonds to be listed on Oslo Børs.

Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate, and the people we employ.

Compassion – We show humanity, understanding, and responsibility towards each other, the environment, and the society we work in.

Commitment – We are committed and loyal to our company, our responsibilities, our clients, and the projects in which we operate.

Cooperation – Teamwork is the key to success, and we cooperate with our partners and clients across our organisation.

"To be the preferred choice by providing flexible solutions with high quality and the best possible performance – always putting safety first.

The year in brief

After the improved performance in 2022, it was a soft year in 2023, with limited additional demand expected in 2024, especially in the North Sea, with opportunities moving to 2025 and beyond. This has resulted in the market remaining partly oversupplied and, as a consequence, in modest near-term price increases with rates improving from 2025.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient which continues to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

During the year, the fleet completed five charters, for three different clients. This resulted in 51% fleet utilisation compared with 62% in 2022. At year-end, Floatel Endurance and Floatel Superior were idle in Skipavika, Norway; Floatel Reliance was laid-up in Tenerife, Canary Islands; Floatel Triumph was in transit to the North Sea for thruster overhaul and an assignment on the UK continental shelf during summer half-year 2024; and Floatel Victory was on charter for Chevron in the US Gulf of Mexico.

About this report

Floatel publishes its 2023 corporate governance, ESG, and financial reports in one document.

The auditors opine on the Consolidated Financial Statements and the parent company financial statements included on pages 29 - 57 in this document, which, together with the Directors' report, constitute the Annual report.

All amounts are provided in USD thousands, unless otherwise stated. Read more about Floatel on our website: www.floatel.no.

	2023	2022	2021	2020	2019
Revenue	138 152	177 606	94 131	79 673	159 112
EBITDA	40 133	66 459	173	10 465	68 753
Operating result[1]	–3 441	22 364	–44 348	–524 231	–23 206
Result before tax	–30 938	–1 136	504 456	–606 662	–80 763
Equity	339 705	372 277	375 970	–153 340	454 757
Total assets	699 113	684 480	705 881	760 263	1 311 618
Operational margin[2]	–2%	13%	–47%	–658%	–15%
Equity/asset ratio[2]	49%	54%	53%	–20%	35%

1. Operating result 2022, 2020 and 2019 include USD 0.9 million, USD 479.4 million and USD 30.3 million impairment charge respectively
2. Operational margin; Operating result/Revenue. Equity/asset ratio; Book equity/Total assets

ESG report

Introduction

Floatel is an integral part of the offshore energy services industry. Our work supports the production of reliable and affordable energy. As the world transitions to a lower-carbon society, we understand the challenges and opportunities ahead, including the need to reduce our emissions. We aim to follow the International Maritime Organization's (IMO) Initial GHG Strategy regarding the reduction of ship emissions, and we have already completed several initiatives that have resulted in reduced fuel consumption.

Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate, and the people we employ.

Highlights

Floatel is on target to reduce the emission intensity of the fleet's operation. During 2023, the emission intensity levels were 22% below the baseline, i.e. emission intensity at delivery. Compared to 2022, the emission intensity was reduced by 5.4%.

To further empathise the importance of working towards a more sustainable operation, Floatel has expanded on the sustainability elements of the HSSE policy in a comprehensive Environmental and Sustainability policy. The new policy clarifies Floatel's environmental responsibility, social accountability, how economic viability is ensured, and Floatel's strive towards excellent governance.

Floatel is increasing its focus on social accountability by aligning our processes and business relationships with the OECD guidelines on due diligence to ensure that all risks related to human rights are handled with appropriate care.

A statement on how Floatel adheres to and complies with Norway's Transparency Act was published on Floatel's website and is now incorporated into this ESG report.

Compassion

We show humanity, understanding, and responsibility towards each other, the environment, and the society we work in.

Commitment

We are committed and loyal to our company, our responsibilities, our clients, and the projects in which we operate.

Cooperation

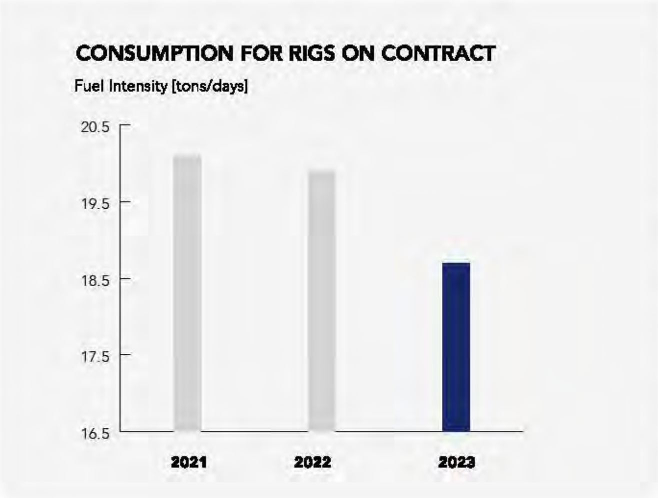
Teamwork is the key to success, and we cooperate with our partners and clients across our organisation.

Environment

The primary purpose of Floatel is to provide accommodation and construction support to the world's offshore energy companies. As such, Floatel is part of the international energy sector.

Although the global community is moving away from fossil energy sources to reduce the emission of greenhouse gases and other harmful emissions, there is still, and will, for the foreseeable future, continue to be a great demand for petroleum products. Not only for energy production but also to produce, for example, different synthetics, chemicals, and hygiene products. During the transition to a fossil-free world, the demand for Floatel's services will remain, and we are determined to provide these services in the most responsible way possible.

Floatel is highly committed to reducing its waste, emissions, and environmental impact. In 2022, we adopted the ambitious emissions target of the Initial IMO GHG Strategy. This means that, by 2030, Floatel aims to reduce its emission intensity by 40% compared to the initial operational values of our fleet in April 2010. The revised IMO GHG Strategy was released in July 2023. The extent to which Floatel will commit to these new targets will be assessed during 2024.



Highlights

Floatel is on target to reduce the emission intensity of the fleet's operation. During 2023, the emission levels from operations were 22% below the baseline, i.e. emission intensity at delivery. Compared to 2022, the emission intensity was reduced by 5.4%.

The fuel intensity is dependent on several factors: area of operation, seasonal weather, current variations, fixed or moving target (client platform), ability to run in 2+1 split operation, etc. The most fuel-intensive rigs were in lay-up for the majority of the year, reducing the fleet's overall fuel intensity level. While having operations in the Gulf of Mexico, with currents of up to 3kn, increased the level. The limited time in 2+1 split operation also contributed negatively to the total fuel consumption.

To inform operational decisions, fuel flow meters have been installed on two of the rigs, with the others to follow in 2024. This enables the rig to adjust the operation in real time and optimise the engine configurations and fuel consumption, especially during transits. Live data will be presented on the bridge for the crew. The detailed fuel consumption data for each engine will also allow for in-depth analysis and benchmarking of the engines' performance. Engine selection based on this data will increase the efficiency and the accuracy of the maintenance programme.

One of our vessels has had a persistent issue with exhaust odour, mostly due to inefficient combustion related to the low load on the engines. After various modifications of the exhaust system over several years, which have led to slight improvements, the engine manufacturer suggested a change of the turbocharger and injector nozzle type. The project surpassed expectations with greatly improved combustion at low load, but also with a slightly increased fuel efficiency with reduced emissions of CO_2, SOx, and NOx as a result.

> Operation in the 2+1 split mode has been utilised 6% and 44% of the time on hire for Floatel Superior and Floatel Endurance, respectively.

During 2023, Floatel has continued to transition towards a more sustainable operation. A new Environmental and Sustainability Policy has been introduced to further emphasise the company's focus and commitment. Along with the Policy, a new Company Objective has been added which states that Floatel is "To run sustainable operations with continuous reduction of exhaust emissions". The Objective is monitored and followed up by four KPIs: monitoring oil spills, fuel consumption, GHG emissions, and operational time in 2+1 split operation.

Floatel Superior, operating mainly towards moving targets during the year, saw the utilisation of 2+1 split operation reduced from 21% in 2022 to around 6% of the operational uptime in 2023. A moving target decreases the safety margins and only allows for a 2-engine operation in especially benign weather conditions. Floatel Endurance had a limited operational time in 2023, although with 44% of that time in 2+1 split, compared to 36% in 2022.

Environment data

	2023	2022	2021
Consumption for rigs on contract			
Fuel Oil [tons]	14 759	21 600	14 046
Fuel Intensity [tons/days]	18.7	19.9	20.1
Consumption for rigs off contract			
Fuel Oil [tons]	6 477	3 990	5 939
Electricity from Shore [kWh]	5 510 259	1 618 880	5 480 387
Fuel Intensity [tons/day]	6.3	5.4	5.3
Carbon Intensity for rigs on contract			
CO_2	47 229	69 141	45 914
Contracted days	791	1 084	700
Client POB Nights	179 399	316 420	149 723
CO_2 / Contracted Days [tons/day]	60	64	66
CO_2 / POB [tons/(person*day)]	0.26	0.22	0.31
GHG Emissions for rigs on contract [tons]			
Direct Emissions - Scope 1	48 261	71 205	46 587
Indirect Emissions - Scope 2	–	–	–
GHG Emissions for rigs off contract [tons]			
Direct Emissions - Scope 1	20 942	13 048	19 423
Indirect Emissions - Scope 2	138	40	137

	2023	2022	2021
Other air emissions for rigs on contract [tons]			
NOx	589	868	569
SO_2	15.7	23.8	15.6
Other air emissions for rigs off contract [tons]			
NOx	248	156	228
SO_2	7.7	4.5	7.0
Recordable spills	**0**	**1**	**0**

Roadmap

Floatel is working in three areas to reduce the impact of our operation and achieve our target of a 40% reduction in GHG emissions by 2030:

Digitalisation

To better understand the impact of our operation, data is needed. We are, therefore, implementing new tools and applications to improve the analysis of the operation. The analyses will be presented in real time to the crew on board, enabling them to make more informed decisions. Increasing the number of sensors on the vessels will increase the understanding of how the equipment performs and where to focus our efforts to increase efficiency.

Energy efficiency

Floatel's offshore vessels operate in dynamic positioning (DP), which means they are designed to maintain their position at sea, even in harsh weather conditions. The engines, thrusters, and all auxiliary equipment are chosen to perform in extreme operational cases despite the vessel operating, most of the time, in more benign conditions. Our second focus is to increase the efficiency of the equipment in low load conditions by installing complementary units, frequency regulators on pumps and fans, less demanding consumers, etc. This results in a reduced demand for energy, less fuel consumed, and fewer emissions released into the air. Installation of a hybrid/battery solution is likely to be necessary to reach the targets.

Operational procedures

While adding to the flexibility of the equipment, we are also continuously evaluating our internal procedures to ensure that all parts of the vessels' operations are optimised for onboard energy production and consumption. This applies to DP operations during contracts and transits, yard stays, and lay-ups between contracts. There are different challenges for each mode of operation, and all need to be considered. At the end of 2023, a comprehensive capability study was performed in cooperation with Kongsberg to evaluate the operational possibilities and limitations of the 2+1 split mode, focusing on moving targets.

Environmental risks and opportunities

The global environmental stakes are increasing rapidly. Large international forums like the UN and the EU have highlighted the importance of transitioning towards a carbon-neutral future, preferably before 2050, to meet the Paris Agreement's 1.5-degree goal. Upcoming regulations on sustainability, and reporting, e.g. the CSRD, will increase transparency on how multinational companies are working to improve efficiency and reduce their environmental impact. The European Union is on a path to also include offshore vessels in the MRV (Monitor, Report, Verify) regime to enable inclusion in the European Emission Trading System (ETS). So, increasing the environmental performance of the operation has strong economic incentives.

There are several opportunities arising from the development of energy storage. Battery solutions have seen a significant upswing in the last decade, notably in the vehicle and marine sectors. Smaller car ferries are going fully electric, while larger RoPax ferries are exploring hybrid solutions while awaiting further maturation of battery technology. Battery hybrid solutions are also gaining popularity in the offshore sector, with OSVs and drilling rigs leading the way. Some fixed platforms are connected to shore power for the provision of energy. Floatel intends to follow this path and have both hybrid and electric solutions available, which will be part of the solution to reduce GHG emissions by 40% before 2030.

The emergence of carbon-neutral fuels, like hydrogen, ammonia, methanol, and other e-fuels, is not yet viable for offshore use due to infrastructure limitations. However, Floatel is following its development with interest and continually evaluates the feasibility of converting one or several onboard engines. The availability of more traditional fuels with lower well-to-wake emissions is being investigated. FAME and HVO100 are top candidates that could work as drop-in fuel for the already existing machinery.

Operating in a 2+1 split and closed ring configurations have been a game changer. This has allowed vessels to operate on two engines instead of three during benign weather conditions. These operational modes increase the efficiency of the engines, allowing them to produce the same amount of energy with less fuel.

The vessels utilising a 2+1 split configuration are designed for and approved to operate in this mode, maintaining operational safety and, at the same time, improving environmental efficiency. Using a 2+1 configuration within the accommodation and construction support segment is a new approach. We are suggesting this operational mode to our clients whenever it is possible to guarantee safe operations. A capability study is under development, together with Kongsberg, to further assess the operational limits of the rigs in 2+1 split connected to a moving target, such as an FPSO.

Environmental performance

In 2023, the Floatel fleet was contracted for 791 days. Two vessels operated in the Norwegian North Sea, one outside Brazil in the first half of the year before moving on to the Gulf of Mexico for the second half of the year, and one in Australia, servicing two contracts. The fifth vessel was in a warm lay-up in Tenerife, Spain.

Floatel will always strive to utilise shore power where this is available. However, many shore facilities such as ports and shipyards cannot provide shore power and therefore an increase in fuel intensity can be seen for rigs off contract.

The vessels operating in Norway have been utilising the 2+1 split configuration, enabling operation on two generators instead of three, with higher engine load and improved fuel efficiency. Compared to the historical operation of the vessels at this location, the emissions were reduced by 10–15% for similar operational conditions.

Following last year's oil spill, where about a cubic meter of hydraulic oil was released into the sea when a hydraulic pipe broke on the gangway, there have been rigorous actions fleet-wide to reduce the risk of reoccurrence of such an event. During 2023, there have been no recordable spills in the Floatel fleet.

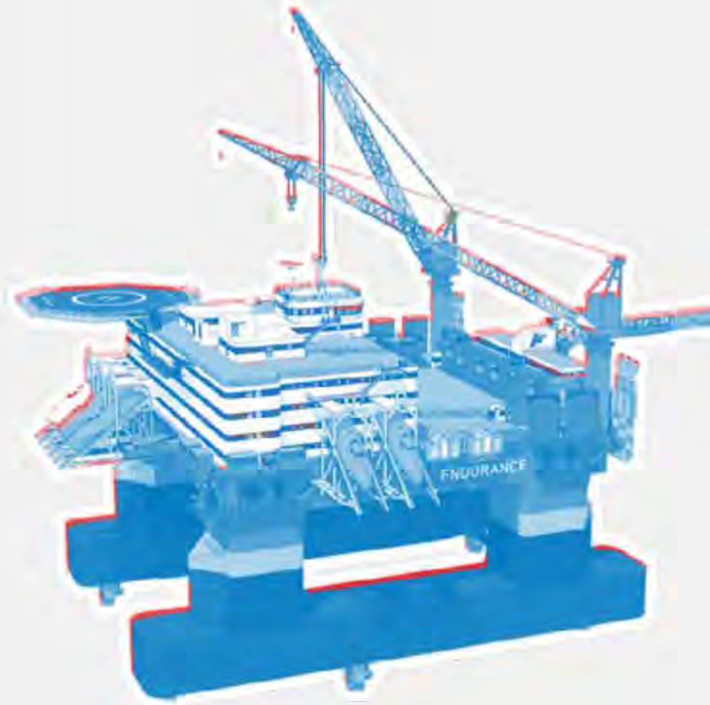
The operation in the Gulf of Mexico proved to be challenging from an environmental performance perspective. The client, an anchored semisubmersible floating production unit, was in strong currents, with large movements of the client installation resulting in higher fuel consumption and emissions than the Floatel rig's historical average for some parts of the operation.

For the vessel, accommodation and construction support vessel (ASV) operating in Australia, one client did not approve the operation in a "Closed Ring Bus Bar" configuration. The use of a conventional 3-split operation resulted in above-average fuel consumption for this contract and, as a result, for the entire year.

REDUCE GHG EMISSIONS

40%

BEFORE 2030



Social

Safety

Safety is paramount at Floatel, and our track record shows that we always put safety first. During 2023, there was only one recordable injury in the entire fleet, a medical treatment case during lay-up. With a total of 912 000 hours worked offshore during the year, this gives a Total Recordable Injury Rate (TRIR) of 1.10. This is well below the industry average of 1.45 (IMCA offshore average for 2022). No Loss Time Injuries (LTI) occurred during the year. In the last five years, there has only been one work-related incident on board classed as an LTI. During that time, the entire fleet has performed over 3.8 million manhours of work. We are proud of our safety culture at Floatel where everyone working on board is encouraged to highlight and report any safety concerns they may experience.

Floatel has a rigorous safety management system designed to ensure the safety of all seafarers and other personnel on board the vessels. From risk identification procedures and workshops for each project to safe job analysis for each work task, reporting routines, and continuous follow-up of statistics and trends related to safety, there are many ways the health and safety interest of personnel is covered.

A toolbox talk precedes all work tasks involving any risk. A safe job analysis is conducted if the risks are considered significant. This way we ensure all jobs are well-planned, communicated, and safely executed. During 2023, the toolbox talk rate has been consistently above target, which indicates that the crew is taking responsibility for the risks at work and are inclined to reduce them.

The market for ASVs is trending towards shorter contracts, forcing the vessels in and out of lay-up. Manning up and down between projects may impact the continuity of the crew and the safety culture on board. Even so, Floatel has achieved strong safety performance results for the year, which we are very proud to present.

Safety campaigns.

To increase the awareness of safety issues and risks that come with working offshore, Floatel has an HSE programme with safety campaigns that are presented on board and shown on screens around the vessels. Each campaign is communicated for two months to cover all crew rotations. During 2023, the campaign focus has been on the following subjects:

- *Noise protection*
- *Sustainability*
- *Manual handling*
- *Hand and finger injuries*
- *Vibration hazards*
- *Cyber security*

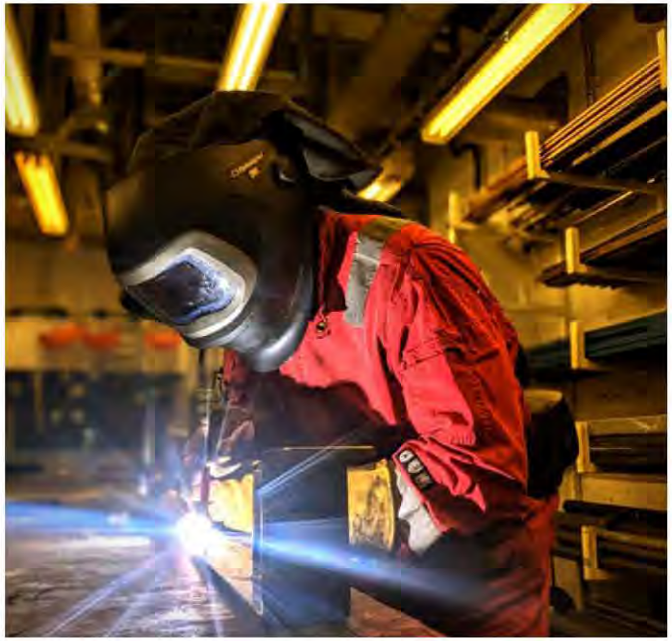
I am very pleased with Floatel International's performance. They executed their work safely, efficiently and with a focus on high performance. I very much appreciate the collaborative behaviours from the planning period all the way to execution, with a one-team attitude, transparency and responsiveness

Undisclosed client

Safety Statistics

	2023	2022	2021
TRIR[1] – Total Recordable Injury Rate	1.10	1.09	2.86
SOR[2] – Safety Observation Rate	477	724	647
OVR[3] – Office Visit Rate	176	122	161
TBTR[4] – ToolBox Talk Rate	2 285	2 267	2 050

1. TRIR = (Work Related Fatalities + Loss Time Injuries + Restricted Work Cases + Medical Treatment Cases) * 1,000,000 / Working hours
2. SOR = Number of safety observations * 200,000 / Working hours
3. OVR = Number of Office visit days * 200,000 / Working hours
4. TBTR = Number of Toolbox talk cards * 200,000 / Working hours



Human Resources

The employees are, together with the vessels, Floatel's biggest assets. Investing in people development and ensuring people enjoy being at work, while always putting safety first, allows Floatel to create sustainable people performance.

The goal is to create safe workplaces with clear and structured roles. However, it is essential for all employees to feel that they can make an impact in their role and be part of improving the workplace and its processes. It is crucial to have good leaders to nurture such development.

Floatel operates in the international maritime trade and adheres to the principles set out by the International Maritime Organization (IMO) and by extension, the Maritime Labour Convention (MLC). Floatel and all its business is audited annually by the flag state (Bermuda Shipping and Maritime Authority) on behalf of the IMO to confirm that the principles of the MLC are met. Additionally, Floatel holds annual internal audits on board all of its vessels to ensure compliance with the Convention.

Floatel has an MLC Complaint Procedure, clearly stating how a seafarer can write and file a complaint about breaches of their right under the MLC. Any seafarer has the right to complain about conditions related to any matter that is alleged to constitute a breach of the requirements of the MLC. For example, payment of salaries, ship service, conditions of employment, accommodation, recreational facilities, health protection, or food and care on board. These complaints can be sent to the Master on board, or if needed, to the Designated Person Ashore (DPA), the Flag State, a Competent Authority in the seafarers' country of residence, or an authorized Port State Control officer.

Working in shipping and offshore, there is a long tradition of age seniority being a key indicator for promotions. For the last decade, Floatel has prioritised competence and leadership over seniority. This approach has paid off, Floatel now has competent leaders on board, who are all adaptable to change. This is vital as we operate in a very changeable accommodation vessel industry.

The accommodation and construction support vessels market has shifted from long-term to short-term contracts. The average contract length is now 3–6 months rather than several years. Some vessels move from country to country and must change crew members frequently. This challenges our organisation on many levels, including our ambition to have as many permanent employees as possible offshore and manage the stress level of onshore and offshore employees.

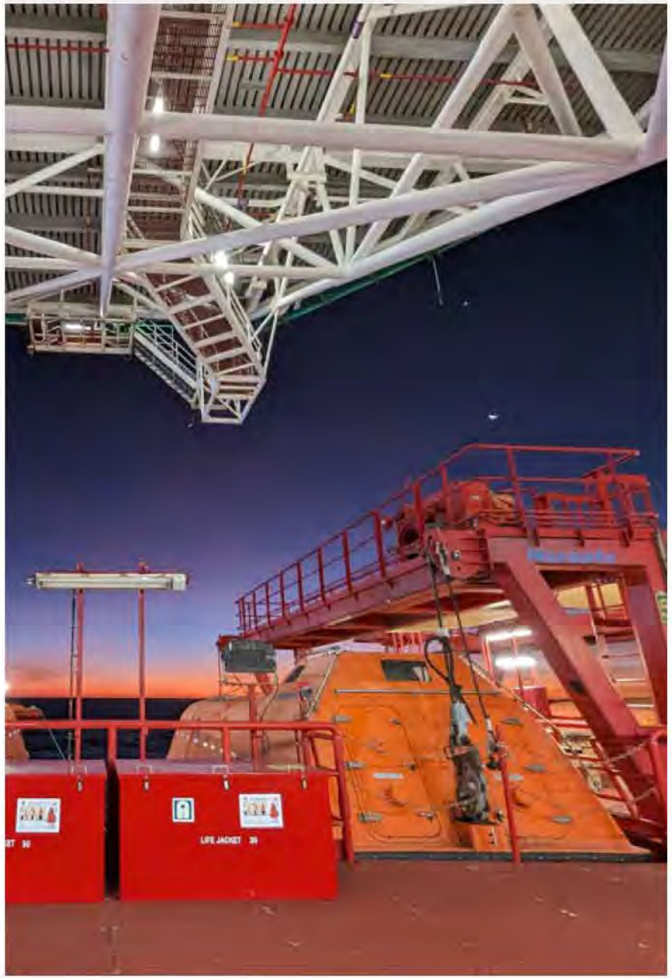
RETENTION RATE[1,2] (%)	Target	2023	2022	2021
Onshore	70%	75%	87%	92%
Offshore	85%	95.7	97.1	95.2

Risks associated with human rights

There are numerous risks related to Human Rights in the international maritime trade. These are identified on a corporate level and measures are taken to mitigate them throughout the Group's businesses. These risks can be related to labour rights violations, health and safety risks, breaches of indigenous and local community rights, freedom of association, and collective bargaining or related to discrimination and diversity.

The main risks identified related to Human Rights under Floatel's operations are violations of labour rights and the health and safety risks that come with working in an offshore environment.

36% of the onshore employees are women.



1. Calculated on permanent employees in the Group, including long-term contracted offshore personnel and employees that resign. Formula is as follows; (Average no. of employees in last 24 months minus no. of permanent employees resigning in last 24 months) divided by Average no. of employees in last 24 months.
2. Last year's offshore retention rate has been restated after correcting the formula

Manning our vessels

Floatel's vessels are manned partly by two in-house manning companies, Floatel Crew AS in Norway and Floatel Service AB in Sweden, for all officer positions. Ratings on board are manned by external agencies, except in Norway. These agencies are normally from the country we are operating in, but also from the Philippines, Scandinavia, and the UK. Additionally, catering when supplied by Floatel is supplied by local catering companies in the country of operation.

All crew employed by Floatel, including any of its in-house manning companies, are covered by a CBA. Floatel encourages manning agencies and catering suppliers to sign CBAs with their respective trade unions, and the Group is in talks with the manning agencies and catering firms to implement CBAs as a basic level of employment rights.

Personnel employed by crew manning agencies, and hospitality service businesses, that are not covered by a CBA will have their terms and conditions reviewed as part of the supplier audits to ensure the terms and conditions are in line with or better than what is considered normal in those countries.

Attracting personnel to work in the offshore oil and gas service industry long-term can be challenging since it involves spending a long time away from home. Most marine crews work half of the year on board. The offshore business training requirements are extensive and add to the time away from family and friends. Floatel has decided to increase online CBT training to reduce the number of days away from home. Without compromising on the quality of courses, our preferred suppliers offer a combination of training online and at the training premises.

After the pandemic Floatel has implemented a hybrid working environment for onshore employees, giving the right to onshore employees to work from home up to two days per week when suitable.

Floatel strives to be an engaged employer where employees can grow and develop. For several years, Floatel has conducted employee surveys both on- and offshore. The Group result is good and, in most areas, reaching the benchmark[3]. Nevertheless, one area for improvement is managing the stress levels of the onshore teams.

The stress level for the onshore employees has increased due to increased workload as a result of higher fleet utilisation on the back of improved market conditions driven by higher oil and gas prices after the pandemic.

Diversity and inclusion

The Group's goal is for all people working at Floatel to feel respected and know they can be part of the community regardless of their gender, nationality, religion, sexual orientation, socioeconomic background, or disability.

In our experience, the more diversity there is in a group, the better the working environment. Floatel's global presence is reflected by our employees coming from 14 countries in 023 (17 in 2022). For the vessels operating outside of Norway in 2023, 88% (83%) of the officers and 25% (29%) of the senior officers were non-Scandinavian.

Within the shipping and offshore industry, there is an underrepresentation of women. Floatel has few female applicants when searching for personnel for offshore positions.

Adding value to local communities

During 2023, Floatel vessels have been in Norway, Spain, Brazil, Australia, the USA, and Curaçao (excluding transits).

Our ambition is to always add value to local communities by employing local personnel. This aligns with Floatel's Core Values and is key to Floatel's sustainability approach. Floatel always uses local crew for catering and hotel services when possible.

At least 25% of Floatel's typical marine crew consists of a core team that moves with the vessel. If there is no qualified local crew to fill vacant positions, the rest of the people on board are a core team from the Philippines. Working in the oil and gas industry brings significant value to Filipino marine crew and their families. For a Filipino seafarer, the offshore salary is on average double that of traditional European Ro-Ro employment.

3. The benchmark is based on the results of all companies using the Brilliant Future employee survey tool.

WOMEN OFFSHORE 2023	2023	2022	2021
Senior Officers	0.0%	4.0%	–
Officer	2.0%	5.5%	–
Ratings (skilled seafarers)	2.4%	5.5%	–
Total	**1.8%**	**5.0%**	**1.8%**

WOMEN ONSHORE 2023	2023	2022	2021
Board of Directors	0.0%	0.0%	0.0%
Senior Management	0.0%	0.0%	0.0%
Managers	28.0%	25.0%	39.0%
Employees	43.0%	52.0%	48.0%
Total	**36.0%**	**42.0%**	**42.0%**

SICK LEAVE	2023	2022	2021
Onshore	0.34	0.57	1.06
Offshore	1.30	1.80	3.70

Governance

Code of Conduct

Floatel's Code of Conduct sets out the way we do business. From legal compliance to business relations, accounting and reporting to recourse efficiency and environmental performance, human rights and modern slavery to HSSE issues and anti-corruption, how we regulate what we do and the standards we expect are all contained in this Code. Floatel had no fines or sanctions for non-compliance with laws or regulations in 2023.

Implementation of the Anti-Corruption Policy ensures Floatel does not conduct or become involved in bribery or fraudulent business practices. All personnel participate in an annual computer-based anti-bribery course. At year-end, 87% of onshore personnel had a valid course certificate.

To simplify reporting of breaches of Human Rights and other issues, Floatel has implemented an Open Door Policy, allowing any employee to go directly to senior management with concerns related to Health, Safety, and Environment (HSE) and Work Environment (WE).

If an issue related to breaches of Human Rights, the MLC, or other serious matters is not possible to resolve onboard a vessel, a Designated Person Ashore (DPA) is always available to the crew. The DPA will take action to uphold the rights of the personnel and always has direct access to senior management to effectively solve issues.

When an employee feels uncomfortable reporting to senior management, a whistle-blower and ethics system is in place. This allows employees to report events anonymously to an external party. The whistle-blower policy was updated and converted into a full procedure in December 2023 to comply with EU directive 2019/1937 regarding the protection of persons who report breaches of Union law.

There were no whistle-blower cases reported in 2023.

Our policy on modern slavery, human trafficking, and child labour, as detailed in our Code of Conduct, reflects our commitment to acting ethically and with integrity. Furthermore, Floatel adheres to and reports in accordance with the Norwegian Transparency Act.

Our vessels are certified for conditions of employment as per the Maritime Labour Convention (MLC) 2006 standards. They include but are not limited to minimum age, medical certification, qualifications, employment agreements, use of manning agencies, hours of work and rest, manning levels, accommodation, recreational facilities, food and catering, health and safety, accident prevention, medical care, complaint procedures, and wages.

Governance structure

The Board of Directors is responsible for the Group's business, including all aspects of ESG. They are responsible for the strategies to navigate risks and opportunities related to environmental, social, and governance sustainability within the Group.

The Board of Directors has given senior management operational responsibility for ESG. Senior management report back and highlight any issues to the Board of Directors through its Risk, Finance & Audit Committee, which has governance and oversight of ESG and risk, in addition to financial reporting and corporate governance, at least once every year.

Senior management has established an ESG committee to ensure Floatel presents all relevant ESG data in a verified, coherent, and transparent way. The committee drives the work of compiling and reporting all ESG measures taken within the company and following up on the ESG KPIs and targets presented in this report.

The ESG committee comprises senior management, HSEQ, HR, and technical department representatives. The committee seeks additional information from the financial, operational, and ICT departments for specific topics.

The ESG report will be published every year in conjunction with the Annual report, and the integration of ESG reporting into the Floatel management system will increase further as we progress.

Currently, the ESG group within the HSEQ department compiles and reports on many of the Group's KPIs each month and communicates the progress and performance internally to all employees.

Due diligence

The Group conducts business relationship audits (due diligence), including suppliers and clients, on a regular basis to ensure compliance with Floatel's Code of Conduct, prevailing regulations, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the Norwegian Transparency Act. These focus on addressing any adverse impacts on fundamental human rights and decent working conditions.

In 2023, the Group has developed and enhanced its audit and due diligence procedures and processes to ensure due diligence is completed in accordance with the OECD Guidelines for Multinational Enterprises. The Group will also implement measures to mitigate the identified risks. From 2024, audits and due diligence will be completed in compliance with OECD Due Diligence Guidance for Responsible Business Conduct.

The Group's fleet consists of five vessels. There are usually one or two clients chartering each vessel per year, although in exceptional circumstances, we might have three clients hiring a vessel during a year. The Floatel vessels are highly specialized with a select group of suppliers providing necessary equipment and systems. This means that losing a client or a key supplier could have a dramatic impact on the survival of Group. For this reason, the integrity of our clients and key suppliers is of utmost importance. Therefore, the information we publish will be high-level to ensure that information cannot be linked to a specific client or supplier.

Details of measures taken to cease, prevent, or mitigate identified adverse impacts in the areas of human rights and decent working conditions will be communicated to the affected customer or supplier. The public information shared will be high level. Such information can be commercially sensitive since the experience of guests on board our vessels is part of our core business.

There have not been any material adverse impacts identified through due diligence during 2023.

Suppliers

Third-party manning agencies are audited annually by Floatel or by auditing companies instructed by Floatel. The focus of these audits is to ensure compliance with the MLC, that there are no incidents of child labour or trafficking, and that all Human Rights are respected.

The following significant risk of adverse impacts have been identified during the year.

- *Contracts have been signed in new countries where Floatel has not operated before where there is potentially limited competition amongst crewing agencies and catering companies due to the geographical position and small size of the offshore industry. There is a potential risk that this lack of competition could lead to insufficient focus on human rights and decent working conditions in this area. However, this risk is strongly mitigated by the authorities in the region performing comprehensive reviews.*

Customers

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the OECD due diligence guidance for responsible business conduct include clients as a type of business relationship covered by due diligence, even though not covered in the Norwegian Transparency Act. Because the Group conducts its operations ethically in terms of all business dealings and relationships as stated in the Code of Conduct, the Group has included clients in its due diligence scope.

Our operations and the services we provide contribute to the working conditions of the customers' employees and the customers' subcontractors' employees (together hereinafter named "guests"). We provide the physical environment for them during the rest hours of their working shift offshore. The cabin's outfitting and cleanliness, access to recreation areas, and the food served are all examples of items that affect the overall working conditions of guests since they are not able to leave the vessel during rest hours.

Guests can complain about onboard conditions through the submission of either SOS cards or guest satisfaction survey comments. Responding to and acting on such complaints is a part of the due diligence process. This is already implemented in our management system due to its close connection to the value we create for our clients.

The clients' respect for human rights cannot be directly influenced by our operations. However, we can assess a client's attitude towards these topics by reviewing publicly available policies published by a client. Therefore, during 2024 we will assess this by measuring the percentage of clients that have publicly published a policy on human rights.

The following significant risk of adverse impacts have been identified during the year.

- *Bids have been submitted to clients in countries requiring Floatel to contract through a local firm as an intermediate between Floatel and the end client. There has not been any previous business relationship with these local firms. These are usually smaller entities and, therefore, there is limited publicly available information about them. Floatel has identified a need to perform due diligence on these local firms to ensure they comply with fundamental human rights and decent working conditions.*

Corporate Governance report

Legal organisation

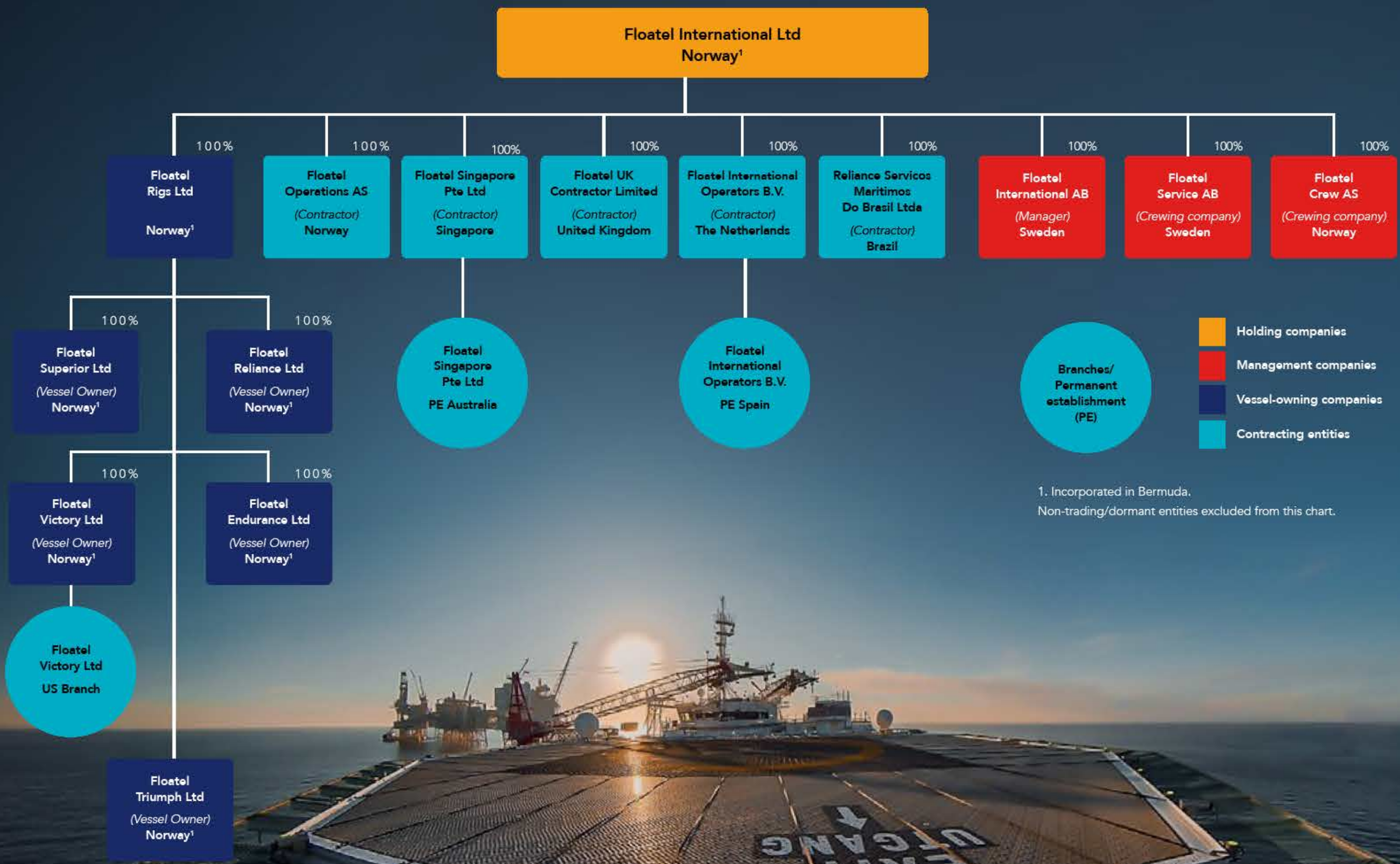
Floatel International Ltd ("the Company") is incorporated in Bermuda and has its principal place of business in Oslo, Norway. It is the holding company and ultimate parent company of the Group. All subsidiaries within the Group are wholly owned, and the Group has no joint ventures or similar arrangements. The Group categorises its legal entities into four types: (i) Holding entities, (ii) Vessel-owning entities, (iii) Contracting or Operating entities, and (iv) Management entities.

Five Norwegian-based, Bermuda-incorporated subsidiaries separately own one vessel each. They are organised as a sub-group under Floatel Rigs Ltd (also holding its principal place of business in Norway). All vessels are Bermuda flagged.

The Group is locally present with subsidiaries or branches and site offices, i.e., the contracting or operating entities, in jurisdictions where the Group operates from time to time. These entities primarily hold contracts with the clients. There are currently five operating companies and two branches in the Group.

There are two types of management entities, ship manager and crew agencies. Floatel International AB acts as the Group's Ship and Administrative/IT manager, while Floatel Service AB, and Floatel Crew AS, operate as crew agencies for the vessels.

The corporate structure as of December 31, 2023 (excluding non-trading and dormant entities), is set out to the right.



1. Incorporated in Bermuda.
Non-trading/dormant entities excluded from this chart.

Corporate governance

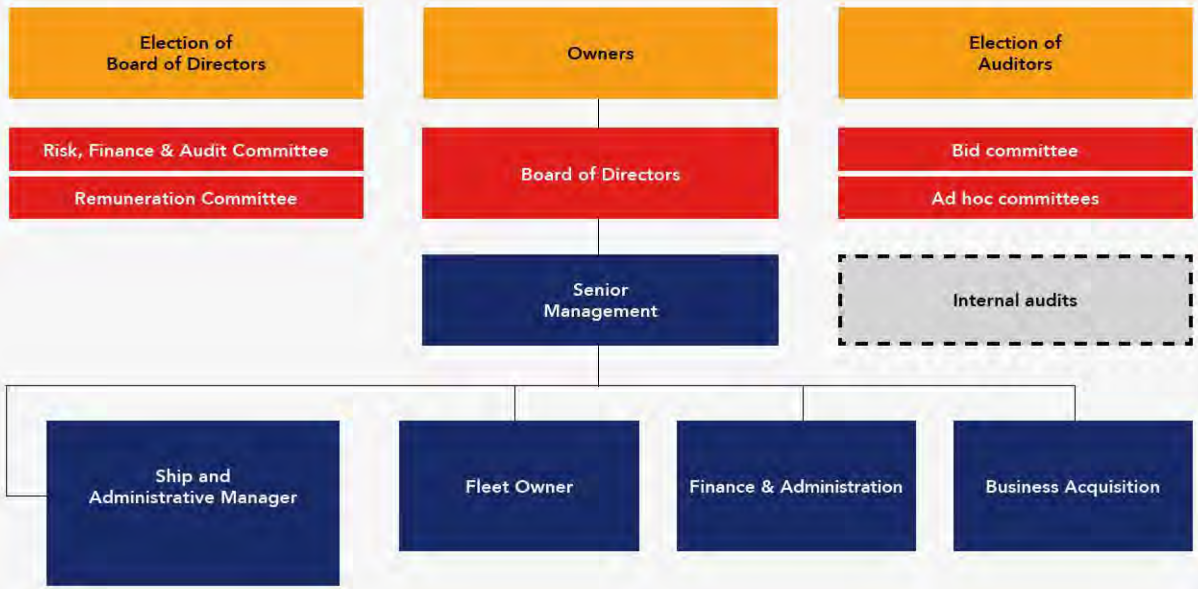
Floatel's corporate governance is embedded in the running of the business through Floatel International Management System (FIMS). FIMS comprises elements developed to meet our corporate governance responsibilities by defining the rules and procedures for day-to-day operations. It also defines roles and responsibilities for all staff, starting at the top with the Board of Directors (BoD) and Senior Management, thus bringing greater transparency to how the Group is managed.

Finally, FIMS ties Floatel's core values, mission, and goals to the organisation by advocating exemplary corporate behaviour.

The main internal rules and regulations for corporate governance are:

- *The Bye-Laws*
- *The Code of Conduct*
- *Rules of procedure for the BoD*
- *Terms of references for the BoD Committees*
- *Instructions for the Chief Executive Officer (CEO)*
- *Anti-Corruption and Anti-Fraud Procedure*
- *Corporate Risk Procedure and Corporate Risk Assessments*
- *Approval Procedure and Matrix*
- *Floatel International Management System (FIMS) in general – other relevant Policies, Procedures, and Guidelines*

Floatel corporate governance structure



The BoD is ultimately responsible for overall corporate governance and operational and financial internal control. The Risk, Finance & Audit Committee (RFAC) advises the BoD on the appropriateness of significant policies and procedures relating to corporate governance, ESG and risk, as well as financial processes and disclosures. It reviews the effectiveness of Floatel's internal control framework. The BoD has delegated to Senior Management, through written policies and procedures, the responsibility for conducting, implementing, and evaluating corporate governance, ESG, risk management, and internal control.

The CEO is responsible for strategic management and business direction, policies, procedures, and guidelines for developing the business and implementing strategies and services that promote good corporate culture. Regarding contract opportunities, the CEO shall provide to the Bid Committee of the BoD sufficient information regarding risks and opportunities related to the contract opportunity.

Without excluding the generality of the foregoing, the CEO shall highlight whether the contract terms deviate, and to what extent, from Floatel's Contracting Principles and whether the area of operation is associated with operational risks (such as piracy or weather risks) or other risks in the jurisdiction (such as tax, currency, and expropriation risks).

In addition, the CEO shall report strategic and other significant risks connected to the business, operations, and important projects to the BoD if the potential consequences are material. Strategic opportunities shall also be communicated. When suggested measures are presented to the BoD, they should be accompanied by a cost-benefit analysis, including the payback time of the investment when relevant, and/or a risk analysis showing the potential consequences of not taking action.

The Chief Financial Officer (CFO) is responsible for establishing, communicating, and monitoring the financial reporting and the connected internal controls.

The Health, Safety, Environment, and Quality (HSEQ) Manager is responsible for establishing, communicating, and monitoring FIMS, ESG, risk management, and management system audits – excluding the financial reporting and internal control over financial reporting. The HSEQ Manager coordinates internal audits in accordance with the management system audit (Quality Assurance) and in accordance with the internal control over financial reporting framework, as well as any self-assessments and audits initiated by a shareholder. The HSEQ Manager reports on risk and ESG to RFAC through the CFO.

Shares and shareholders

The Company's principal shareholders are Keppel Ltd. through Kepinvest Holdings Pte Ltd ("Keppel") with 49.9%, management holding 10.0% of the common shares through Floatel Interessenter AS, and several financial institutions holding the remaining shares whereof one has 20.8%.

Kepinvest Holdings Pte. Ltd., and Nordic Trustee Services AS ("NTS"), a Nordic Trustee / Ocorian company, are recorded in the shareholder registry as holders of the common shares. The common shares registered with NTS are, in turn, represented by an equivalent number of Norwegian Depository Receipts ("NDRs") issued by NTS, mirroring the rights of the underlying shares. The NDRs are issued in the Norwegian Central depository, Euronext Securities Oslo (previously VPS / Verdipapirsentralen) ("ESO") under ISIN NO NO0012785759. See note 14 to the Consolidated Financial Statements regarding current shareholdings.

The Company's Byelaws regulate the rights of the shareholders and include inter alia rules for appointing and removing board members, procedural rules for the BoD, what should be addressed at the Annual General Meeting (AGM), as well as the BoD's mandate for issuing securities and shareholders right to ask for a listing of the Company on a stock exchange.

The AGM is usually held before the end of June each year and no later than the end of December, the latest date permitted without extension by the Bermuda Companies Act. The date of the next AGM is usually included in the financial calendar, which is available on Floatel's website. The notice of a general meeting is normally sent to shareholders, including beneficial holders of NDRs, no later than 14 days before the meeting.

The BoD proposes the agenda for the AGM and any extra general meetings. The Byelaws determine the main agenda items. Before a general meeting, NTS will collect proxies from NDR holders to be able to vote on their behalf as their authorised representative. Shareholders may cast their votes in writing, including by means of electronic communication, in a period before the general meeting in question.

Appropriate arrangements are made for shareholders to vote on each matter. The general meeting in question, including the AGM, elects the chair at the meeting.

The Board of Directors and its committees

The BoD shall establish targets, policies of importance, and strategic plans for the Group, continuously monitor their observance, and ensure that such policies and plans are periodically reviewed. The BoD shall ensure that the Group's organisation is appropriate and making strategic decisions regarding the management, investment, and supply of capital.

The BoD shall appoint, evaluate and, if necessary, dismiss the CEO and other officers of the Company. The BoD shall ensure an effective system for follow-up and control of Floatel's operations and the associated risks. The BoD shall also ensure a satisfactory process for monitoring Floatel's compliance with laws and other regulations relevant to the Group's operations and the application of internal guidelines.

The BoD consists of five members: two representing Keppel, the largest shareholder, the CEO, one independent director and one representing all non-Keppel shareholders. There are no deputies or alternate members, or members appointed by employee organisations. In addition, the BoD is supported by a corporate secretary and administrator.

The BoD shall have at least four regular meetings each year. During 2023, it had seven physical meetings, including pre- and post-meetings to the shareholders' general meetings. The Chairman is responsible for ensuring the BoD's work is well organised and conducted efficiently. Senior Management attended Board meetings during the year to present and report on specific questions and has also circulated a monthly operational report to the BoD.

To maximise the efficiency of the BoD's work and to ensure a thorough review of specific matters, the BoD has established a Remuneration Committee and a Risk, Finance & Audit Committee (RFAC). The establishment of a Bid Committee is set out in the Byelaws. In addition, the BoD may convene ad hoc committees for specific purposes. There were no ad hoc committees convened in 2023. The tasks and responsibilities of the committees are detailed in their respective terms of reference, which are adopted annually.

The Bid Committee shall, on behalf of the BoD, decide prices and other commercial terms not regulated by the Company's contracting principles that should be offered in clients' bid and tender processes and review management's price and return calculations. Furthermore, the Bid Committee reviews the contracting principles and recommends changes to these principles, if any, to the BoD annually.

The Remuneration Committee assists the BoD in Senior Management remuneration matters, receives information, and recommends to the BoD decisions on matters relating to the principles of remuneration, actual remunerations paid, and other terms of employment of Senior Management. The Remuneration Committee's tasks also include monitoring bonuses and incentive programmes.

The RFAC assists the BoD in ensuring that the financial reports are prepared in accordance with International Financial Reporting Standards (IFRS). The RFAC also supervises the financial reporting and makes recommendations, proposals, and annual and quarterly financial statements and reports before they are submitted to the BoD.

The RFAC also supervises the efficiency of the internal control over financial reporting, internal auditing, ESG, and risk management. It provides support to the BoD in the decision-making processes regarding such matters. The RFAC monitors the audit of the financial reports and reports thereon to the BoD. The RFAC also regularly liaises with the Group's statutory auditor as part of the annual audit process and reviews the audit fees and the auditor's independence and impartiality. Finally, the RFAC reviews the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including a review of the whistleblowing procedure.

Auditor

The AGM elects the auditor, and the BoD approves the auditor's fee. The RFAC meets with the auditor annually, without Senior Management representatives being present, to review internal control procedures and discuss any weaknesses and proposals for improvement. The auditor is present at the RFAC meeting and reports on any material changes in the accounting principles and critical aspects of the audit.

The RFAC approves the annual audit plan for the Group and assesses the auditor's independence in relation to the Group annually. The auditor may carry out specific audit-related or non-audit services for the Group, providing these do not conflict with their duties as auditor. In the annual report, the auditor's remuneration is split between the audit fee and fees for other services.

Internal control over financial reporting

According to the Bermuda Companies Act, the BoD is responsible for the Group's internal control and risk management. The BoD has delegated through written policies and procedures to Senior Management the day-to-day responsibility for identifying, evaluating, and managing risks and implementing and maintaining control systems.

Floatel's internal control principles are based on the recommendations of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, which is one of the most widely recognised internal control frameworks. The procedures are structured to provide guidance related to roles and responsibilities for managing and maintaining the processes required to design, implement, and assess internal controls over financial reporting. The Group's system of internal controls encompasses documents applicable to all Group operations and companies, which promote:

- *Effective and efficient operations of the Group by enabling it to respond appropriately to significant risks that it faces in carrying out its business*
- *Consistency and reliability of financial reporting*
- *Safeguarding of assets*
- *Compliance with applicable laws and regulations*

The five components of this framework are: control environment, risk assessment, control activities, information and communication, and monitoring activities.

The control environment establishes the overall tone for the organisation and is the foundation for all other components of internal control. As such, the control environment has a pervasive influence on how the Group's business activities are structured, objectives established, and risks assessed.

To achieve the Group's objectives, including meeting the financial return expectations of its owners, Floatel pursues activities that involve some degree of risk. Robust risk management processes, combined with a culture that emphasises the need to accept risks, are crucial to the long-term success of the Group. Risks relating to financial reporting are evaluated and monitored by the BoD through the RFAC.

The Group's control activities are performed to help implement the Group's policies, procedures, instructions, and guidelines. The control activities involve two elements: policies establishing the overall intention and direction of the organisation and, secondly, procedures to affect/implement the policies. Financial procedures, instructions, and guidelines to obtain reliable financial reporting are documented and communicated throughout the Group, resulting in management directives being carried out.

Management shall consider internally and externally generated data that enables them to make informed business decisions about financial reports and disclosures. Management shall ensure that relevant information is adequately identified, captured, processed, and reported. As communication is essential to an effective control environment, management shall ensure appropriate, adequate, and timely information.

The internal control systems are monitored to assess the quality of the system's performance over time. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations depend primarily on assessing risks and the effectiveness of ongoing monitoring processes. The key components of the Group's monitoring process include (i) the processes used by the BoD to review the effectiveness of the system of internal control, (ii) the RFAC review of annual and quarterly financial reports before recommending their publication, (iii) the HSEQ Department formal assessment of the organisation's compliance with FIMS, coordination of FIMS updates, internal audits, and assistance with self-assessment processes, (iv) management review meetings, (v) review and discussion of external audit plans; monitoring communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations, and (vi) Senior Management and BoD review of performance through a comprehensive system of reporting based on the annual budget, monthly management reviews against actual results, analysis of variances, key performance indicators and quarterly forecasting.

Risk management

The Risk Management System is set up to identify, assess and mitigate risks the Group can experience while conducting its business. This will also include response and recovery activities. The Board through the RFAC has governance and oversight while risk ownership lies with Senior Management. The CEO and CFO manage risk on a day-to-day basis together with Senior Management and the rest of the organisation.

Risks at the corporate level shall include but are not limited to:

- *Strategic risks, such as business strategy, geographical, political, market and contracting risks, asset ownership and investments as well human resources, human rights, and peers*
- *Financial risks, such as financial management, misstatement of financial statements, fraud, credit, and treasury risks.*
- *Operational risks, such as operational execution risks including project management, business, and operational processes, HSE, and ESG risks.*
- *Compliance risks, such as non-compliance or violations of laws and regulations or costs related to changes in regulations.*
- *IT and security risks, including operation technology, data and cyber security risks.*

The risks identified shall be assessed as follows:

- *Strategic risks, managed by the Senior Management within the framework set and approved by the BoD unless its significance following any procedure results in the matter requiring Board approval*
- *Tactical risks, managed by the department managers within the framework set and approved by Senior Management based on the Group's policies and procedures unless its significance following any procedure requires Board or Senior Management approval*
- *Operational execution, managed by the operations or ship management teams in accordance with the Group's policies and procedures unless its significance following any procedure requires Board or Senior Management approval*

Each risk or group of risks shall be further assessed, and the proper risk mitigation measures shall be identified and implemented.
For example:

- *Avoiding the risk – withdrawal, alternative solution*
- *Controlling the risk – HSEQ Systems, internal control*
- *Transferring the risk – contracting principles, insurance plan*
- *Accepting the risk – contingency planning*

Insurance management forms part of the risk mitigation activities that minimise the commercial consequences of an incident and provide resources for response and recovery activities.

Remuneration

Non-executive Board members' (all but the CEO) remuneration is based on a fixed monthly fee without additional compensation for committee work. None has the right to pensions or termination payment. Information about all the compensation paid to Board members is provided in Note 7 to the Consolidated Financial Statements.

The AGM decides the remuneration of the BoD. The Company may decide on the remuneration in the absence of a general meeting decision. The BoD must approve any Board member's consultancy work for the Group and pay for such work. No such work was carried out during 2023.

Through the Remuneration Committee, the BoD makes guidelines for Senior Management compensation and benefits, including the CEO, and other terms and conditions of employment. These guidelines set out the main principles applied in determining the compensation and benefits for executive personnel.

The total remuneration consists of base salary, pension contribution, annual bonus based on the Group's performance, and a long-term share-based incentive programme (MIP).

Information about the compensation and benefits paid to Senior Management is found in Note 7 to the Consolidated Financial Statements.

Salary and pension

Base salary levels are determined by considering the nature of the specific role, individual considerations, and market benchmarks. The base salary is reviewed annually to ensure that it is set at the right level and potential annual percentage increases are aligned with those of employees in general, except in specific circumstances. The Remuneration Committee determines Senior Management salaries.

Pensions are based on defined contribution plans; the exception to this rule is that, due to legal restrictions, Norwegian Senior Management employees have a top hat plan in addition to the collective defined contribution plan. Pension assets and pension liabilities for the top hat plan are recognised separately in the balance sheet but always match each other, so Floatel has no further payments after the initial contribution. The Remuneration Committee determines premium levels for Senior Management.

Bonus

The Group's bonus system is designed to promote performance aligned with the strategy. The bonus for all employees, including Senior Management, is determined by Floatel's performance on a pre-defined set of key performance indicators (KPIs), essential improvement initiatives, or activities with clear deliverables critical for the Group's future success.

The KPIs are divided into four categories, (i) Financial outcome, (ii) Securing new contracts for coming years, (iii) Efficient operations, and (iv) HSSE and ESG.

Following the formulaic performance assessment relative to targets, the Remuneration Committee approves the final bonus outcome. Accordingly, the committee may exercise discretion to adjust the outcome upwards or downwards, including cancelling the bonus in its entirety in case of a safety or environmental incident or breakdown resulting in a cancelled contract.

Management incentive programme (MIP)

Management formed an investment company in 2021, which owns 10% of the shares in the Company. The investment company was funded by a combination of fixed coupon preference shares held by the Company and ordinary shares (management's investment). There is a shareholders' agreement between the Company, the investment company, and the participating managers, including, among other things, good and bad leaver provisions, non-compete and non-solicitation provisions, terms for issuing new shares, and exit events. New managers may be invited to participate in the MIP.

Other terms and benefits

The notice period for all onshore employees, including senior management, is three months if the employee resigns and three months or longer in accordance with the relevant collective bargaining agreement if made redundant by Floatel. Senior Management is entitled to severance pay for up to two years at the end of the notice period in cases of redundancy and one year in cases of a change of control.

All employees, including Senior Management, receive non-monetary benefits such as healthcare insurance and phones aligned with local practices.

Communication

The Company had in 2023 three bonds listed on Nordic ABM with Oslo Børs. Nordic ABM is not a regulated market, multilateral trading facility, or organised trading facility and is not subject to the provisions of the Norwegian Securities Trading Act. The Company must make information public under the ABM rules. The Company placed a new senior secured bond issuance in April 2024 which inter alia refinanced the three bonds Listed on ABM, an application will be made for the new senior secured bonds to be listed on Oslo Børs, which is a regulated market.

The Company aims to have an open and proactive dialogue with analysts, investors, and other stakeholders. Floatel strives to continuously publish relevant information to the market in a timely, effective, and non-discriminatory manner. All announcements are simultaneously available on www.floatel.no and the Oslo Børs' website, www.newsweb.no.

The Company will publish its quarterly interim reports within 60 days of each quarter end. The complete annual report will be available no later than the end of April. The Company's financial calendar is updated regularly, and updates are published on www.floatel.no and www.newsweb.no.

Senior Management typically holds an audio cast in connection with the publication of interim reports. Management also attends relevant industry and investor conferences. Floatel reduces its contact with analysts, investors, and other stakeholders in the final 30 days before the publication of interim reports. No comments about the Company's results and outlook will be given during this period.

Floatel has multiple reporting channels through which concerns may be raised to the BoD, including a whistleblower function and an ethics system that lets employees and other stakeholders report events anonymously via an external party. Regardless of the channel used to raise concerns, they are usually first lifted to the RFAC for initial assessment, then lifted to the BoD if necessary. The number of cases received through the whistleblowing channel is available in the ESG report.

Directors' report

General information about the business

The Floatel International Group ("the Group") was established in 2006. The Group operates a fleet of five modern semi-submersible accommodation and construction support vessels providing the offshore oil, gas and wind industries with high-quality accommodation, catering, and ancillary services. The parent company, Floatel International Ltd ("the Company"), is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The vessels are owned by Group companies with the same principal place of business as the Company. The Group has local companies and offices in areas where the vessels operate and ship and crew management companies in Sweden and Norway.

Operations

The fleet had an average utilisation of 51% (62% in 2022), compared with an estimated average market utilisation of 64% (78% in 2022). All vessels, while in operation, have shown excellent performance with an average commercial uptime (actually received revenues divided by maximum contract revenues) above 99% (97% in 2022).

Floatel Endurance replaced Floatel Superior in mid-March 2023 at Equinor's Grane field and the charter lasted until the end of April 2023. Floatel Endurance was idle in Skipavika, Norway for the rest of the year and started a special periodic survey during the fourth quarter. The vessel's next assignment is the Aker BP Skarv project on the Norwegian Continental Shelf which started March 1, 2024.

Floatel Reliance has been idle in Tenerife in the Canary Islands during the year, awaiting a new charter assignment. The vessel is actively marketed for new charters.

Floatel Superior was on charter for Equinor at the Grane field in Norway from the start of the year until mid-March 2023 and at Vår Energi's Balder project, from May 2 until September 12, 2023. Floatel Superior was thereafter idle in Skipavika, Norway during the rest of the year. The next charter is for Ineos at the Unity platform started in April 2024 and the vessel will thereafter go to Vår Energi in Norway in August 2024.

Floatel Triumph was idle in Kemaman, Malaysia, at the beginning of the year on paid standby until the charter with Woodside at the Pluto platform in Australia which started on March 18, 2023. When the Woodside assignment ended July 30, 2023, Floatel Triumph immediately mobilised to Shell Prelude in August 2023, and was on hire for Shell until November 22, 2023, when transit to the North Sea started. The next assignment is for Shell in the UK at the Shearwater field and commences in early May 2024.

Floatel Victory was in operation to provide maintenance and safety unit services for Equinor at the Peregrino field in Brazil until April 30, 2023. Floatel Victory thereafter completed a special periodic survey and transit to Chevron Anchor in the US Gulf of Mexico which started on July 7, 2023 and ended March 31, 2024. The next assignment is to go back and provide maintenance and safety unit services for Equinor at the Peregrino field in Brazil starting in May 2024.

The Group has an onshore organisation supporting its marine activities, with approximately 60 people working onshore and offices in Oslo (Norway) and Gothenburg (Sweden). The Group also has regional offices in Aberdeen (UK), Houston (Texas, USA), Macaé (Brazil), Perth (Australia), and Singapore.

Outlook

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

After the improved performance in 2022, it was a soft year in 2023, with limited additional demand expected in 2024, especially in the North Sea. The market therefore remains partly oversupplied, so relatively modest near-term charter rate increases are expected.

We believe the increase in demand for offshore accommodation services will come in 2025, slightly later than previously estimated. This belief is based on visible and predicted increases in customer activity, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and, with some time lag, higher charter rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

Sustainability and Health, Safety, and Environment

Floatel is an integral part of the offshore energy services industry, and our work supports the production of reliable and affordable energy. Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate and the people we employ.

As the world transitions to a lower-carbon society, we understand the challenges and opportunities ahead of us, including the need to reduce our own emissions. We aim to follow the International Maritime Organization's (IMO) Initial GHG Strategy regarding the reduction of ship emissions, and we have already taken several initiatives that have resulted in less fuel consumption.

Safety is paramount at Floatel, and our track record shows that we always put safety first. During the year, no Loss Time Injuries (LTI) occurred, and the fleet total recordable injury rate (TRIR) was 1.10. We are proud of our safety culture at Floatel, where everyone working on board is encouraged to highlight or report any safety concerns, they may experience.

The employees are, together with the vessels, Floatel's biggest assets. Investing in people development and ensuring people enjoy being at work while always putting safety first is a way for Floatel to create sustainable people performance. Floatel strives to be an engaged employer where employees can grow and develop. For several years, Floatel has conducted employee surveys both on- and offshore. The Group result is excellent and, in most areas, exceeds the relevant benchmark.

Please refer to the ESG Report found on p. 7 of this Annual report for further information on these topics.

Corporate governance, risk management, and legal organisation

Floatel's corporate governance is embedded in the running of the business through FIMS (Floatel International Management System). FIMS comprises elements developed to meet our corporate governance responsibilities by defining the rules and procedures for day-to-day operations. It also defines roles and responsibilities for all staff, starting at the top with the Board of Directors and senior management, thus bringing greater transparency to how the Group is managed.

The Board of Directors is ultimately responsible for overall corporate governance and operational and financial internal control. The Risk, Finance & Audit Committee (RFAC) advises the Board of Directors on the appropriateness of significant policies and procedures relating to corporate governance, ESG and risk, as well as financial processes and disclosures. The Board of Directors has delegated to the senior management, through written policies and procedures, the responsibility for conducting, implementing, and evaluating corporate governance, ESG, risk management, and internal control.

The Risk Management System is set up to identify, assess and mitigate risks the Group can experience while conducting its business. This will also include response and recovery activities. The Board of Directors has the overall responsibility for risk management. It delegates it to senior management, under the supervision of the Risk, Finance & Audit Committee, to manage day-to-day risk together with the rest of the organisation.

Please refer to the Corporate Governance report found on p. 18 of this Annual report for further information on these topics.

Financial information

Income statement

The consolidated revenues for 2023 were USD 138.2 million (USD 177.6 million in 2022). The mobilisation fees earned under charter contracts are recognised in the income statement during periods when the accommodation and support services are provided to the clients.

The total operating expenses net of other gains/losses before depreciation and non-recurring effects were USD 103.1 million (USD 106.6 million). The recurring EBITDA[1] for the year was USD 35.1 million (USD 71.0 million). EBITDA came to USD 40.1 million (USD 66.5 million).

Depreciation and impairment totalled USD 43.5 million (USD 44.1 million). There were no impairments in 2023, however a USD 0.9 million write-off is included in 2022 and relates to the retirement of purchases in a previous year not used for a special periodic survey.

Management has performed impairment assessments of its vessels in accordance with IFRS. This is done as a matter of policy and in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that should trigger an impairment test. Please refer to note 11.1 of the Consolidated Financial Statement for further information and assumptions for the assessment.

Net financial items were USD -27.5 million (USD -23.5 million), and the change from the previous year is mainly due to the replacement of a revolving credit facility with a super senior high-yield bond in March 2023. The net result for the year was USD -33.0 million (USD -3.2 million).

Financial position

As of December 31, 2023, total assets were USD 699 million (USD 684 million). Non-current assets totalled USD 577 million (USD 602 million), whilst net working capital totalled USD 26.7 million (USD 29.2 million). Net customer receivables, the sum of trade receivables and accrued revenues were USD 21.6 million (USD 29.1 million).

The Group's cash and cash equivalents totalled USD 63.5 million (USD 16.4 million).

The book equity at the end of the period totalled USD 340 million (USD 372 million). Total interest-bearing debt was USD 322 million (USD 268 million). The reported total interest-bearing debt includes prepaid borrowing expenses of USD 2.9 million (USD 1.7 million). The expenses amortise over the life of the respective facilities. This results in net interest-bearing debt of USD 258 million (USD 252 million), debt (gross interest bearing) to equity ratio of 0.9 times (0.7) and an equity ratio (total assets) of 49% (54%).

Order book

The total contract orderbook for the Company as of December 31, 2023, was approximately USD 390 million plus options of USD 188 million. As of December 31, 2022, the order book was approximately USD 219 million plus options of USD 162 million.

Financing, liquidity, and going concern

The financial statements are prepared on a going-concern basis. The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group.

The Company refinanced all four outstanding high-yield bonds in April 2024 with a new 5-year 9.75% coupon USD 350 million senior secured bond and considers the financial position and the liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group in 2024.

The Group's term credit facilities at year-end consisted of four Norwegian high-yield bonds in an aggregate amount of USD 320 million with maturities in 2026. Three of the bonds were listed on Nordic ABM with Euronext Oslo (FLOAT04 PRO, FLOAT05 PRO, FLOAT06 PRO).

As of December 31, 2023, the total nominal amount of outstanding interest-bearing debt, of the Group amounted, therefore to USD 320 million (USD 265 million).

For more details, see significant events after the reporting period and note 15 to the Consolidated Financial Statements.

Share/shareholder information and dividend policy

The Company has 107,165,289 common shares with a nominal value of USD 0.02.

The Company has also issued 21,022,856 warrants in two series allotted to former 2nd lien bondholders and shareholders, respectively. The warrants have an exercise price of USD 3.96/share and USD 5.13/share, respectively. Both series expire at the earlier of a so-called Exit Event[2] and March 2031.

The principal shareholders are Keppel Ltd. through Kepinvest Holdings Pte Ltd. with 49.9%, management holding 10.0% of the common shares through Floatel Interessenter AS, and several financial institutions holding the remaining shares.

1. Non-recurring effects not included in Recurring (adjusted) EBITDA refer to material matters outside the ordinary course of business and/or refer to previous financial years such as restructuring expenses, reversal of old provisions and expenses incurred in connection with matters referred to in note 20 to the Consolidated Financial Statements.

2. Exit Event means a change of control of the Company, a sale of all or substantially all the assets of the Group or an IPO of the common shares of the Company.

No dividends have been paid during the year or in recent years. Neither are dividends expected to be paid in the near future or in any event prior to a potential stock exchange listing as it requires the consent of the Company's secured creditors.

The 2024 Annual General Shareholders Meeting will be held at the Company's premises, Dronning Eufemias gate 8, 0191 Oslo, Norway, on May 28, 2024.

Significant events after the end of the reporting period

In April, 2024, the Company raised new 9.75% per annum senior secured USD 350,000,000 bonds with ISIN NO0013188102 maturing April 2029. The proceeds were partly used to prepay and cancel all four outstanding bond issuances including accrued interest and premiums.

Floatel Victory has been awarded an assignment to provide Maintenance and Safety Unit (MSU) support alongside Equinor's Peregrino Floating Production Storage and Offloading Unit (FPSO) offshore Brazil. The MSU assignment is for fifteen months with a commencement date on site in the second quarter 2024. An option to extend the assignment after the firm period has been granted.

A contract has been signed with Equinor Energy AS for provision of Floatel Superior for Åsgard B in 2025 and a conditional contract for Oseberg in 2025 and 2026, which shall be declared on or before November 1, 2024. The Åsgard contract will commence in March/April 2025 and for a duration of six months with Equinor having the option to extend. The subsequent engagement at the Oseberg field is due to commence immediately following the completion of the project at Åsgard in early Q4 2025 and will, if exercised, have five months firm period with Equinor having the option to extend.

A contract has been signed with an undisclosed client for provision of Floatel Triumph offshore Australia. Commencement of this contract will be in Q2 2026 for a firm duration of 80 days with the client having the right to extend.

Floatel Endurance has received a letter of intent from an undisclosed North Sea client to provide services in 2025 and 2026.

The Group's appeal of the Brazilian first instance court ruling in November 2022 has been rejected by the Brazilian Court of Appeal in April 2024. The Group does not agree with the decision and will likely lodge an appeal to the third instance (final level) in due course. In the Company's opinion, the contractual damages – to be calculated in a separate process if and when a final decision to the Group's detriment will gain legal force. The final outcome is uncertain and the risk has been provided for in prior periods and represent management's best views of a potential unfavorable outcome of the process.

Annual result and disbursements

	2023
Additional paid in capital	348 102
Retained earnings	41 892
Net result for the year	**–4 327**
	385 667

The Board of Directors proposes that the accumulated undistributed profit be allocated to the retained earnings account and that Additional paid in capital remains as such. The Company is not permitted to declare distributions or dividends prior to a potential stock exchange listing without the consent of the Company's secured creditors.

Consolidated Financial Statements with notes

Consolidated income statement

1 JANUARY–31 DECEMBER	Notes	2023	2022
Revenue	5	138 152	177 606
Cost of providing services	6,7	–125 604	–141 019
Gross profit(+)/loss (–)		**12 548**	**36 587**
Administrative expenses	7	–17 118	–16 376
Other gains / losses – net		1 129	2 153
Operating profit(+)/loss(–)	6	**–3 441**	**22 364**
Finance income	8	2 417	162
Finance cost	8	–29 914	–23 662
Finance income and costs – net		**–27 497**	**–23 500**
Profit(+)/loss(–) before income tax		**–30 938**	**–1 136**
Income tax expense	9	–2 091	–2 095
Profit(+)/loss(–) for the period		**–33 029**	**–3 231**
Profit(+)/loss(–) attributable to owners of Floatel International Ltd		–33 029	–3 231
Earnings per share, basic (USD)	10	–0.31	–0.03
Earnings per share, diluted (USD)	10	–0.31	–0.03

Consolidated statement of comprehensive income

1 JANUARY–31 DECEMBER	Notes	2023	2022
Net profit(+)/loss(–)		**–33 029**	**–3 231**
Items that are or may be reclassified as profit or loss			
Foreign currency translations – foreign operations		457	–462
Other comprehensive income		**457**	**–462**
Total comprehensive income		**–32 572**	**–3 693**

Consolidated statement of financial position

31 DECEMBER	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	11.1	569 220	595 490
Right-of-use assets	11.2	1 076	480
Intangible assets	11.3	2 372	2 206
Financial assets		4 507	3 827
Total non-current assets		**577 175**	**602 003**
Current assets			
Inventory		28 535	27 858
Trade receivables	12	19 400	17 405
Income tax receivables	9	1 377	1 382
Other current receivables	13	9 150	19 404
Cash and cash equivalents		63 476	16 428
Total current assets		**121 938**	**82 477**
Total assets		**699 113**	**684 480**

31 DECEMBER	Notes	2023	2022
Equity and liabilities			
Equity			
Share capital	14	2 144	2 144
Additional paid in capital		348 102	348 102
Other reserves		1 164	707
Retained earnings incl. profit/loss of the year		–11 705	21 324
Total equity		**339 705**	**372 277**
Liabilities			
Non-current liabilities			
Interest-bearing debt	15	321 747	268 494
Other long term liabilities		724	118
Provisions		3 157	5 167
Total non-current liabilities		**325 628**	**273 779**
Current liabilities			
Trade payables		9 920	7 611
Income tax liabilities	9	3 398	2 923
Other current liabilities	17	20 462	27 890
Total current liabilities		**33 780**	**38 424**
Total equity and liabilities		**699 113**	**684 480**

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company				
	Share capital	**Additional paid in capital**	**Other reserves**	**Retained earnings incl profit of the year**	**Total equity**
Equity 2022-01-01	**2 144**	**348 102**	**1 169**	**24 555**	**375 970**
Net result for the year				–3 231	–3 231
Other comprehensive income			–462		–462
Equity 2022-12-31	**2 144**	**348 102**	**707**	**21 324**	**372 277**
Net result for the year				–33 029	–33 029
Other comprehensive income			457		457
Equity 2023-12-31	**2 144**	**348 102**	**1 164**	**–11 705**	**339 705**

Consolidated statement of cash flows

1 JANUARY–31 DECEMBER	Notes	2023	2022
Cash flow from operating activities			
Operating result		–3 441	22 364
Interest received		2 417	162
Interest paid		–16 430	–13 220
Income tax paid		–1 704	–1 007
Adjustment for depreciation and impairment	11	43 574	44 095
Adjustments for other non-cash related items		–6 301	1 673
Total cash flow from operations before changes in working capital		**18 115**	**54 067**
Changes in inventories		–677	–3 186
Changes in trade receivables		–1 995	–5 030
Changes in trade payables		2 309	1 546
Other changes in working capital		6 506	–5 507
Cash flow from operating activities		**24 258**	**41 890**
Cash flow from investing activities			
Payments for property, plant and equipment	11	–17 285	–5 586
Cash flow from investing activities		**–17 285**	**–5 586**
Net cash flow from operations		**6 973**	**36 304**
Cash flow from financing activities			
Repayment of debt	15	–55 000	–32 330
Proceeds from debt	15	100 000	–
Other financial items paid		–4 501	–1 603
Net cash flow from financing activities		**40 499**	**–33 933**
Cash flow for the year		**47 472**	**2 371**
Cash and cash equivalents, January 1		16 428	14 433
Currency effect on cash		–424	–376
Cash and cash equivalents, December 31		**63 476**	**16 428**

Notes to the consolidated financial statements

1 General information

Floatel International Ltd. ("the Company") an exempted limited liability company incorporated in Bermuda with its principal place of business is in Norway. The office and business address is Dronning Eufemieas gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The consolidated financial statements comprise the Company's and its subsidiaries financial statements (together 'the Group'). The Group owns and operates a modern fleet of five semi-submersible accommodation and construction service vessels with an average age of approximately ten and a half years. The fleet is designed to meet the requirements of offshore oil and gas and offshore wind farm installations in challenging deep water and/or hostile environments and provide superior living standards and support services.

These Group Consolidated Financial Statements were authorised for issue by the Board of Directors on April 26, 2024.

All numbers are in USD thousands unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in preparing these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, except for derivative instruments measured at fair value. The consolidated financial statements are presented in US dollars (USD), the functional currency for most companies in the Group.

The financial statements are prepared on a going-concern basis. The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group.

The Company refinanced all four outstanding high-yield bonds in April 2024 with a new 5-year 9.75% coupon USD 350 million senior secured bond and considers the financial position and the liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group in 2024.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New accounting principles for 2023
Several new standards, amendments to standards, and interpretations are effective for annual periods beginning after January 1, 2023. None of these has had a significant effect on the consolidated financial statements of the Group.

(b) New accounting principles for 2024 and later not yet adopted
There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2023. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains, and losses resulting from intra-group transactions and dividends are fully eliminated. Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, the non-controlling interest is allocated their share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- *Derecognises the assets (including goodwill) and liabilities of the subsidiary*
- *Derecognises the carrying amount of any non-controlling interest*
- *Derecognises the cumulative translation differences recognised in equity*
- *Recognises the fair value of the consideration received*
- *Recognises the fair value of any investment retained*
- *Recognises any surplus or deficit in the income statement*
- *Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to the income statement or retained earnings as appropriate*

2.3 Foreign currency translation

(a) Functional and presentation currency
Items included in the Group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, the Group's presentation currency. The Parent Company's and most subsidiaries' functional currency is USD.

(b) Transactions and balances
Transactions in foreign currencies are translated to the Group entities' respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items measured based on the historical cost in a foreign currency are translated using the exchange rate at the transaction date.

Foreign currency differences arising on retranslation are generally recognised in the income statement. However, foreign currency differences arising from derivatives qualifying for cash flow hedges, to the extent the hedge is effective, the retranslation of the following items are recognised in other comprehensive income.

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income and presented as a separate equity component.

On consolidation, exchange differences from translating the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of such that control is lost, the cumulative amount of exchange differences in the translation reserve related to that operation is reclassified to the income statement as part of the gain or loss on disposal.

Fair value adjustments arising on acquiring a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Property, plant, and equipment

All property, plant, and equipment are stated at historical cost, less depreciation, and any accumulated impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the items. Cost may also include transfers from the equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period they are incurred. Incurred borrowing costs during the construction period are capitalised on the vessels per IAS 23.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Vessels with useful life for different components

- *Superstructure, 30 years*
- *Living quarter (exterior), 16 years*
- *Living quarter (interior), 10 years*
- *IT-related equipment, 5 years*
- *Periodic maintenance, 5-7 years*

Other equipment

- *Other equipment, 3-5 years*
- *Right of use assets, remaining contract time*

If appropriate, the assets' residual values and useful lives are reviewed and adjusted at each balance sheet date.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.5 Intangible assets

Intangible assets are stated the same way as property, plant, and equipment. Depreciation is calculated using the straight-line method over five years.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value, less selling costs, and value in use. Assets are grouped at the lowest levels for separately identifiable cash inflows (cash-generating units) to assess impairment. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company carried out impairment tests for its vessels in connection with preparing this report according to IAS 36. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date.

These tests are based on reasonable and supportable cash flow projections, including extrapolation for periods beyond the primary forecast period. The Company has assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Group.

Refer to note 11.1 for further details and outcome.

2.7 Financial assets

Floatel's financial assets are classified into two categories based on the Group's business model for managing the asset and the asset's contractual cash flow characteristics. The assets can be measured at amortised cost or fair value through the income statement (FVPL).

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on the trade date when the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred or sold, and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement (FVPL), transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Financial assets at amortised cost
Assets held solely for collecting contractual cash flows, and where these cash flows comprise only principal and interest, are valued at amortised cost. The carrying value of these assets is adjusted for recognised expected credit losses (refer to impairment below). Interest income from these financial assets is recognised per the effective interest method and included in financial income. The Group's financial assets valued at amortised cost comprise trade receivables, other receivables, accrued income, and cash and cash equivalents.

Impairment of financial assets recognised at amortised cost
The Group assesses future credit losses associated with assets recognised at amortised cost. The Group recognises a credit reserve for expected credit losses on each reporting date. For impairment of trade receivables, see section 2.10.

Financial assets at fair value through the income statement
Assets that do not meet the criteria for amortised cost are measured at fair value through the income statement. A gain or loss on an investment that is subsequently measured at fair value through the income statement is recognised in the income statement and presented net within other gains/(losses) in the period it arises. Dividend income from financial assets at fair value through income statement is recognised in the income statement as part of other income when the Group's right to receive payments is established. A financial asset is classified as held for trading if acquired principally to sell in the short term.

Derivatives classified into the category fair value through the income statement are mainly used in financial hedges where the changes in fair value are taken directly through the income statement.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through income statement' category are presented in the income statement within financial income and costs - net.

2.8 Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value when a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group does not apply hedge accounting; thus, all derivatives are recorded at fair value through the income statement.

2.9 Inventories
Inventories are stated at cost as inventories consist of spare parts and consumables used in the operations of the vessels and not goods for sale. Cost is determined by using FIFO (first in – first out) method.

2.10 Trade receivables
Trade receivables are classified as current assets. Trade receivables are initially recognised at their transaction price. As the Group holds trade receivables solely to collect contractual cash flows (principal and potentially interest), they are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the simplified method of credit reserves for trade receivables, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. To measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income in administrative expenses.

2.11 Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, and potential other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital
Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade payables
Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Current and deferred income tax
Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent it relates to a business combination or items recognised directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The Group periodically evaluates positions taken in tax returns concerning situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax is determined using tax rates (and laws) enacted or substantially enacted at the balance sheet date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and, probably, that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefit expenses
(a) Pension obligations
The Group and the Company have defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The exception to the defined contribution plan rule is that Norwegian senior management employees have a top hat plan due to legal restrictions. Pension assets and pension liabilities for the top hat plan are recognised separately in the balance sheet but always match each other, so Floatel has no further payments after the initial contribution.

(b) Share-based compensation

No share-based compensations are in place. Key managers indirectly hold shares in the Company through a joint investment company, Floatel Interessenter AS. The investment was made at fair market value. A shareholder agreement in place gives the Company the right to purchase leavers' shares and invite new managers to invest.

(c) Bonus plans

The Group typically has bonus schemes for executives, managers, and employees, which are based on key performance indicators in categories, (i) financial outcome, (ii) securing new contracts for coming years, (iii) efficient operations, and (iv) HSSE and sustainability (ESG). A liability and an expense are recognised based on the expected outcome for the year. The Group recognises provisions when contractually obliged or where their past practice creates a constructive obligation. Please refer to the Corporate Governance report for further information about bonus plans.

2.17 Provisions

Provisions for environmental restoration, restructuring costs, and legal and tax claims are recognised when:

- *the Group has a present legal or constructive obligation because of past events;*
- *an outflow of resources will probably be required to settle the obligation;*
- *and the amount has been reliably estimated.*

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations taken as a whole. A provision is recognised even if the probability of an outflow concerning any item in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The provision increase due to time passage is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for selling goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, and discounts after eliminating sales within the Group.

The Group recognises revenue when control is transferred to the customer, which is when the performance obligations are fulfilled. Revenues regarding service contracts are typically recognised over time and accounted for over the duration of the contract using either the input or output methods. These are different methods to measure the progress towards complete satisfaction of a performance obligation. For revenue recognition over time, the Group bases its estimates on historical results, considering the type of customer, the type of transaction, and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Group provides offshore services to the oil and gas and offshore windfarm industries through time charter contracts with contract terms generally ranging from less than one year to over two years. The charter income is recognised over time according to the terms of the agreement and when the work is performed, and the performance obligations are fulfilled. A booking fee is recognised when performance obligations according to the contract are fulfilled.

ii. Mobilisation revenue

Mobilisation and demobilisation income is usually allocated over the charter period since the obligation to perform mobilisation activities are highly interdependent on the charter activities. Thus, the mobilisation and demobilisation revenue usually is not a distinct performance obligation. Instead, the performance obligation related to mobilisation and demobilisation activities is recognised with the performance obligation to provide charter services.

iii. Catering and rechargeable revenue

The Group provides catering and hotel services and extra rechargeable services, which result in revenue according to the terms of the agreement, and revenue is recognised over time when performance obligations are met.

(b) Interest income

Interest income is recognised on a time-proportion. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the initial effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Insurance and warranty revenues

Insurance and warranty revenues are recognised when the counterparty can reliably measure and confirm them.

2.19 Phasing of mobilisation activities

The Group has assessed that the costs to perform mobilisation and demobilisation activities are incurred in fulfilling a contract with the customer. These costs relate directly to a contract, generate resources to satisfy the contract, and are expected to be recovered. The costs are therefore capitalised as costs to fulfill a contract and amortised systematically over the contract period.

2.20 Leases

The Group's leases mainly comprise the right-of-use regarding office premises. The leases are recognised as right-of-use assets with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment should be divided between the amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period. The lease term is determined as the non-cancellable period of the lease.

The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that the Group will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognised at cost and include the initial present value of the lease liability, adjusted for lease payment made at or before the commencement date, and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the Company's shareholders approve the dividends.

2.22 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated using the weighted average number of shares outstanding during the period adjusted for any dilutive potential to the common shares, such as any "in the money" options.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group normally uses to the extent relevant derivative financial instruments to hedge specific risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk for the Group is the risk that arises in connection with the operations and investments in foreign currencies. Most Group companies have USD as their functional currency; foreign currency risks occur when the cash flows and balance sheet items are denominated in a currency other than USD. The Group shall strive towards minimising currency exposure. Essential current cash flow and balance sheet exposures that cannot be matched against cash flows and balance sheet items shall normally be minimised based on financial instruments.

The Group's exposure to currencies other than USD is mainly associated with operating and capital expenditures, tax liabilities, and cash or cash equivalents, as revenues generally are received in USD. Depending on the country of operations and the nationality of the crew, the operating expenditures are mainly denominated in EUR, NOK, SEK, and USD. AUD and GBP are primary expense currencies in years when vessels operate in Australian or UK waters. Capital expenditures are mainly denominated in EUR, NOK, SEK, SGD, and USD. Tax liabilities primarily include EUR, SEK, NOK, and SGD. Tax receivables/liabilities arise in BRL, GBP, and USD in years when the Group operates in these countries. Cash and cash equivalents are mainly denominated in USD.

Net currency exposure as of December 31, 2023, primary local currencies, thousands

	Local currency	USD	Closing rate
AUD	5 890	4 002	0.6795
EUR	–2 878	–3 180	1.1050
SEK	–61 928	–6 168	0.0996
NOK	–44 014	–4 327	0.0983

The Group's policy is to hedge most operating expenditures in currencies other than USD using derivative instruments. Material capital expenditures, including special periodic surveys in currencies other than USD, are typically hedged independently of the time horizon. The Group deviated from its principles during the period 2021-2023 because of the financial restructuring completed in 2021, preventing it from entering derivatives contracts.

The fair value of any forward exchange contracts is estimated using quoted market prices. The fair value estimates the gain or loss that would have been realised if the contract had been closed out at the balance sheet date.

(ii) Cash flow and fair value interest rate risk

In all material respects, the Group's revenues and cash flow from operations are independent of changes in market interest rate levels. The Group sometimes raises loans at floating interest rates. It may utilise, on such occasions, interest derivatives as cash flow hedges of future interest payments, which have the financial effect of converting loans from floating to fixed interest rates. Interest derivatives allow the Group to raise long-term loans at floating interest rates and convert these loans to fixed interest rates at a lower rate than if the borrowing had occurred directly at a fixed interest rate. In the case of interest derivatives, the Group reaches an agreement with other parties to exchange, at stipulated intervals (usually once per quarter), the difference between amounts according to contract at fixed interest rates and floating interest amounts, calculated for the agreed notional amount.

As of December 31, 2023, no interest rate derivatives agreements exist. USD 300 million out of USD 320.0 million carries a fixed interest rate, and USD 20 million carries a zero coupon. The Group's risk related to interest rate risk is therefore considered limited.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, and credit exposure toward clients, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum BBB+ rating were accepted during 2023. If there is no independent rating, the Group assesses the client's credit quality, considering its financial position, experience, and other factors. The maximum exposure to credit risk on cash and cash equivalents (ignoring collateral and credit quality) on December 31, 2023, was USD 63.5 million (14.4). On December 31, 2023, most current accounts were held with SEB, Skandinaviska Enskilda Banken AB (publ).

In line with industry practice, the Group's charter contracts usually contain clauses allowing the client to cancel the contract early or for convenience under certain conditions. However, the effect on the result in such cases will typically be wholly or partly offset by contracted termination payment in Floatel's favour, providing that Floatel has not acted negligently. Following a potential notice of termination for convenience, the client will typically have to pay Floatel all or a substantial part of the remaining contract value.

The counterparty risk is generally limited regarding clients since these are typically major and national oil companies with high credit ratings and strong balance sheets.

Concerning credit risk arising from the other financial assets of the Group, which comprise other current receivables, the Group's exposure to credit risk arises from the counterparty's default, with a maximum exposure equal to the carrying amount of these receivables (see note 2.10).

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax, and other liabilities when they fall due, as well as the ability to refinance credit facilities when they mature and ability to close out market positions. The Company monitors rolling forecasts of the Group's liquidity reserve based on expected cash flow.

All five vessels in the Group are fully financed through equity and long-term debt, and positive cash flow is expected from their aggregate operations. Please refer to note 2.1 Basis for preparation for information regarding the Group's liquidity and financial situation and prospects.

3.2 Capital risk management
The Group's objectives are always to ensure a sound financial position. The Company continuously monitors the cash position and capital structure to meet current funding requirements and to fund future growth opportunities. As the Company matures, its capital structure will be optimised to meet evolving conditions, including liquidity, investment opportunities, and financing capabilities.

To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No dividend has been paid during the year. Neither are dividends expected to be paid in the near future or in any event prior to a potential stock exchange listing as it requires the consent of the Company's secured creditors. See share / shareholder information and dividend policy in the Directors' report for further details about the capital structure.

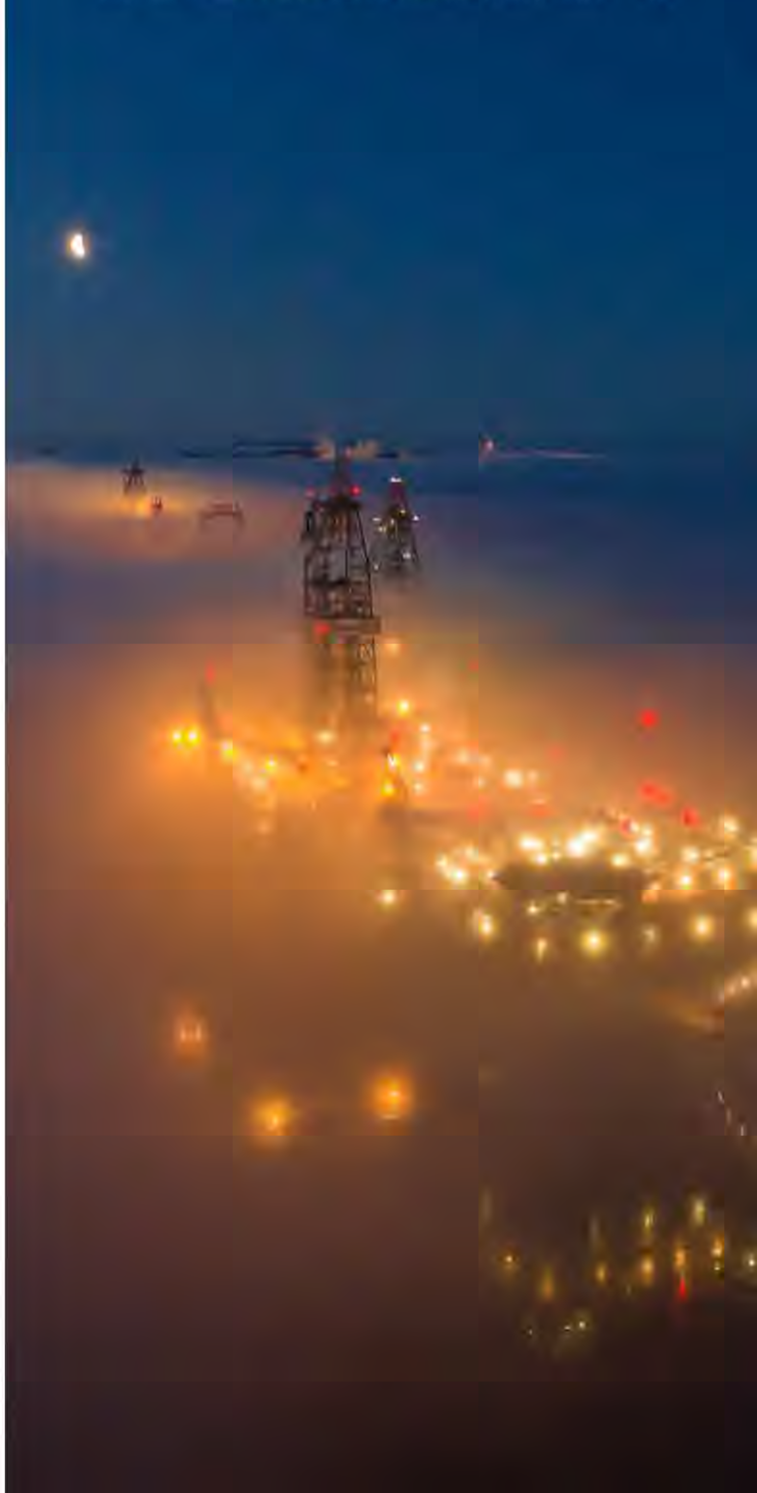
3.3 Fair value estimation
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The current bid price is the quoted market price for any financial assets held by the Group. The fair value of any interest rate derivatives is calculated as the present value of the estimated future cash flows. The fair value of any forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. As the loans bear an estimated market rate, the carrying amount is a reasonable approximation of the fair value, and thus no fair value disclosure is presented.

4 Critical accounting estimates and judgments

The Company has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. This applies to the assessment of non-current assets, provisions and in addition to financial instruments at fair value. The actual outcome may differ from these estimates and assumptions, and future events may change these estimates. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognised in the period in which the changes occur.

The most critical accounting estimates and judgments for the Group relate to the measurements of the vessel values, such as estimated useful lives and need for impairments (see also note 2 section 2.4, 2.6, and note 11).



5 Revenue from rendering of services

	2023	2022
Revenue		
Charter revenues	99 198	133 692
Catering and rechargeble expenses	29 880	31 608
Other	436	1 953
Mobilisation/demobilisation fees	8 638	10 353
Total Revenues	**138 152**	**177 606**
Revenues by geographical location:		
Europe	45 225	102 392
Americas	35 421	39 950
Asia-Pacific	57 506	35 264
Total Revenues	**138 152**	**177 606**

6 Operating profit/loss

	2023	2022
Cost of sales		
Repair and maintenance	20 931	19 822
Depreciation of vessels	42 961	42 620
Impairment of vessels	–	928
Crew cost	21 233	39 913
Rechargeble and catering expenses	28 029	25 508
Mobilisation/demobilisation expenses	9 719	10 375
Other operating expenses	2 731	1 853
Total Cost of sales	**125 604**	**141 019**

	2023	2022
Operating profit/loss		
Revenue	138 152	177 606
Operating expenses – normal	–87 966	–93 043
Administrative expenses – normal	–16 255	–15 697
Other gains/losses	1 129	2 153
Recurring (adjusted) EBITDA	35 060	71 019
Non-recurring effects[1]	5 073	–4 560
EBITDA	40 133	66 459
Depreciation	–43 574	–44 095
Operating profit/loss	**–3 441**	**22 364**

1. Non-recurring effects refer to material matters outside the ordinary course business and/or refer to previous financial years such as restructuring expenses, reversal of old provisions and expenses incurred in connection matters with referred to in note 20, legal issues.

7 Employment benefit expenses and Remuneration to auditors

	2023	2022
Employment benefit expenses		
Salaries including remuneration to the board of directors	19 816	22 308
Bonus/Ex gratia payment	813	959
Statutory and contractual social security contributions	3 954	4 308
Pension cost	3 691	3 136
Total employee benefits	**28 274**	**30 711**
Whereof Senior Management/Board members		
Salaries including remuneration board	1 452	1 520
Bonus/Ex gratia payment	489	656
Statutory and contractual social security contributions	479	416
Pension cost	711	737
Total employee benefits	**3 131**	**3 329**
Remuneration to auditors		
PwC		
Audit fee	576	588
Audit related fee	231	83
Total PwC	**807**	**671**
Other companies		
Audit fee	25	–
Audit related fee	–	–
Total other companies	**25**	**–**
Total remuneration to auditors	**832**	**671**

Members of Senior Management have agreements on severance pay. Under these agreements, the Company guarantees a remuneration corresponding to the base salary received at the end of the notice period for up to two years. Please refer to the Corporate Governance report regarding further details on management employment terms and remuneration principles.

8 Financial income and expenses

	2023	2022
Financial income		
Interest	2 417	162
Total financial income	**2 417**	**162**
Financial cost		
Currency loss	–517	–241
Interest cost	–26 182	–20 764
Borrowing expenses	–3 215	–2 657
Total financial expenses	**–29 914**	**–23 662**

9 Taxes

	2023	2022
Result before tax	–30 938	–1 136
Tax calculated at tax rate of Parent Company 22%	6 806	250
Adjustment for tax calculated at domestic tax rates appl to resp country	–338	–563
Tax effect of:		
Expenses not deductable for tax	–18	–665
Adjustment for local regulations	12 405	19 623
Not balanced tax losses	–20 959	–20 807
Tax related to previous years	13	67
Tax cost for the year	**–2 091**	**–2 095**
Effective tax rate	N/A	N/A

	2023	2022
Tax cost reconciliation per country:		
Dutch corporation tax	–187	–1 049
Swedish corporation tax	–1 061	–651
Australian corporation tax	–754	–231
Brazilian corporation tax	–102	–231
Adj. in respect of current tax previous years	13	67
Tax cost for the year	**–2 091**	**–2 095**

The balanced amount for income tax receivables amounts to USD 1,377 thousands (1,382) and mainly relates to Norway. The balanced amount for income tax liabilities is USD 3,398 thousands (2,923) and refers primarily to the Netherlands and Sweden.

10 Earnings per share

	2023	2022
Net income of the year	–33 029	–3 231
Total number of common shares outstanding	107 165 289	107 165 289
Weighted average number of common shares outstanding	107 165 289	107 165 289
Weighted average number of shares, diluted	107 165 289	107 165 289
Earnings per common share, basic (USD)	–0.31	–0.03
Earnings per common share, diluted (USD)	–0.31	–0.03

Earnings per share are calculated by dividing the net profit by the weighted average number of common shares outstanding during the year.

11.1 Property, plant, and equipment

	2023	2022
Vessel incl. vessel upgrade		
Opening acquisition costs, January 1	1 629 174	1 625 361
Purchases during the year	16 964	4 740
Disposal[1]	–6 529	–927
Closing acquisition costs, December 31	1 639 609	1 629 174
Accumulated depreciation, January 1	–490 103	–447 483
Disposal	6 306	–
Depreciation for the year	–42 960	–42 620
Closing accumulated depreciation, December 31	–526 757	–490 103
Accumulated impairment, January 1	–543 825	–543 825
Disposal[1]	–	927
Impairment loss for the year[1]	–	–927
Closing accumulated impairment, December 31	–543 825	–543 825
Net book value as per December 31	**569 027**	**595 246**
Other equipment		
Opening acquisition costs, January 1	1 834	1 814
Translation difference	72	–252
Purchases during the year	–	272
Closing acquisition costs, December 31	1 906	1 834
Accumulated depreciation, January 1	–1 590	–1 797
Translation difference	–67	242
Depreciation for the year	–56	–35
Closing accumulated depreciation, December 31	–1 713	–1 590
Net book value as per December 31	**193**	**244**
Total book value property, plant, and equipment	**569 220**	**595 490**

1. Disposal and Impairment in 2022 of 927 USD thousands relates to the retirement of previous year's purchases made but not used for a special periodic survey.

All vessels are registered in Bermuda. The vessels are security for credit facilities; see note 19.

The Company has performed an impairment assessment of the recoverable values of its vessels in accordance with IFRS (see 2.6) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date.

Each vessel is considered to be a cash-generating unit. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts for vessels with ViU less than their net book value. The ViU calculations are based on a long-term forecast until the end of each vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- *Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.*
- *The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions for each vessel. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.*
- *Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for each vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.*
- *11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.*

Sensitivity:

- *A 1.0% decrease in the discount rate would lead to a USD 55 million increase in the ViU, and a 1.0% increase would lead to USD 49 million decreases in ViU.*
- *A 10% increase in long-term utilization from 65% to 75% would lead to an increase of the ViU with USD 115 million, while a 10% decrease from 65% to 55% would lead to a USD 115 million decrease in ViU and USD 8 million aggregate impairment.*
- *An increase of USD 20 thousand in the long-term day rates would lead to an increase of the ViU with USD 102 million, and a USD 20 thousand decrease would lead to a USD 103 reduction of ViU and USD 14 million aggregate impairment.*

11.2 Right-of-use assets

	2023	2022
Opening acquisition costs, January 1	1 187	1 370
Translation difference	44	–183
Additions	1 058	–
Modifications	–1 187	–
Closing acquisition costs, December 31	1 102	1 187
Accumulated depreciation, January 1	–707	–424
Translation difference	–1	68
Modifications	992	–
Depreciation for the year	–310	–351
Closing accumulated depreciation, December 31	–26	–707
Net book value as per December 31	**1 076**	**480**

11.3 Intangible assets

	2023	2022
Opening acquisition costs, January 1	4 307	4 390
Translation difference	189	–606
Purchases during the year	322	523
Closing acquisition costs, December 31	4 818	4 307
Accumulated depreciation, January 1	–2 101	–2 246
Translation difference	–97	306
Depreciation for the year	–248	–161
Closing accumulated depreciation, December 31	–2 446	–2 101
Net book value as per December 31	**2 372**	**2 206**

12 Trade receivables

	NEITHER PAST DUE NOR IMPAIRED	< 30 DAYS	30-60 DAYS	> 60 DAYS
2023	19 400	0	0	0
2022	17 405	0	0	0

There is no provision for expected credit losses on trade receivables as the Group calculated credit reserve is considered insignificant. There are no credit losses for the current year.

13 Other current receivables

	2023	2022
Other current receivables		
Accrued income	2 177	11 666
Prepaid expenses	3 906	3 961
Capitalised mobilisation cost	1 412	1 188
Other current receivables	1 655	2 589
	9 150	**19 404**

Accrued income relates to contract assets and consists of; charter revenues of USD 1,099 thousands (7,900), mobilisation revenue of USD 120 thousands (1,297), and catering and rechargeable income of USD 958 thousands (2,469).

14 Capital and reserves

Share capital

The Company's shares are common and rank equally regarding the Company's residual assets. The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. Please refer to the Corporate Governance and Directors' reports for details on the shares and related depository receipts.

Additional paid-in capital/share premium

Additional paid-in capital/share premium refers to the amount payable for issued shares in the Company above their nominal value.

Other reserves

Translation reserve

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

1 JANUARY–31 DECEMBER	2023	2022
Authorized		
Common shares of par value USD 0.02	125 000 000	125 000 000
Issued and fully paid		
Common shares of par value USD 0.02	107 165 289	107 165 289
Unissued shares available for issuance by the board	17 834 711	17 834 711

Shareholders

As of December 31, 2023, the legal shareholders of the common shares are Keppel Ltd. through Kepinvest Holdings Pte Ltd. ("Keppel") with 49.9% and Nordic Trustee Services AS ("NTS"), a Nordic Trustee / Ocorian company. The common shares registered with NTS are, in turn, represented by an equivalent number of Norwegian Depository Receipts ("NDRs") issued by NTS, mirroring the rights as the underlying shares.

Shareholders and holders of depository receipts as of April 5, 2024 are:

SHAREHOLDER			# of instruments	% of votes and ownership
Kepinvest Holdings Pte. Ltd.	Directly registered	N/A	53 501 857	49.92%
Barclays Capital INC	Depository receipts	Nominee	22 342 508	20.85%
Floatel Interessenter AS	Depository receipts	Ordinary	10 715 542	10.00%
Østlandske Pensjonistboliger AS	Depository receipts	Ordinary	3 284 491	3.06%
State Street Bank and Trust Comp	Depository receipts	Nominee	3 188 879	2.98%
Clearstream Banking S.A.	Depository receipts	Nominee	2 181 417	2.04%
Skandinaviska Enskilda Banken AB	Depository receipts	Nominee	1 857 579	1.73%
BNP Paribas	Depository receipts	Nominee	1 288 438	1.20%
Goldman Sachs International	Depository receipts	Nominee	1 288 436	1.20%
Skandinaviska Enskilda Banken AB	Depository receipts	Nominee	1 231 797	1.15%
ABG Sundal Collier ASA	Depository receipts	Nominee	1 000 000	0.93%
Others	Depository receipts	Mixed	5 284 345	4.93%
Total			**107 165 289**	**100.00%**

Warrants

14,613,449 freely tradable warrants with a strike price of USD 3.96 expiring the earlier of the so-called Exit Event[1] and March 2031, and exercisable at any time until expiry. Warrants were awarded initially in exchange for the 2nd lien bonds as part of the restructuring in 2021.

6,409,407 freely tradable warrants with a strike price of USD 5.13 expiring the earlier of the so-called Exit Event[2] and March 2031, and exercisable at any time until expiry. Warrants were awarded initially in exchange for common shares held by shareholders other than Keppel as part of the restructuring in 2021.

1. Exit Event means a change of control of the Company, a sale of all or substantially all the assets of the Group or an IPO of the common shares of the Company

15 Interest-bearing debts

	2023	2022
1st lien cash pay bonds	100 000	100 000
1st lien PIK pay bonds[1]	100 000	100 000
1st lien PIK interest bonds[1]	20 000	10 000
Super senior secured bonds	100 000	–
PIK bonds effective interest adjustment[1]	4 689	5 150
Revolving Credit facility	–	55 000
Less borrowing expenses	–2 942	–1 656
	321 747	**268 494**
The long-term debt is repayable as follows:		
Within one year	–	–
Between one and two years	–	55 000
Between two and five years	324 689	215 150
After five years	–	–
	324 689	**270 150**

1. The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their respective nominal value so the adjustment is reported separately.

Group financing

The Company's credit at December 31, 2023, of the following instruments

- *6% senior secured USD 115 million 1st lien cash pay bonds (ISIN NO0010950868) maturing September 24, 2026, and with USD 100 million outstanding listed on Nordic ABM (Euronext Oslo) under ticker FLOAT05.*
- *10% senior secured USD 115 million 1st lien PIK pay bonds (ISIN NO0010950884) maturing September 24, 2026, with USD 100 million outstanding listed on Nordic ABM (Euronext Oslo) under ticker FLOAT04.*
- *0% senior secured 1st lien PIK interest bonds (ISIN NO0010950884)*
- *11.25% Super senior secured bonds mature March 23, 2026*

Each credit facility is repayable in full on the respective maturity date and has no scheduled amortisations.

On April 16, 2024, the Company raised a new 9.75% per annum senior secured USD 350,000,000 bonds with ISIN NO0013188102 maturing April 2029. The proceeds were partly used to prepay and cancel all four outstanding bond issuances in full including accrued interest and premiums. An application will be made for the new bonds to be listed on Oslo Børs.

Financial and maintenance covenants as of December 31, 2023

Each of the bonds has a minimum free liquidity maintenance covenant to be tested from January 1, 2023, of USD 10,000,000 and increasing to USD 15,000,000 from March 31, 2024. Liquidity is defined as the unrestricted cash of the Group plus any undrawn RCF commitments.

The Super senior secured bonds have the following additional covenants:

– A book equity ratio greater than 35%, defined as Total Equity divided by Total Assets

– Positive working capital defined as Total Current assets less Total Current liabilities

Each of the credit facilities is subject to an excess cash mechanism whereby any cash above USD 25 million at each calendar quarter-end should be used to first repay the revolving credit facility and, once repaid in full and thereafter, the Cash Bonds and PIK Bonds pro rata. Any amount repaid under the revolving credit facility can be redrawn.

16 Financial instruments

The following information is presented to assist users of financial instruments in assessing the extent of risk related to financial instruments.

All financial instruments are presented at amortised cost.

	2023	2022
Financial assets		
Trade receivables	19 400	17 405
Other current receivables	3 711	12 958
Cash and cash equivalents	63 476	16 428
	86 587	**46 791**
Financial liabilities		
Trade payables	9 920	7 611
Other current liabilities	0	0
Interest bearing debt	321 747	268 494
	331 667	**276 105**

The FX forwards and interest rate derivatives are valued based on current exchange rates and forward curves. The Group held no such derivatives as of December 31, 2023. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

17 Other current liabilities

	2023	2022
Deferred income	–	2 654
Accrued interest	4 969	4 795
Debt related to leasing	355	398
Accrued personnel cost	7 727	10 384
Accrued mobilisation cost	1 436	1 344
Other current liabilities	5 975	8 315
	20 462	**27 890**

Deferred income refers to contract liabilities and consists of prepaid charter revenues 0 (1 938), Mobilisation revenue 0 (716), and catering and rechargeable income 0 (0).

18 Related party transactions

The Group had during 2023 and 2022 very limited transactions with the Keppel Group. Keppel Offshore Pte Limited, which is part of the Keppel Group, owned 49.9% of the Company on December 31, 2023.

The Company has subscribed for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter's Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company.

19 Mortgages and guarantees

As of December 31, 2023, the Group's total interest-bearing debt secured by mortgages amounted to USD 320 million (USD 265 million). The secured credit facilities were secured by mortgages on all the Group's vessels: Floatel Endurance, Floatel Reliance, Floatel Superior, Floatel Triumph, and Floatel Victory.

The book value of the vessels was USD 569.0 million (USD 595.2 million). In addition, USD 58.4 million (USD 14.7 million) of cash was pledged on behalf of secured creditors. The secured creditors also have security in;

- *internal contracts;*
- *insurance compensations;*
- *shares in subsidiaries;*
- *factoring charges, charges on equipment, charges on inventory in countries where relevant; and*
- *floating charges in all Group companies where that is permitted.*

20 Legal issues

As a result of the Group's global presence, the individual companies in the Group will, from time to time, be subject to tax investigations and tax audits by tax authorities as well as disputes, litigations, and other legal issues in the ordinary course of business in countries where the Group operates. There are ongoing investigations/legal processes in the Group, and the risks have been individually reported as a contingent liability or provision to the extent required. No cases are deemed material for separate disclosure other than the ones below.

The Norwegian tax authority has ongoing tax investigations regarding transfer pricing and employee compensation and benefits. Draft assessments have been received in 2023, and final assessments are pending at the reporting date. Relevant risk-adjusted amounts, if any, are included in the accounts. The accepted employee compensation and benefits amount was paid during the first quarter of 2023.

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group company lack of receiving compensation for quarantine periods during the COVID pandemic. The Group does not agree with the employees' stance that they are entitled to salary during quarantine periods and has contested the class action claims. The provision made in previous years regarding this matter has been entirely reversed in light of the verdict of the first instance court, which ruled completely in the employer's favour, in the first of many similar cases.

In November 2022, a Brazilian first-instance court ruled in favour of the plaintiff regarding an alleged breach of a contractual non-solicitation provision in 2014. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees, and the Brazilian authorities. However, the Brazilian Court of Appeal rejected the appeal in April 2024. The Group does not agree with the decision and will likely lodge an appeal to the third instance (final level) in due course. In any event, the facts and circumstances in this matter merit, in the Company's opinion, a reduction of the contractual damages which will be calculated in a separate process if and when a final decision to the Group's detriment will gain legal force. The final outcome is uncertain and the risk has been provided for in prior periods and represents management's best estimates of a potential unfavourable outcome of the process.

21 Commitments

The Group leases offices under non-cancellable operating leases expiring within 1-4 years. The leases have varying terms, escalation clauses, and renewal rights. On renewal, the terms of the leases are renegotiated.

22 Events after the balance sheet date

On April 16, 2024, the Company raised new 9.75% per annum senior secured USD 350,000,000 bonds with ISIN NO0013188102 maturing April 2029. The proceeds were partly used to prepay and cancel all four outstanding bond issuances including accrued interest and premiums.

Floatel Victory has been awarded an assignment to provide Maintenance and Safety Unit (MSU) support alongside Equinor's Peregrino Floating Production Storage and Offloading Unit (FPSO) offshore Brazil. The MSU assignment is for 15 months with a commencement date on site in the Q2 2024. An option to extend the assignment after the firm period has been granted.

A contract has been signed with Equinor Energy AS for provision of Floatel Superior for Åsgard B in 2025 and a conditional contract for Oseberg in 2025 and 2026, which shall be declared on or before November 1, 2024. The Åsgard contract will commence March/April 2025 and for a duration of six months with Equinor having the option to extend. The subsequent engagement at the Oseberg field is due to commence immediately following the completion of the project at Åsgard in early Q4 2025 and will, if exercised have five months firm period with Equinor having the option to extend.

A contract has been signed with an undisclosed client for provision of Floatel Triumph offshore Australia. Commencement of this contract will be in Q2 2026 for a firm duration of 80 days with the client having the right to extend.

Floatel Endurance has received a letter of intent from an undisclosed North Sea client to provide services in 2025 and 2026.

The Group's appeal of the Brazilian first instance court ruling in November 2022 has been rejected by the Brazilian Court of Appeal in April 2024. The Group does not agree with the decision and will likely lodge an appeal to the third instance (final level) in due course. Contractual damages, if any, to be calculated in a separate process when a final decision has gained legal force. The final outcome is uncertain and the risk has been provided for in prior periods and represents management's best estimates of a potential unfavourable outcome of the process.

Parent Company Financial Statements with notes

Income statement – Floatel International Ltd

1 JANUARY–31 DECEMBER	Notes	2023	2022
Revenues	11	3 819	3 789
Cost of providing services		–	–
Gross profit(+)/(–)		**3 819**	**3 789**
Administrative expenses	5,11	–5 537	–5 808
Other gains/losses - net		–120	–199
Operating loss		**–1 838**	**–2 218**
Result from Group companies	6	–35	4 485
Finance income	7,11	28 959	25 939
Finance cost	7,11	–31 413	–24 052
Finance costs - net		**–2 489**	**6 372**
Loss/gain before income tax		**–4 327**	**4 154**
Income tax expense		–	–
Loss/gain for the period		**–4 327**	**4 154**
Profit/loss attributable to owners of Floatel International Ltd		–4 327	4 154

Statement of comprehensive income

1 JANUARY–31 DECEMBER	Notes	2023	2022
Net profit/loss		**–4 327**	**4 154**
Other comprehensive income		0	0
Comprehensive income/loss		**–4 327**	**4 154**

Statement of financial position – Floatel International Ltd

31 DECEMBER	Notes	2023	2022
Assets			
Non-current assets			
Participation in subsidiaries	8	374 756	376 676
Other financial investments		4 507	3 828
Intercompany loans	11	295 661	295 661
Total non-current assets		**674 924**	**676 165**
Current assets			
Other current receivables	9	336	459
Group receivables	11	44 216	12 386
Cash		51 010	10 315
Total current assets		**95 562**	**23 160**
Total assets		**770 486**	**699 325**

31 DECEMBER	Notes	2023	2022
Equity and liabilities			
Equity			
Share capital		2 144	2 144
Additional paid in capital		348 102	348 102
Retained earnings incl. profit/loss of the year		37 565	41 892
Total equity		**387 811**	**392 138**
Provision			
Provision for pension		1 157	478
Total provisions		**1 157**	**478**
Liabilities			
Non-current liabilities			
Interest-bearing debt	10	321 747	268 494
Total non-current liabilities		**321 747**	**268 494**
Current liabilities			
Trade payables		354	103
Group liabilities	11	52 580	32 058
Other current liabilities		6 837	6 054
Total current liabilities		**59 771**	**38 215**
Total equity and liabilities		**770 486**	**699 325**

Statement of changes in equity – Floatel International Ltd

	Attributable to shareholders of the Company			
	Share capital	Additional paid in capital	Retained earnings	Total equity
Equity 2022-01-01	**2 144**	**348 102**	**37 738**	**387 984**
Net income/(loss) for the year	–	–	4 154	4 154
Equity 2022-12-31	**2 144**	**348 102**	**41 892**	**392 138**
Net income/(loss) for the year	–	–	–4 327	–4 327
Equity 2023-12-31	**2 144**	**348 102**	**37 565**	**387 811**

Statement of cash flow – Floatel International Ltd

1 JANUARY–31 DECEMBER	Notes	2023	2022
Cash flow from operating activities			
Operating result		–1 838	–2 218
Interest received		2 207	133
Interest paid		–16 383	–13 155
Total cash flow from operations before changes in working capital		**–16 014**	**–15 240**
Change in trade payables		251	–112
Other changes in working capital		14 132	45 994
Cash flow from operationg activities		**–1 631**	**30 642**
Cash flow from investing activities			
Dividend from Group companies	6	2 365	–
Investment in subsidiaries		–480	–
Payment for financial assets		–	–50
Cash flow from investing activities		**1 885**	**–50**
Net cash flow from operations		**254**	**30 592**
Cash flow from financing activities			
Repayment of debt	10	–55 000	–32 330
Proceeds from debt	10	100 000	–
Other financial items paid		–4 402	–1 595
Net cash flow from financing activities		**40 598**	**–33 925**
Cash flow for the year		**40 852**	**–3 333**
Cash and cash equivalents, January 1		10 315	13 648
Currency effect on cash		–157	0
Cash and cash equivalents, December 31		**51 010**	**10 315**

Notes to the financial statements of Floatel International Ltd

1 General information

Floatel International Ltd. ("the Company"), through its subsidiaries, owns and operates a modern fleet of five accommodation and construction vessels with an average age of approximately ten and a half years. The fleet is designed to meet the requirements of offshore oil and gas activity and offshore wind farm installations in challenging deep water and/or hostile environments and provide superior living standards and support services.

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemieas gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company's financial statements were authorised for issue by the Board of Directors on April 26, 2024.

All numbers are in USD thousands unless otherwise stated.

2 Summary of significant accounting policies

Basis of preparation

Regarding the principal accounting policies applied in the preparation of these financial statements, please see note 2 in the Consolidated Financial Statements. Unless otherwise stated, these policies have been consistently applied to all the years presented.

All financial instruments in the Company are recorded at amortised cost. See note 16 in the Consolidated Financial Statements for further information regarding financial instruments.

Shares in subsidiaries are accounted for at cost, according to IAS 27.

3 Financial risk management

The Company's overall financial risk management program is conducted on the Group level. See note 3 in the notes to the Consolidated Financial Statements.

4 Critical accounting estimates and judgments

The Company has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. This applies to the common assessment of fixed assets and in addition to financial instruments at fair value. Future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed. Such changes will be recognised in the period in which the changes occur.

5 Administrative expenses

	2023	**2022**
Personnel cost	2 704	2 849
Service fee from group company	659	1 027
Auditor audit fees	429	348
Auditor other fees	57	28
Advisors	352	907
Other administrative expenses	1 336	649
	5 537	**5 808**
Whereof personnel costs		
Remuneration to the members of the board	118	132
Salaries including bonus	1 474	1 606
Pension cost and social charges	969	959
Other personnel cost	143	152
	2 704	**2 849**
Remuneration to auditors		
PricewaterhouseCoopers AB		
Audit fee	415	323
Audit related fee	10	22
PricewaterhouseCoopers AS		
Audit fee	14	25
Audit related fee	47	6
Total remuneration to auditors	**486**	**376**

In 2022 and 2023 the Company has 4 employees.

6 Result from Group companies

	2023	2022
Dividend	2 365	4 523
Write-down of shares in subsidiares	–2 400	–38
	–35	**4 485**

7 Financial income and expenses

	2023	2022
Financial income		
Interest income	28 959	25 939
	28 959	**25 939**
Financial cost		
Interest expenses	–28 140	–21 082
Currency gain/loss	–157	–316
Financial fees	–3 116	–2 654
	–31 413	**–24 052**

8 Participation in subsidiaries

	2023	2022
Opening balance	376 676	376 714
Bought shares	480	–
Write-down of shares in subsidiares	–2 400	–38
Closing balance	**374 756**	**376 676**

COMPANY	IDENTIFICATION NO	REGISTERED ADDRESS	SHARE CAPITAL %
Floatel Crew AS	928 148 947	Norway	100%
Floatel Operators AS	927 672 863	Norway	100%
Floatel Rigs Ltd	927 777 703	Bermuda[1]	100%
Floatel UK Contractor Ltd	500 821	Scotland	100%
Floatel Singapore Pte Ltd	201425786E	Singapore	100%
Floatel International AB	556711-1421	Sweden	100%
Floatel Service AB	556967-8856	Sweden	100%
Floatel Contractor B.V	50 181 041	The Netherlands	100%
Floatel International Operators B.V	50 181 556	The Netherlands	100%
Floatel Partners B.V	64 525 023	The Netherlands	100%
Floatel Delaware LLC	5 531 077	USA	100%
Reliance Servicos Maritimos Do Brasil Ltda	33.2.0880560-2	Brazil	100%

1. Principal place of business and tax resident in Norway.

COMPANY	EQUITY %	NO OF SHARES	BOOK VALUE
Floatel Crew AS	100%	30 000	3
Floatel Operators AS	100%	30 000	3
Floatel Rigs Ltd	100%	100	369 518
Floatel UK Contractor Ltd	100%	1	0
Floatel Singapore Pte Ltd	100%	100 000	76
Floatel International AB	100%	400 000	299
Floatel Service AB	100%	100 000	235
Floatel Contractor B.V	100%	18 000	1 500
Floatel International Operators B.V	100%	18 000	2 622
Floatel Partners B.V	100%	18 000	20
Floatel Delaware LLC	100%	None	0
Reliance Servicos Maritimos Do Brasil Ltda	100%	2 337 601	480
			374 756

9 Other current receivables

	2023	2022
Other current receivables	223	189
Prepaid expenses	113	270
	336	**459**

10 Interest-bearing debts

	2023	2022
1st lien cash pay bonds	100 000	100 000
1st lien PIK pay bonds[1]	100 000	100 000
1st lien PIK interest bonds[1]	20 000	10 000
Super senior secured bonds	100 000	–
PIK bonds effective interest adjustment[1]	4 689	5 150
Revolving credit facility	–	55 000
Less borrowing expenses	–2 942	–1 656
	321 747	**268 494**
The long-term debt is repayable as follows:		
Within one year	–	–
Between one and two years	–	55 000
Between two and five years	324 689	215 150
After five years	–	–
	324 689	**270 150**

1. The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their respective nominal value so the adjustment is reported separately.

11 Intra-group transactions and balances

	2023	2022
Transactions with related parties		
Revenue	3 819	3 789
Operating expenses	–1 628	–1 027
Dividend from associates	2 365	4 523
Interest income group	26 752	25 806
Interest expense group	–2 080	–475
Group receivables		
Accrued income and trade receivables	2 632	3 842
Other receivables	41 584	8 544
	44 216	**12 386**
Group liabilties		
Accruals and trade payables	–982	–745
Other payables	–51 598	–31 313
	–52 580	**–32 058**
Loans to/from group companies		
Loans to group companies	295 661	295 661

12 Mortgages and guarantees

As of December 31, 2023, the Company's total interest-bearing debt secured by pledges and share charges amounted to USD 320 million (USD 265 million). The debt was secured by share charges/pledges on the shares in the following Group companies:

- *Floatel Contractor B.V*
- *Floatel Crew AS*
- *Floatel Delaware LLC*
- *Floatel Rigs Ltd*
- *Floatel Superior Ltd*
- *Floatel Reliance Ltd*
- *Floatel Victory Ltd*
- *Floatel Endurance Ltd*
- *Floatel Triumph Ltd*
- *Floatel International AB*
- *Floatel International Operators B.V*
- *Floatel Operators AS*
- *Floatel Partners B.V*
- *Floatel Service AB*
- *Floatel Singapore Pte Ltd*
- *Floatel UK Contractor Ltd*

The book value of the above listed subsidiaries was USD 374.8 million (USD 376.7 million). In addition, USD 50.9 million (USD 10.3 million) of cash was pledged on behalf of the secured creditors.

In line with industry practice, the Company has also guaranteed performance under the charter contracts on behalf of its subsidiaries.

Oslo, April 26, 2024

Kevin Chng
Chairman

LOH Kee Huat
Director

Kjell E Jacobsen
Director

Roger Iliffe
Director

Peter Jacobsson
Director and Chief Executive Officer

Independent Auditor's Report

To the general meeting of the shareholders of Floatel International Ltd, corporate identity number 38902

Report on the audit of the consolidated financial statements and parent company financial statements

Our opinion

We have audited the consolidated financial statements and the parent company financial statements of Floatel International Ltd for the year 2023. The consolidated financial statements and the parent company financial statements are included on pages 29 - 57 in this document.

In our opinion, the Floatel International Ltd consolidated financial statements and parent company financial statements present fairly, in all material respects, the consolidated financial position of the Group and the parent company financial position as at December 31, 2023, and of its consolidated financial performance and parent company financial performance and its consolidated cash flows and parent company cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements and parent company financial statements section. We are independent of the Company and the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the other information on pages 1 to 28. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the CEO for the consolidated financial statements and the parent company financial statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, the Board of Directors and the CEO are responsible for assessing the Group's ability to continue as a going concern and using going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- *Identify and assess the risks of material misstatement of the c0nsolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.*
- *Conclude on the appropriateness of the Board of Directors and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

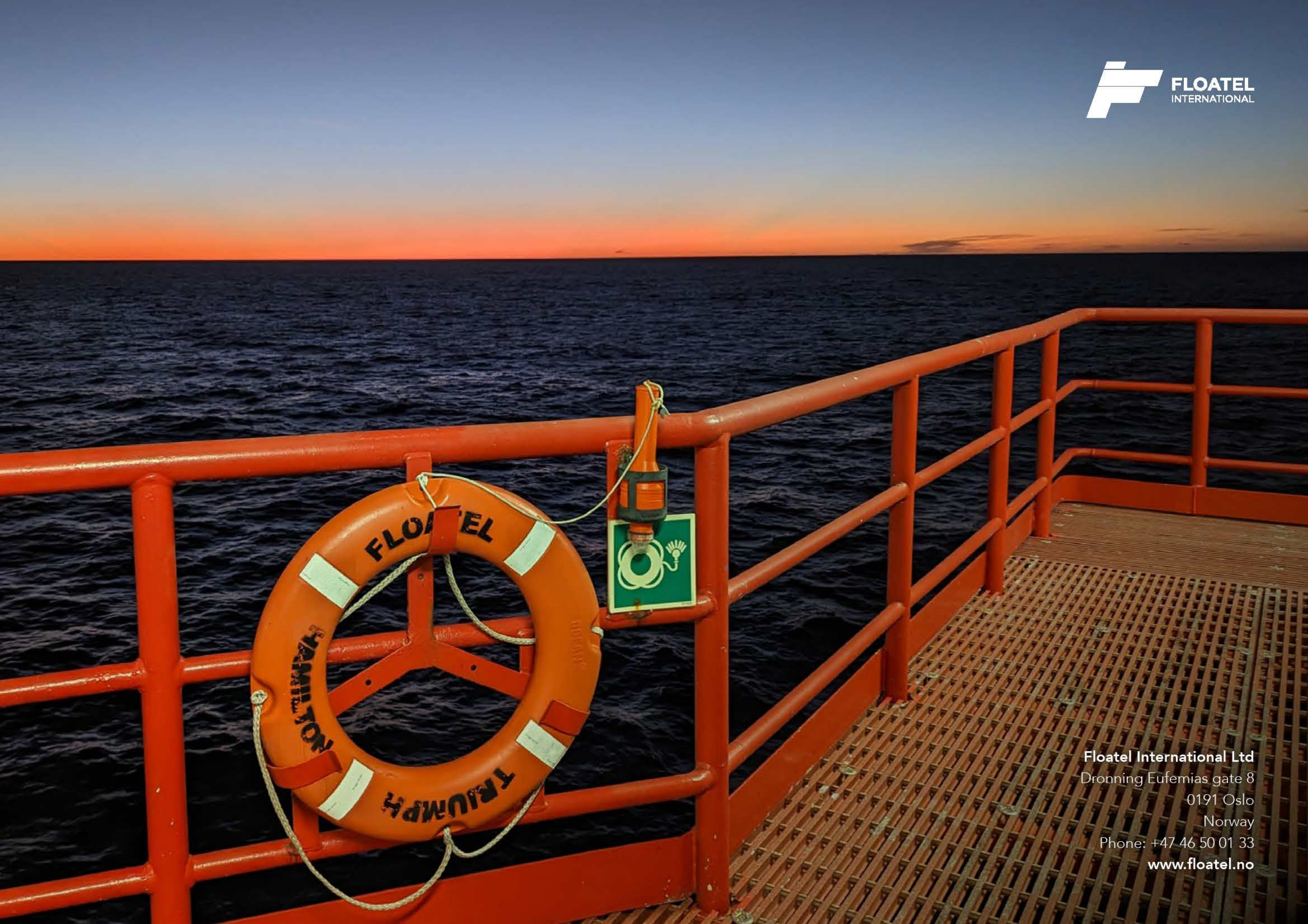
Gothenburg, 26 April, 2024

PricewaterhouseCoopers AB

Johan Malmqvist

Authorized Public Accountant

Auditor in charge



FLOATEL INTERNATIONAL

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www.floatel.no

FLOATEL INTERNATIONAL

Annual Report 2022

Floatel International Ltd

The Floatel International Group ("the Group") was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Group is to own and operate a modern, safe, and reliable flotel fleet. Since 2021, the Group has its head office and the parent company its principal place of business in Norway.

FLOATEL INTERNATIONAL

FLOATEL INTERNATIONAL

2022 in brief

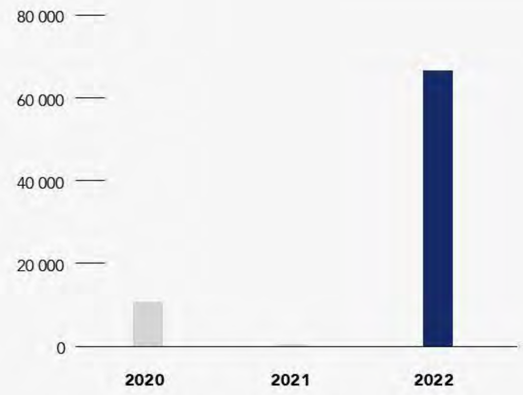
EBITDA Margin, 2022

37%

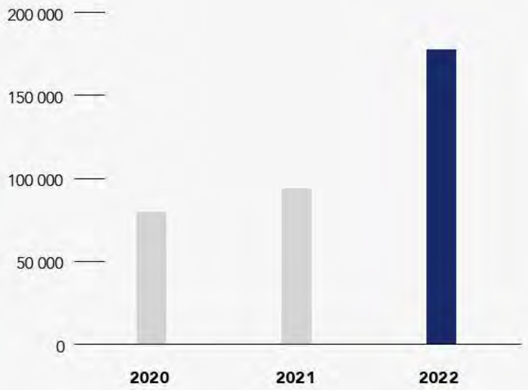
(0%, 2021)

"The fleet completed five charters, for three different clients during the year resulting in **63%** fleet utilisation compared with 44% in 2021.

EBITDA
(USD 1,000)



REVENUE
(USD 1,000)



About Floatel

The Group owns and operates five semisubmersible accommodation vessels; all vessels were delivered between 2010 and 2016. Two vessels, Floatel Endurance and Floatel Superior, are approved to work in the Norwegian sector, and four vessels, including Floatel Endurance and Floatel Superior, are approved for the UK sector. All vessels are equipped with a dynamic positioning system and are built according to the latest HSE requirements providing quality and comfort for the guests on board. The accommodation capacity of the Floatel fleet ranges from 440 beds to 560 beds. All vessels have large deck areas, workshops, and crane support.

The Group's vessels assist energy companies worldwide with accommodation and construction support for various offshore oil, gas and wind projects. Our vessels are used, generally on a time charter basis, for maintenance and modification projects and in connection with installing new offshore facilities. Our vessels are connected to the host installation, which can be both floating and fixed bottom facilities, through a telescopic gangway, and are typically operated using dynamic positioning (DP) but can also be moored if requested by the client.

Floatel has four bond issuances, of which two are listed on Nordic ABM, Oslo Exchange, with ticker codes FLOAT04 and FLOAT05, and a third will be listed in summer 2023.

Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate, and the people we employ.

Compassion – We show humanity, understanding, and responsibility towards each other, the environment, and the society we work in.

Commitment – We are committed and loyal to our company, our responsibilities, our clients, and the projects in which we operate.

Cooperation – Teamwork is the key to success, and we cooperate with our partners and clients across our organization.

The year in brief

Overall performance has improved compared to previous years as the direct impact of the macroeconomic and geopolitical situation, including a heightened risks of a recession and the conflict in Ukraine, has been limited for the Group, and the high demand for energy has continued. Energy prices have increased demand for our services during 2022.

During the year, the fleet had completed five charters, for three different clients. This resulted in 63% fleet utilisation compared with 44% in 2021. At year-end, Floatel Endurance was idle in Skipavika, Norway; Floatel Reliance was laid-up in Tenerife, Canary Islands; Floatel Superior was on charter for Equinor on the Norwegian continental shelf; Floatel Triumph was idle in Kemaman, Malaysia awaiting its Australian campaign starting with a charter for Woodside in March 2023; and Floatel Victory was on charter for Equinor in Brazil.

	2022	2021	2020	2019	2018
Revenue	177 606	94 131	79 673	159 112	303 380
EBITDA	66 459	173	10 465	68 753	165 856
Operating result	22 364	–44 348	–524 231	–23 206	104 481
Result before tax	– 1 136	504 456	–606 662	–80 763	36 823
Equity	372 277	375 970	–153 340	454 757	547 192
Total assets	684 480	705 881	760 263	1 311 618	1 456 010
Operating margin[1]	13%	–47%	–658%	–15%	34%
Equity/asset ratio[2]	54%	53%	–20%	35%	38%

1. Operating margin; Operating result/Revenue. Equity/asset ratio; Book equity/Total assets
2. Equity/asset ratio; Book equity/Total assets

About this report

Floatel publishes its 2022 corporate governance, ESG, and financial reports in one document.

The auditors opine on the Consolidated Financial Statements and the parent company financial statements included on pages 26 - 54 in this document, which, together with the Directors' report, constitute the Annual report.

All amounts provided in USD thousands, unless otherwise stated.

Read more about Floatel on our website: www.floatel.no.

FLOATEL INTERNATIONAL

ESG report
Floatel International Group 2022

CONTENTS

Introduction

Floatel International Group ("Floatel" or "the Group") is an integral part of the offshore energy services industry and our work supports the production of reliable and affordable energy. As the world transitions to a lower-carbon society, we understand the challenges and opportunities ahead of us, including the need to reduce our own emissions. We aim to follow the International Maritime Organization's ("IMO") Initial GHG Strategy regarding the reduction of ship emissions, and we have already taken several initiatives that have resulted in less fuel consumption.

Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate, and the people we employ.

Welcome to our first ESG report.

Compassion

We show humanity, understanding, and responsibility towards each other, the environment, and the society we work in.

Commitment

We are committed and loyal to our company, our responsibilities, our clients, and the projects in which we operate.

Cooperation

Teamwork is the key to success, and we cooperate with our partners and clients across our organization.

CONTENTS

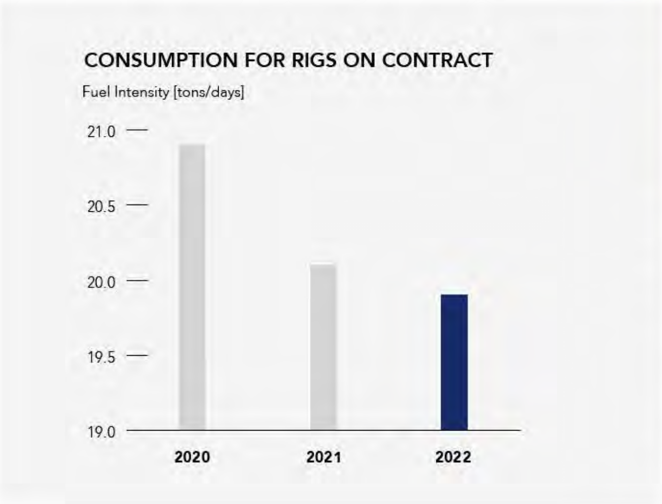
FLOATEL INTERNATIONAL

Environment

The primary purpose of Floatel is to provide accommodation and construction support to the world's offshore energy companies. As such, Floatel is part of the international energy sector.

Although the global community is moving away from fossil energy sources to reduce the emission of greenhouse gases, there is still, and will, for the foreseeable future, continue to be a great demand for petroleum products. Not only for energy production but also to produce, for example, different synthetics, chemicals, and hygiene products. During the transition to a fossil-free world, the demand for the services of Floatel will remain, and we are determined to provide these services in the most responsible way possible.

Floatel is highly committed to reducing its waste, emissions, and environmental impact. In 2022, we adopted the ambitious emissions target of the Initial IMO GHG Strategy. This means that, by 2030, Floatel aims to reduce its emissions by 40% compared to the initial operational values of our fleet in April 2010.



Highlights

During 2022, Floatel has taken several steps towards a more sustainable operation. It starts with the decision to work towards the Initial IMO GHG Strategy. In practice, this translates to the reduction of GHG emissions by 40% by 2030, compared to the levels at delivery of the vessels in 2010. The commitment has been implemented in our HSE Policy and complemented with two new company KPIs.

This year marks the first time Floatel has published an ESG report. We are excited to share our work to achieve a more sustainable operation for our employees, customers, the global community, and the environment.

Floatel is working with Norwegian company Yxney to bring real-time operational performance analysis to the crew on the bridge. The information will aid the crew in making more informed decisions about operating configurations, such as the number of running generators, thruster settings, heading, speed, and trim during transit, etc. The software will also enable us to evaluate the vessels' performance based on historical data, set a baseline for different operational modes, and measure the effect of technical upgrades.

Operation in the 2+1 split mode has been utilised

21% and 36%

of the time on hire for Floatel Superior and Floatel Endurance, respectively.

We have set a new milestone for the rigs operating in Norway. Operation in the 2+1 split mode has been utilised 21% and 36% of the time on hire for Floatel Superior and Floatel Endurance, respectively. The operational mode enables power generation on two engines instead of three, resulting in a higher load on the running engines with better performance and lower emissions.

Environment data

	2022	2021	2020
Consumption for rigs on contract			
Fuel Oil [tons]	21 600	14 046	7 657
Fuel Intensity [tons/days]	19,9	20,1	20,9
Consumption for rigs off contract			
Fuel Oil [tons]	3 990	5 939	2 510
Electricity from Shore [kWh]	1 618 880	5 480 387	13 543 597
Fuel Intensity [tons/day]	5,4	5,3	1,7
Carbon Intensity for rigs on contract			
CO_2	69 141	45 914	26 017
Contracted days	1 084	700	366
Client POB	316 420	149 723	118 508
CO_2 / Contracted Days [tons/day]	64	66	71
CO_2 / POB [tons/(person*day)]	0,22	0,31	0,22
GHG Emissions for rigs on contract [tons]			
Direct Emissions - Scope 1	71 205	46 587	26 584
Indirect Emissions - Scope 2	0	0	0
GHG Emissions for rigs off contract [tons]			
Direct Emissions - Scope 1	13 048	19 423	7 487
Indirect Emissions - Scope 2	40	137	2 311

	2022	2021	2020
Other air emissions for rigs on contract [tons]			
NOx	868	569	313
SO_2	23,8	15,6	9,6
Other air emissions for rigs off contract [tons]			
NOx	156	228	81
SO_2	4,5	7,0	3,2
Recordable Spills	**1**	**0**	**0**

Roadmap

Floatel is working in three areas to reduce the impact of our operation and achieve our target of a 40% reduction in GHG emissions by 2030:

1. Digitalisation
2. Energy Efficiency
3. Operational Procedures

Digitalisation

To better understand the impact of our operation, data is needed. We are, therefore, implementing new tools and applications to improve the analysis of the operation. The analyses will be presented in real time to the crew on board, enabling them to make more informed decisions. Increasing the number of sensors on the vessels will increase the understanding of how the equipment performs and where to focus our efforts to increase efficiency.

Energy Efficiency

Floatel's offshore vessels operate in Dynamic Positioning (DP), which means they are designed to maintain their position at sea, even in harsh weather conditions. The engines, thrusters, and all auxiliary equipment are chosen to perform in extreme operational cases despite the vessel operating, most of the time, in more benign conditions. Our second focus is to increase the efficiency of the equipment in low load conditions by installing complementary units, frequency regulators on pumps and fans, less demanding consumers, etc. This results in a reduced demand for energy, less fuel consumed, and fewer emissions released into the air.

Operational Procedures

While adding to the flexibility of the equipment, we are also continuously evaluating our internal procedures to ensure that all parts of the vessels' operations are optimised for onboard energy production and consumption. This applies to DP operations during contracts and during transits, yard stays, and lay-ups between contracts. There are different challenges for each mode of operation, and all need to be considered.

CONTENTS

Environmental Risks and Opportunities

The environmental stakes are increasing rapidly. Large international forums like the UN and the EU have highlighted the importance of transitioning towards a carbon-neutral future, preferably before 2050, to meet the Paris Agreement's 1.5-degree goal.

There are also several opportunities for the development of energy storage. Battery solutions have seen a significant upswing in the last decade, notably in the vehicle and marine sectors. Smaller car ferries are going fully electric, while larger RoPax ferries are exploring hybrid solutions while awaiting further maturation of the battery technology. Battery hybrid solutions are also gaining popularity in the offshore sector, with OSVs and drilling rigs leading the way. Some fixed platforms are connected to shore power for the provision of energy. Floatel intends to follow this path and conceptually have both hybrid and electric solutions available, which will be part of the solution to reduce GHG emissions by 40% before 2030.

The emergence of carbon-neutral fuels, like hydrogen, ammonia, methanol, and other e-fuels, is not yet viable for offshore use due to infrastructure limitations. However, Floatel is following their development with interest and continually evaluates the feasibility of converting one or several onboard engines.

Operating in a 2+1 split and closed ring configurations have been a game changer. This allows the vessels to operate on two engines instead of three during benign weather conditions. These operational modes increase the efficiency of the engines, allowing them to produce the same amount of energy with less fuel.

The vessels utilising a 2+1 split configuration are designed for and approved to operate in this mode, maintaining operational safety and, at the same time, improving environmental efficiency. Using a 2+1 configuration within the accommodation and construction support segment is a new approach. We are suggesting this operational mode to our clients whenever it is possible to guarantee safe operations.

Environmental Performance

In 2022, the Floatel fleet was contracted for 1,084 days. Two vessels operated in the Norwegian North Sea, one outside Brazil and one in Southeast Asia/Australia, servicing two contracts. The fifth vessel was in a warm lay-up in Tenerife, Spain.

The environmental performance of a semi-submersible accommodation unit depends on several factors. The weather and ocean currents have a significant influence. So does the type of installation, whether it is a moving or a fixed target. Location and seasonal variations also make it challenging to compare one operation to another.

Floatel will always strive to utilise shore power where this is available. However many shore facilities such as ports and shipyards cannot provide shore power and therefore an increase in fuel intensity can be seen for rigs off contract.

The vessels operating in Norway have been utilising the 2+1 split configuration, enabling operation on two generators instead of three, with higher engine load and improved fuel efficiency. Compared to the historical operation of the vessels at this location, the emissions were reduced by 10–15% for similar operational conditions.

On the downside, one of Floatel's vessels operating in Norway had a recordable oil spill in November. Approximately one cubic meter of hydraulic oil was released into the sea when a hydraulic pipe broke on the gangway. The event is the first recordable oil spill in the Group's history. The accident has since been thoroughly investigated, and preventive actions are now in place across the fleet to avoid similar events from happening again.

The operation outside Brazil proved to be challenging from an environmental performance perspective. The client, a moving Floating Production, Storing and Offloading (FSPO) vessel, was in strong currents, resulting in higher fuel consumption and emissions than the rig's historical average.

For the vessel in Southeast Asia and Australia, one client did not approve the operation in a "Closed Ring Bus Bar" configuration. The use of a conventional 3-split operation resulted in above-average fuel consumption for this contract and, as a result, for the entire year.

Compared to the historical operation of the vessels in Norway, the emissions were reduced by

10-15%

for similar operational conditions.

Social

Safety

Safety is paramount at Floatel, and our track record shows that we always put safety first. During 2022, there was only one recordable injury in the entire fleet, giving a Total Recordable Injury Rate (TRIR) of 1.09, well below the industry average of 1.70. No Loss Time Injuries (LTI) occurred during the year. We are proud of our safety culture at Floatel, where everyone working on board is encouraged to highlight or report any safety concerns they may experience.

A toolbox talk precedes all work tasks involving any risk. A safe job analysis is conducted if the risks are considered significant. This way, we ensure all jobs are well-planned, communicated, and safely executed. During 2022, the toolbox talk rate has steadily increased, which indicates that the crew are taking more responsibility for the risks at work and are inclined to reduce them.

The market for accommodation vessels is trending towards shorter contracts, forcing the vessels in and out of lay-up. Manning up and down between projects may impact the continuity of the crew and the safety culture on board. Even so, Floatel has achieved strong safety performance results for the year, which we are very proud to present.

Drills and Training. In an emergency, all personnel responsible for any aspect of the response must be adequately trained to handle the situation.

An annual plan for drills and training is established on all vessels to ensure that sufficient training is given to the personnel. Each person within the emergency organisation is assigned an emergency duty on board, and the drills and training are carried out to verify and enhance the competence of the personnel.

New ERP. Floatel is transitioning to a new ERP system. The safety module is next in line for implementation, and this will provide us with new ways to analyse in-depth the safety performance and statistics, regarding safety related accidents and events. The new system will guide the reporter of an event with predefined values, resulting in a more coherent data set for the statistics.

Safety Campaigns. To increase the awareness of safety issues and risks that come with working offshore, Floatel has an HSE programme with safety campaigns that are presented on board and shown on screens around the vessels. Each campaign is communicated for two months to cover all crew rotations. During 2022, the campaign focus has been on the following subjects:

- *Cyber Security*
- *Dropped Objects*
- *Noise Protection*
- *Sustainability*
- *Chemical Awareness*
- *Hand and Finger Injuries*

TRIR - Total Recordable Injury Rate

	2022	2021	2020
TRIR - Total Recordable Injury Rate	1,09	2,86	2,13
SOR - Safety Observation Rate	724	647	438
MVR - Management Visit Rate	122	161	118
TBTR - ToolBox Talk Rate	2 267	2 050	1 568

Human Resources

The employees are, together with the vessels, Floatel's biggest assets. Investing in people development and ensuring people enjoy being at work while always putting safety first is a way for Floatel to create sustainable people performance.

The goal is to create safe workplaces with clear and structured roles. However, it is essential for all employees to feel that they can impact their role and be part of improving the workplace and its processes. It is crucial to have good leaders to nurture such development.

Working in shipping and offshore, there is a long tradition of age seniority being a key indicator for promotions. For the last decade, Floatel has prioritised competence and leadership over seniority. This approach has paid off, as we now have a very changeable accommodation vessel business. Floatel has numerous competent leaders on board, who are all adaptable to change.

The accommodation and construction support vessels market has shifted from long-term to short-term contracts. The average contract length is now 3–6 months rather than several years. Some vessels move from country to country and must change crew members frequently. This challenges our organisation on many levels, including our ambition to have as many permanent offshore employees as possible and manage the stress level of onshore and offshore employees.

Attracting personnel to work in the offshore oil and gas service industry long-term can be challenging since you spend a long time away from home. Most marine crews work half of the year on board. The offshore business training requirements are high and add to the time away from family and friends. Floatel has decided to increase online CBT training to reduce the number of days being away from home. Without compromising on the quality of courses, our preferred suppliers offer a combination of training online and at the training premises.

Many companies have experienced lower retention rates during the COVID-19 pandemic. Floatel has, however, coped well. This is mainly due to the offshore marine crew supporting each other during quarantine periods and because we increased recruitment at the onshore organisation to manage changes in regulations and the resulting increase in logistical and administrative workload. The Gothenburg office in Sweden was partly open during the pandemic for those who didn't have an adequate workplace at home.

Floatel strives to be an engaged employer where employees can grow and develop. For several years, Floatel has conducted employee surveys both on- and offshore.

RETENTION RATE[1] (%)	Target	2022	2021	2020
Onshore	70%	80%	87%	61%
Offshore	85%	100%	100%	99%

The Group result is excellent and, in most areas, exceeds the benchmark[2]. Nevertheless, one area for improvement is managing the stress levels of the onshore teams in this new changeable market. In 2022, only 54% of onshore employees reported that they had a "reasonable" stress level at their workplace. The goal is to increase this in 2023.

Diversity and Inclusion

The Group's goal is for all people working at Floatel to feel respected and know they can be part of the community regardless of their gender, nationality, religion, sexual orientation, socioeconomic background, or disability.

In our experience, the more diversity there is in a group, the better the working environment. Floatel's global presence is reflected by our employees coming from 17 countries in 2022. For the vessels operating outside of Norway in 2022, 83% of the officers and 29% of the senior officers were non-Scandinavian.

Within the shipping and offshore industry, there is an underrepresentation of women. Floatel has few female applicants when searching for personnel for offshore positions.

1. Calculated on permanent employees in the Group, including long-term contracted offshore personnel and employees that resign. Formula is as follows; (Average no. of employees in last 24 months – no. of permanent employees resigning in last 24 months) ./. Average no. of employees in last 24 months.
2. The benchmark is based on the results of all companies using the Brilliant Future employee survey tool.

WOMEN ON BOARD 2022	2022	2021
Senior Officers	4%	–
Officer	5.5%	–
Ratings (skilled seafarers)	5.5%	–
Total	**5.0%**	**1.8%**

WOMEN ONSHORE 2022	2022	2021
Board of Directors	0%	0%
Senior Management	0%	0%
Managers	25%	39%
Employees	52%	48%
Total	**42%**	**42%**

SICK LEAVE	2022	2021	2020
Onshore	0,57	1,06	0,99
Offshore	1,80	3,70	6,50

Adding Value to Local Communities

During 2022 Floatel vessels have been in Norwegian, Spanish, Brazilian, Australian, Philippine, Taiwanese, and Malaysian waters (excluding transits).

Our ambition is to always add value to local communities by employing local personnel. This aligns with Floatel Group's Core Values and is key to Floatel's sustainability approach. Floatel always uses local crew for catering and hotel services when possible.

At least 25% of Floatel's typical marine crew consists of a core team who are always moving with the vessel. If there is no qualified local crew to fill vacant positions, the rest of the people on board are a core team from the Philippines. Working in the oil and gas industry brings significant value to Filipino marine crew and their families. For a Filipino seafarer, the offshore salary is, on average, double that of traditional European Ro-Ro employment.

Governance

Code of Conduct

The way we do business is set out in Floatel's Code of Conduct. Everything from legal compliance, business relations, accounting and reporting, recourse efficiency and environmental performance, human rights and modern slavery, HSE issues, anti-corruption, etc., are regulated within and driven by this Code. There were no fines or sanctions for non-compliance with laws or regulations in 2022.

The Anti-Corruption Policy has been implemented to ensure Floatel does not conduct or become involved in bribery or fraudulent business practices. All personnel participate in an annual computer-based anti-bribery course. At the year-end, 87% of the office personnel had a valid course certificate.

The Open Door Policy allows employees to report a suspicious event directly to senior management. Where an event is of such a nature that the employee feels uncomfortable reporting to senior management, a whistle-blower and ethics system is in place, which allows the employee to report the event anonymously to an external party.

There we no whistle-blower cases reported in 2022.

Our policy on modern slavery, human trafficking, and child labour, as detailed in our Code of Conduct, reflects our commitment to acting ethically and with integrity.

Our vessels are certified for conditions of employment as per the Maritime Labour Convention (MLC) 2006 standards. They include, but are not limited to; minimum age, medical certification, qualifications, employment agreements, use of manning agencies, hours of work and rest, manning levels, accommodation, recreational facilities, food and catering, health and safety, accident prevention, medical care, complaint procedures, and wages.

Governance Structure

The Board of Directors is responsible for Floatel Group's business, including all aspects of ESG. They are responsible for the strategies to navigate risks and opportunities related to environmental, social, and governance sustainability within the Group.

The Board of Directors has given senior management operational responsibility for ESG. Senior management report back and highlight any issues to the Board of Directors through its Audit Committee, which is responsible for ESG and risk, in addition to financial reporting and corporate governance, at least once every year.

ESG Committee. To ensure that Floatel Group presents all relevant ESG data in a verified, coherent, and transparent way, senior management has established an ESG committee. The committee drives the work of compiling and reporting all ESG measures taken within the company and following up on the ESG KPIs and targets presented in this report.

The ESG committee comprises senior management, HSEQ, HR, and technical department representatives. The committee seeks additional information from the financial, operational, and ICT departments in specific questions.

Communication. This report marks Floatel Group's first publication of an ESG report. The report will be published every year in conjunction with the Annual report, and the integration of ESG reporting into the Floatel management system will increase further as we advance.

The ESG group within the HSEQ department compiles and reports on many of the Group's KPIs each month and communicates the progress and performance internally to all employees.

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Corporate Governance report

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Corporate Governance report 2022

Legal organisation

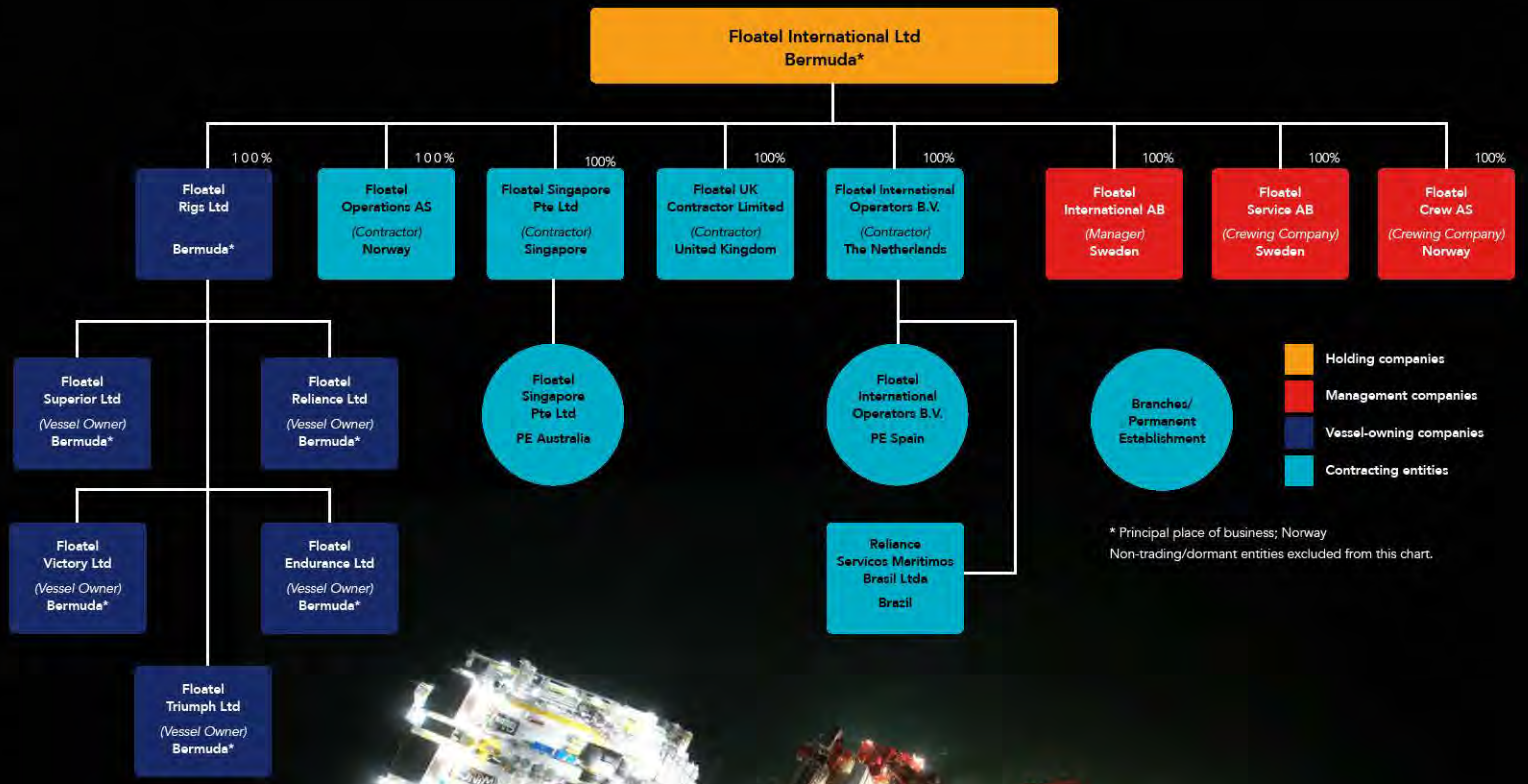
Floatel International Ltd ("the Company") is incorporated in Bermuda and has its principal place of business in Oslo, Norway. It is the holding company and ultimate parent company of the Floatel International Group (the "Group"). All subsidiaries within the Group are wholly owned, and the Group has no joint ventures or similar arrangements. The Group categorises its legal entities into four types: (i) Holding entities, (ii) Vessel-owning entities, (iii) Contracting or Operating entities, and (iv) Management entities.

Five Norwegian-based, Bermuda-incorporated subsidiaries separately own one vessel each. They are organised as a sub-group under Floatel Rigs Ltd (also holding its principal place of business in Norway). All vessels are Bermuda flagged.

The Group is locally present with subsidiaries or branches and site offices, i.e., the contracting or operating entities, in jurisdictions where the Group operates from time to time. These entities primarily hold contracts with the clients. There are currently five operating companies and two branches in the Group.

There are two types of management entities, ship manager and crew agencies. Floatel International AB acts as the Group's Ship and Administrative/IT manager, while Floatel Service AB, and Floatel Crew AS, operate as crew agencies for the vessels.

The corporate structure as of December 31, 2022 (excluding non-trading and dormant entities), is set out to the right.



FLOATEL INTERNATIONAL

Corporate governance

Floatel's corporate governance is embedded in the running of the business through FIMS ("Floatel International Management System"). FIMS comprises elements developed to meet our corporate governance responsibilities by defining the rules and procedures for day-to-day operations. It also defines roles and responsibilities for all staff, starting at the top with the Board of Directors ("BoD") and senior management, thus bringing greater transparency to how the Group is managed.

Finally, FIMS ties Floatel's core values, mission, and goals to the organisation by advocating exemplary corporate behaviour.

The main internal rules and regulations for corporate governance are:

- *The Byelaws*
- *The Code of Conduct*
- *Rules of Procedure for the BoD*
- *Terms of References for the BoD Committees*
- *Instructions for the Chief Executive Officer ("CEO")*
- *Anti-Corruption and Anti-Fraud Procedure*
- *Approval Procedure and Matrix*
- *Floatel International Management System (FIMS) in general – other relevant Policies, Procedures, and Guidelines*

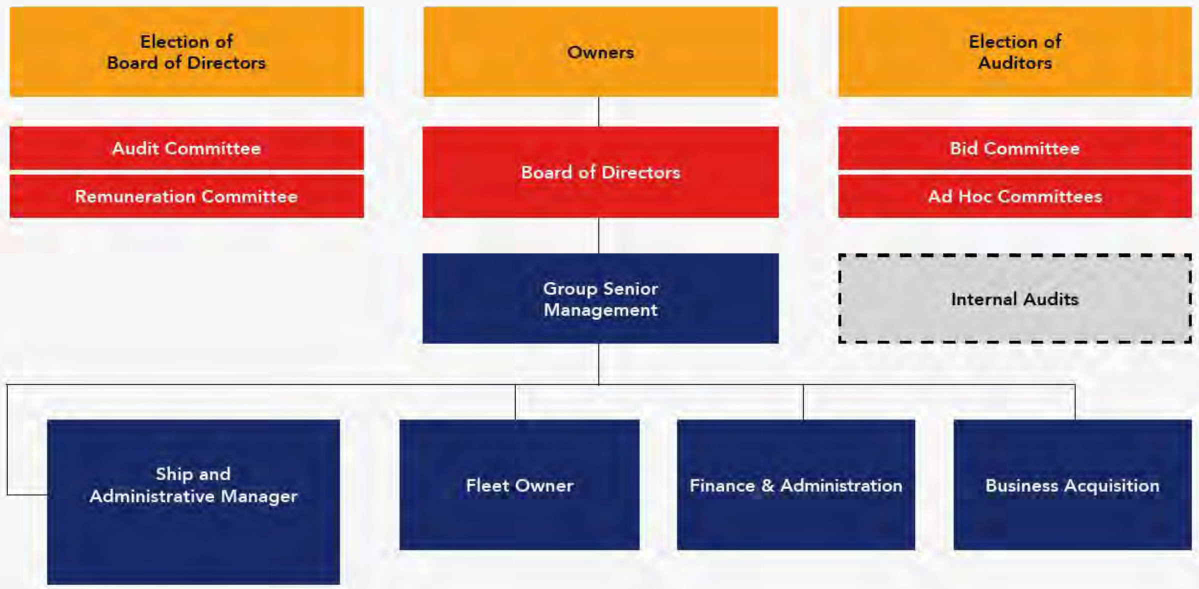


Figure 1: Floatel Corporate Governance Structure

The BoD is responsible for overall corporate governance and operational and financial internal control. The Audit Committee advises the BoD on the appropriateness of significant policies and procedures relating to corporate governance, ESG and risk, as well as financial processes and disclosures. It reviews the effectiveness of Floatel's internal control framework. The BoD has delegated to the senior management, through written policies and procedures, the day-to-day responsibility for conducting, implementing, and evaluating corporate governance, ESG, risk management, and internal control.

The CEO is responsible for strategic management and business direction, policies, procedures, and guidelines for developing the business and implementing strategies and services that promote good corporate culture. Regarding contract opportunities, the CEO shall provide to the Bid Committee of the BoD sufficient information regarding risks and opportunities related to the contract opportunity. Without excluding the generality of the foregoing, the CEO shall highlight whether the contract terms deviate, and to what extent, from Floatel's Contracting Principles and whether the area of operation is associated with operational risks (such as piracy or weather risks) or other risks in the jurisdiction (such as tax, currency, and expropriation risks).

In addition, the CEO shall report strategic and other significant risks connected to the business, operations, and important projects to the BoD if the potential consequences are material. Strategic opportunities shall also be communicated. When suggested measures are presented to the BoD, they should be accompanied by a cost-benefit analysis, including the payback time of the investment when relevant, and/or a risk analysis showing the potential consequences of not taking action.

The Chief Financial Officer ("CFO") is responsible for establishing, communicating, and monitoring the financial reporting and the connected internal controls.

The Health, Safety, Environment, and Quality ("HSEQ") Manager is responsible for establishing, communicating, and monitoring FIMS, ESG, risk management, and Management System Audits apart from the Financial Reporting and Internal Control over Financial Reporting. The HSEQ Manager coordinates internal audits in accordance with the Management System Audit (Quality Assurance) and in accordance with the Internal Control over the Financial Reporting framework, as well as any self-assessments and audits initiated by a shareholder.

Shares and shareholders

The Company's principal shareholders are Keppel Corporation Limited through Kepinvest Holdings Pte Ltd.[1] with 49.9%, management holding 10.0% of the common shares through Floatel Interessenter AS, and several financial institutions holding the remaining shares.

Kepinvest Holdings Pte. Ltd., and NT Services AS ("NTS"), a Nordic Trustee / Ocorian company, are recorded in the shareholder registry as holders of the common shares. The common shares registered with NTS are, in turn, represented by an equivalent number of Norwegian Depository Receipts ("NDRs") issued by NTS, mirroring the rights of the underlying shares. The NDRs are issued in the Norwegian Central depository, Euronext Securities Oslo (previously VPS / Verdipapir-sentralen) ("ESO") under ISIN NO NO0012785759. See note 14 to the Consolidated Financial Statements regarding current shareholdings.

The Company's Byelaws regulate the rights of the shareholders and include inter alia rules for appointing and removing Board members, procedural rules for the BoD, what should be addressed at the Annual General Meeting ("AGM"), and the BoD's mandate for issuing securities.

The AGM is usually held before the end of June each year and no later than the end of December, the latest date permitted without extension by the Bermuda Companies Act. The date of the next AGM is usually is included in the financial calendar, which is available on Floatel's website. The notice of a general meeting is normally sent to shareholders, including beneficial holders of NDRs, no later than 14 days before the meeting.

The BoD proposes the agenda for the AGM and any extra general meetings. The Byelaws determine the main agenda items. Before a general meeting, NTS will collect proxies from NDR holders to be able to vote on their behalf as their authorised representative. Shareholders may cast their votes in writing, including by means of electronic communication, in a period before the general meeting in question. Appropriate arrangements are made for shareholders to vote on each matter. The general meeting in question, including the AGM, elects the chair at the meeting.

The Board of Directors and its committees

The BoD shall establish targets, policies of importance, and strategic plans for the Group, continuously monitor their observance, and ensure that such policies and plans are periodically reviewed. The BoD shall ensure that the Group's organisation is appropriate and making strategic decisions regarding the management, investment, and supply of capital.

The BoD shall appoint, evaluate and, if necessary, dismiss the CEO. The BoD shall ensure an effective system for follow-up and control of Floatel's operations and the associated risks. The BoD shall also ensure a satisfactory process for monitoring Floatel's compliance with laws and other regulations relevant to the Group's operations and the application of internal guidelines.

The BoD consists of five members: two representing Keppel Corporation Limited, the largest shareholder, the CEO, one independent director and one representing all non-Keppel shareholders. There are no deputies or alternate members, or members appointed by employee organisations. In addition, the BoD is supported by a corporate secretary and administrator.

The BoD shall have at least four regular meetings each year. It had during 2022 ten physical meetings, including pre- and post-meetings to the shareholders' general meetings. The Chairman is responsible for ensuring the BoD's work is well organised and conducted efficiently. Senior management attends Board meetings during the year to present and report on specific questions and has also circulated a monthly operational report to the BoD.

To maximise the efficiency of the BoD's work and to ensure a thorough review of specific matters, the BoD has established a Remuneration Committee and an Audit Committee. The establishment of a Bid Committee is set out in the Byelaws. In addition, the BoD may convene ad hoc committees for specific purposes. There were no ad hoc committees convened in 2022. The tasks and responsibilities of the Committees are detailed in their respective terms of reference, which are adopted annually.

The Remuneration Committee assists the BoD in senior management remuneration matters, receives information, and recommends to the BoD decisions on matters relating to the principles of remuneration, actual remunerations paid, and other terms of employment of senior management. The Remuneration Committee's tasks also include monitoring bonuses and incentive programmes.

The Bid Committee shall, on behalf of the BoD, decide prices and other commercial terms not regulated by the Company's contracting principles that should be offered in clients' bid and tender processes and review the management's price and return calculations. Furthermore, the Bid Committee reviews the contracting principles and recommends changes to these principles, if any, to the BoD annually.

The Audit Committee assists the BoD in ensuring that the financial reports are prepared in accordance with International Financial Reporting Standards (IFRS). The Audit Committee also supervises the financial reporting and gives recommendations, proposals, and annual and quarterly financial statements and reports before they are submitted to the BoD.

The Audit Committee furthermore supervises the efficiency of the internal control over financial reporting, internal audit, ESG, and risk management. It provides support to the BoD in the decision-making processes regarding such matters. The Audit Committee monitors the audit of the financial reports and reports thereon to the BoD. The Audit Committee also regularly liaises with the Group's statutory auditor as part of the annual audit process and reviews the audit fees and the auditor's independence and impartiality. Finally, the Audit Committee reviews the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including a review of ethical and whistleblowing guidelines.

Auditor

The AGM elects the auditor, and the BoD approves the auditor's fee. The Audit Committee meets with the auditor annually, without senior management representatives being present, to review internal control procedures and discuss any weaknesses and proposals for improvement. The auditor is present at the Audit Committee meeting and reports on any material changes in the accounting principles and critical aspects of the audit.

The Audit Committee approves the annual audit plan for the Group and assesses the auditor's independence in relation to the Group annually. The auditor may carry out specific audit-related or non-audit services for the Group, providing these do not conflict with their duties as auditor. In the annual report, the auditor's remuneration is split between the audit fee and fees for other services.

1. Keppel Corporation Limited made an intra-group transfer of their shares from FELS Offshore Pte. Ltd. to Kepinvest Holdings Pte. Ltd. in February 2023.

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Internal control over financial reporting

According to the Bermuda Companies Act, the BoD is responsible for the Group's internal control and risk management. The BoD has delegated through written policies and procedures to the senior management the day-to-day responsibility for identifying, evaluating, and managing risks and implementing and maintaining control systems.

Floatel's internal control principles are based on the recommendations of the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission, which is one of the most widely recognised internal control frameworks. The procedures are structured to provide guidance related to roles and responsibilities for managing and maintaining the processes required to design, implement, and assess internal controls over financial reporting. The Group's system of internal controls encompasses documents applicable to all Group operations and companies, which promote:

- *Effective and efficient operations of the Group by enabling it to respond appropriately to significant risks that it faces in carrying out its business*
- *Consistency and reliability of financial reporting*
- *Safeguarding of assets*
- *Compliance with applicable laws and regulations*

The five components of this framework are: control environment, risk assessment, control activities, information and communication, and monitoring activities.

The control environment establishes the overall tone for the organisation and is the foundation for all other components of internal control. As such, the control environment has a pervasive influence on how the Group's business activities are structured, objectives established, and risks assessed.

To achieve the Group's objectives, including meeting the financial return expectations of its owners, Floatel pursues activities that involve some degree of risk. Robust risk management processes, combined with a culture that emphasises the need to accept risks, are crucial to the long-term success of the Group. Risks relating to financial reporting are evaluated and monitored by the BoD through the Audit Committee.

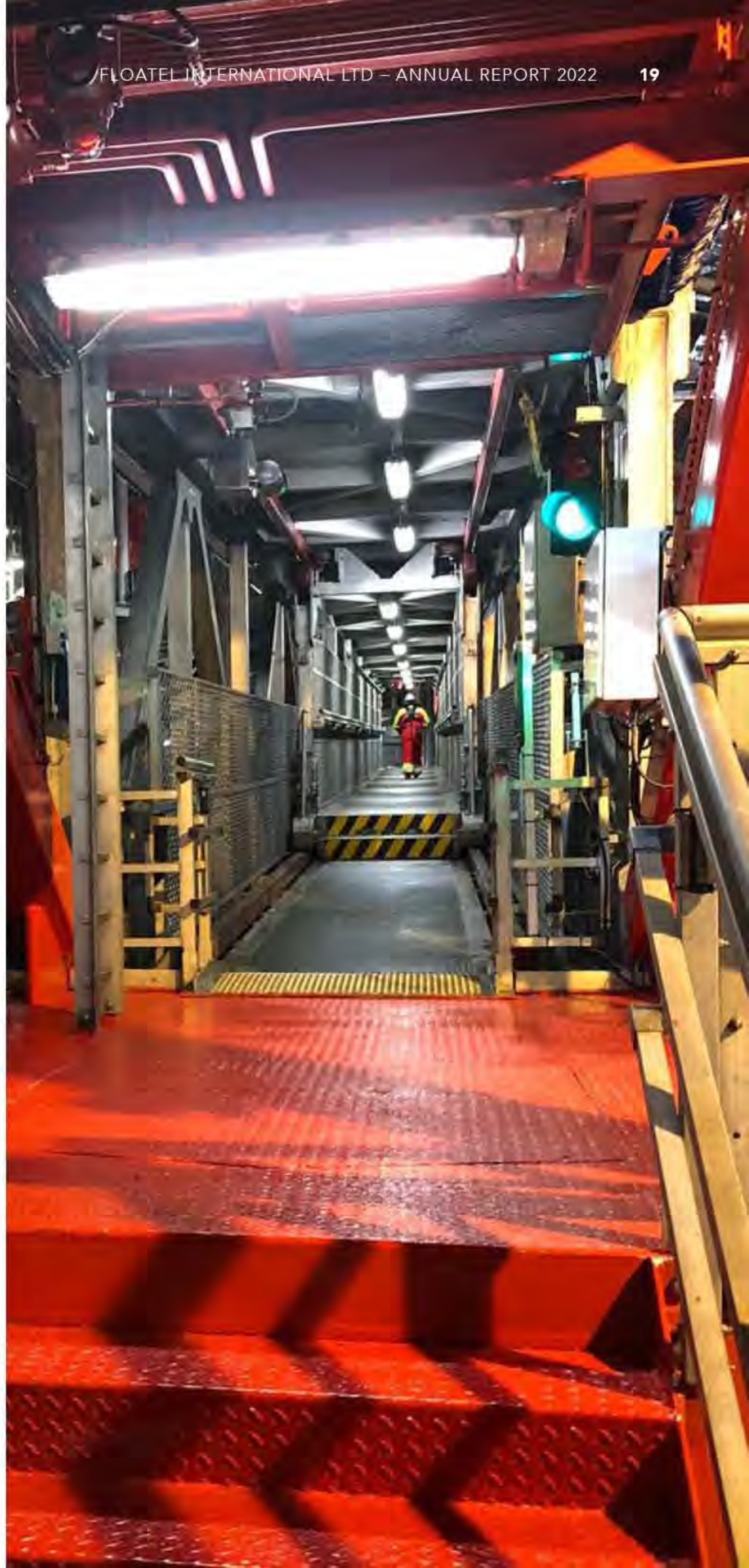
The Group's control activities are performed to help implement the Group's policies, procedures, and guidelines. The control activities involve two elements: policies establishing the overall intention and direction of the organisation and procedures to affect/implement the policies. Financial procedures and guidelines to obtain reliable financial reporting are documented and communicated throughout the Group, resulting in management directives being carried out.

Management shall consider internally and externally generated data that enables them to make informed business decisions about financial reports and disclosures. Management shall ensure that relevant information is adequately identified, captured, processed, and reported. As communication is essential to an effective control environment, management shall ensure appropriate, adequate, and timely information.

The internal control systems are monitored to assess the quality of the system's performance over time. It includes regular management and supervisory activities, and other actions personnel takes in performing their duties. The scope and frequency of separate evaluations depend primarily on assessing risks and the effectiveness of ongoing monitoring processes. The key components of the Group's monitoring process include (i) the processes used by the BoD to review the effectiveness of the system of internal control, (ii) the Audit Committee review of annual and quarterly financial reports before recommending their publication, (iii) the HSEQ Department formal assessment of the organisation's compliance with FIMS, coordination of FIMS updates, internal audits, and assistance with self-assessment processes, (iv) management review meetings, (v) review and discussion of external audit plans; monitoring communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations, and (vi) senior management and BoD review of performance through a comprehensive system of reporting based on the annual budget, monthly management reviews against actual results, analysis of variances, key performance indicators and quarterly forecasting.

Risk Management

The Risk Management System is set up to identify, assess and mitigate risks the Group can experience while conducting its business. This will also include response and recovery activities. The BoD has the overall responsibility for risk management. It delegates it to senior management, under the supervision of the Audit Committee, to manage day-to-day risk together with the rest of the organisation.



Risks at the system or corporate level shall include but are not limited to:

- *Business risks, such as geographical, political, contracting risks, asset ownership, and investments*
- *Compliance risks, such as violations of regulations or costs related to changes in regulations*
- *Client project risks, such as contractual and conversion/ modification risks*
- *Operational risks, such as operational execution risks, including HSEQ risks*
- *Financial risks, such as credit and liquidity risks, as well as the interest rate and foreign currency risks*

The risks identified shall be assessed as follows:

- *Strategic risks, managed by the senior management within the framework set and approved by the BoD unless its significance following any procedure results in the matter requires Board approval*
- *Tactical risks, managed by the department managers within the framework set and approved by senior management based on the Group's policies and procedures unless its significance following any procedure requires Board or senior management approval*
- *Operational execution, managed by the operations or ship management team in accordance with the Group's policies and procedures unless its significance following any procedure requires Board or senior management approval*

Each risk or group of risks shall be further assessed, and the proper risk mitigation measures shall be identified and implemented. For example:

- *Avoiding the risk – withdrawal, alternative solution*
- *Controlling the risk – HSEQ Systems, internal control*
- *Transferring the risk – contracting principles, insurance plan*
- *Accepting the risk – contingency planning*

Insurance management forms part of the risk mitigation activities that minimise the commercial consequences of an incident and provide resources for response and recovery activities.

Remuneration

Non-executive Board members' (all but the CEO) remuneration is based on a fixed monthly fee without additional compensation for committee work. None has the right to pensions or termination payment. Information about all the compensation paid to Board members is provided in Note 7 to the Consolidated Financial Statements.

The AGM decides the remuneration of the BoD. The Company may decide on the remuneration in the absence of a general meeting decision. The BoD must approve any Board member's consultancy work for the Group and pay for such work. No such work was carried out during 2022.

Through the Remuneration Committee, the BoD makes guidelines for executive compensation and benefits, including the CEO, and other terms and conditions of employment. These guidelines set out the main principles applied in determining the compensation and benefits for executive personnel.

The total remuneration consists of base salary, pension contribution, annual bonus based on the Group's performance, and a long-term share-based incentive programme (MIP). Members of senior management are covered under the same budget, guidelines, and limitations as other onshore personnel in the Group.

Information about the compensation and benefits paid to senior management is found in Note 7 to the Consolidated Financial Statements.

Salary and Pension

Base salary levels are determined by considering the nature of the individual role, individual considerations, and market benchmarks. The base salary is reviewed annually to ensure that it is set at the right level and potential annual percentage increases are aligned with those of employees in general, except in specific circumstances. The Remuneration Committee determines senior management salaries.

Pensions are based on defined contribution plans; the exception to this rule is that Norwegian senior management employees have a top hat plan in addition to the collective defined contribution plan due to legal restrictions. Pension assets and pension liabilities for the top hat plan are recognised separately in the balance sheet but always match each other, so Floatel has no further payments after the initial contribution. The Remuneration Committee determines premium levels for senior management.

Bonus

The Group's bonus system is designed to promote performance aligned with the strategy. The bonus for all employees, including senior management, is determined by Floatel's performance on a pre-defined set of key performance indicators (KPIs), essential improvement initiatives, or activities with clear deliverables critical for the Group's future success.

The KPIs are divided into four categories, (i) Financial outcome, (ii) Securing new contracts for coming years, (iii) Efficient operations, and (iv) HSEQ and ESG.

Following the formulaic performance assessment relative to targets, the Remuneration Committee approves the final bonus outcome. Accordingly, the committee may exercise discretion to adjust the outcome upwards or downwards, including cancelling the bonus in its entirety in case of a safety or environmental incident or breakdown resulting in a cancelled contract.

Management incentive programme (MIP)

Management formed an investment company in 2021, which owns 10% of the shares in the Company. The investment company was funded by a combination of fixed coupon preference shares held by the Company and ordinary shares (management's investment). There is a shareholders' agreement between the Company, the investment company, and the participating managers, including, among other things, good and bad leaver provisions, non-compete and non-solicitation provisions, terms for issuing new shares, and exit events. New managers may be invited to participate in the MIP.

Other terms and benefits

The notice period for all onshore employees, including senior management, is three months if the employee resigns and three months or longer in accordance with the relevant collective bargaining agreement if made redundant by Floatel. Senior management is entitled to severance pay for up to two years at the end of the notice period in cases of redundancy and one year in cases of a change of control.

All employees, including senior management, receive non-monetary benefits such as healthcare insurance and phones aligned with local practices.

Communication

The Company has three bonds (two in 2022) listed on Nordic ABM with Oslo Børs. Nordic ABM is not a regulated market, multilateral trading facility, or organized trading facility and is not subject to the provisions of the Norwegian Securities Trading Act. The Company must make information public under the ABM rules.

The Company aims to have an open and proactive dialogue with analysts, investors, and other stakeholders. Floatel strives to continuously publish relevant information to the market in a timely, effective, and non-discriminatory manner. All announcements are simultaneously available on www.floatel.no and the Oslo Børs' website, www.newsweb.no.

The Company will publish its fourth quarter interim report, including preliminary annual figures, by the end of February. The complete annual report will be available no later than the end of April. The Company's financial calendar is updated regularly, and updates are published on www.floatel.no and www.newsweb.no.

Management typically holds an audio cast in connection with the publication of interim reports. Management also attends relevant industry and investor conferences. Floatel reduces its contact with analysts, investors, and other stakeholders in the final 30 days before the publication of interim reports. No comments about the Company's results and outlook will be given during this period.

Floatel has multiple reporting channels through which concerns may be raised to the BoD, including a whistle-blower and an ethics system that lets employees and other stakeholders report events anonymously via an external party. Regardless of the channel used to raise concerns, they are usually first lifted to the Audit Committee for initial assessment, then lifted to the BoD if necessary. The number of cases received through the whistleblowing channel is available in the ESG report.

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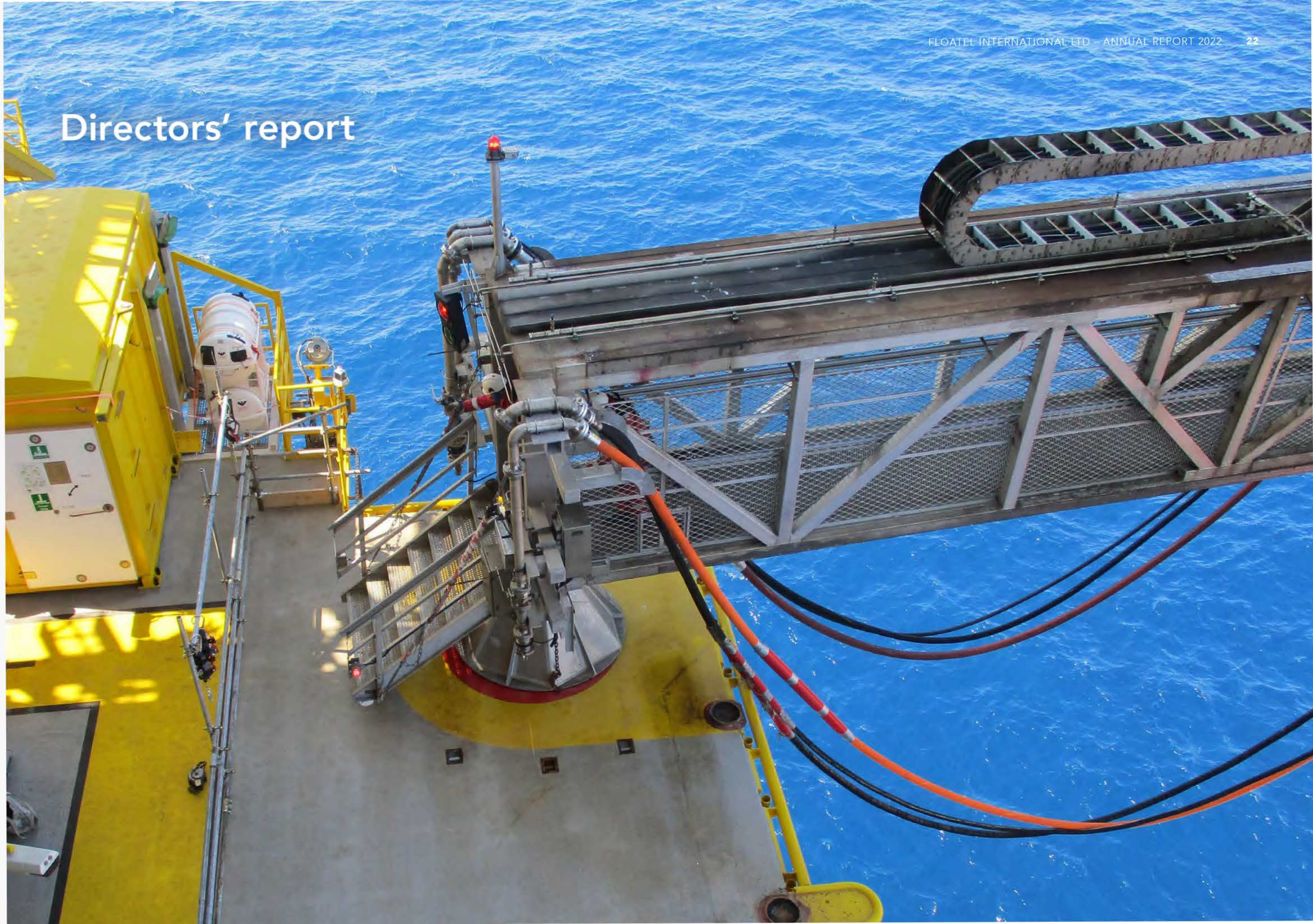
Directors' report



Directors' report 2022

General information about the business

The Floatel International Group ("the Group") was established in 2006. The Group operates a fleet of five modern semi-submersible accommodation and construction support vessels providing the offshore oil, gas and wind industries with high-quality accommodation, catering, and ancillary services. The parent company, Floatel International Ltd ("the Company"), is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 1179, Hamilton, Bermuda.

The vessels are owned by Group companies with the same principal place of business as the Company. The Group has local companies and offices in areas where the vessels operate and ship and crew management companies in Sweden and Norway.

Operations

The fleet had an average utilisation of 63% (44% in 2021), compared with an estimated average market utilisation of 78% (58% in 2021). All vessels, while in operation, have shown excellent performance with an average commercial uptime (actually received revenues divided by maximum contract revenues) above 97% (99% in 2021).

Floatel Endurance started its charter for Equinor's Johan Sverdrup phase II project on the Norwegian continental shelf in February 2022. The charter ended just before year-end, so Floatel Endurance was idle in Skipavika, Norway, on December 31, 2022. From mid-March 2023, Floatel Endurance will take over the assignment for Equinor at the Grane field from Floatel Superior.

Floatel Reliance has been idle in Tenerife in the Canary Islands during the year, awaiting a new charter assignment. The vessel is actively marketed for new charters.

Floatel Superior was on charter for Equinor at the Grane field in Norway from March 2022 to the end of the year. Floatel Superior will continue the assignment until mid-March 2023, when Floatel Endurance will take over. Floatel Superior will go quayside in Skipavika, Norway, to prepare for the Var Energi Balder project, which will start in early May 2023.

Floatel Triumph was contracted by Oersted in Taiwan from December 2021 to March 2022 at the Greater Changhua wind farm project. Floatel Triumph was thereafter quayside in Kemaman, Malaysia, before starting the next assignment for Inpex in Australia at the Ichthys field in June 2022. The intention was to directly transit from Inpex to the Shell Prelude project, but Shell informed us in August 2022 that the project had been postponed to 2023, so Floatel Triumph transited back to Kemaman and was on paid standby at year-end. Floatel Triumph will start the charter with Woodside for the Pluto project in mid-March 2023, and the contracted firm period is three months, with options after that. Shell Prelude begins soon after the completion of Woodside.

Floatel Victory was in operation to provide maintenance and safety unit services for Equinor at the Peregrino field in Brazil during the entire year. The charter has been extended and now ends on April 30, 2023. Floatel Victory will, after completion, do a special periodic survey and transit to Chevron Anchor in the US Gulf of Mexico with a planned start in July 2023.

The Group has an onshore organisation supporting its marine activities, with approximately 50 people working onshore and offices in Oslo (Norway), Gothenburg (Sweden), Macaé (Brazil), Perth (Australia), and Singapore.

Outlook

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been limited for the Group. Furthermore, continued high energy demand and prices will drive demand for our services.

Even if continued improvements were visible in 2022, the market remains partly oversupplied, resulting in modest near-term price increases. It is estimated to be a soft year in 2023, especially in the North Sea, with opportunities moving to 2024 and beyond.

We believe the demand for offshore accommodation services will increase from 2024 based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, and the reduced supply, will result in higher utilisation and, with some time lag, also prices.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to a renewable world is likely to take time.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises eighteen vessels following recent announcements by competitors to scrap older vessels plus two vessels yet to be delivered. Seventeen vessels have been built since 2005 (including the two new buildings mentioned), and the remaining older vessels are expected to exit the market in the coming years.

Sustainability and Health, Safety, and Environment

Floatel is an integral part of the offshore energy services industry and our work supports the production of reliable and affordable energy. Our Core Values – Compassion, Commitment, and Cooperation – are at the forefront of everything we do. They guide us in how we interact with stakeholders, the communities in which we operate and the people we employ.

As the world transitions to a lower-carbon society, we understand the challenges and opportunities ahead of us, including the need to reduce our own emissions. We aim to follow the International Maritime Organization's ("IMO") Initial GHG Strategy regarding the reduction of ship emissions, and we have already taken several initiatives that have resulted in less fuel consumption

Safety is paramount at Floatel, and our track record shows that we always put safety first. During the year, no Loss Time Injuries (LTI) occurred and there was only one recordable injury in the entire fleet. We are proud of our safety culture at Floatel, where everyone working on board is encouraged to highlight or report any safety concerns they may experience.

The employees are, together with the vessels, Floatel's biggest assets. Investing in people development and ensuring people enjoy being at work while always putting safety first is a way for Floatel to create sustainable people performance. Floatel strives to be an engaged employer where employees can grow and develop. For several years, Floatel has conducted employee surveys both on- and offshore. The Floatel Group result is excellent and, in most areas, exceeds the relevant benchmark.

Unfortunately, there was a recordable oil spill during the reporting year, the first ever in the company's history. Relevant authorities and the client were informed immediately. As a result of the event an internal investigation took place which resulted in several actions being implemented fleetwide to prevent recurrence. Information regarding the event was distributed company-wide in the form of a safety alert for immediate actions across the fleet, and later as a lesson learned with detailed information.

Please refer to the ESG Report found on p. 5 of this Annual Report for further information on these topics.

Corporate Governance, risk management, and legal organisation

Floatel's corporate governance is embedded in the running of the business through FIMS ("Floatel International Management System"). FIMS comprises elements developed to meet our corporate governance responsibilities by defining the rules and procedures for day-to-day operations. It also defines roles and responsibilities for all staff, starting at the top with the Board of Directors and senior management, thus bringing greater transparency to how the Group is managed.

The Board of Directors is responsible for overall corporate governance and operational and financial internal control. The Audit Committee advises the Board of Directors on the appropriateness of significant policies and procedures relating to corporate governance, ESG and risk, as well as financial processes and disclosures. The Board of Directors has delegated to the senior management, through written policies and procedures, the day-to-day responsibility for conducting, implementing, and evaluating corporate governance, ESG, risk management, and internal control.

The Risk Management System is set up to identify, assess and mitigate risks the Group can experience while conducting its business. This will also include response and recovery activities. The Board of Directors has the overall responsibility for risk management. It delegates it to senior management, under the supervision of the Audit Committee, to manage day-to-day risk together with the rest of the organisation.

Please refer to the Corporate Governance Report found on p. 15 of this Annual Report for further information on these topics.

Income statement

The consolidated revenues for 2022 were USD 177.6 million (USD 94.1 million in 2021). The mobilisation fees earned under charter contracts are recognised in the income statement during periods when the accommodation and support services are provided to the clients.

The total operating expenses before depreciation and non-recurring effects were USD 106.6 million (USD 89.9 million). The recurring EBITDA[1] for the year was USD 71.0 million (USD 4.5 million). EBITDA came to USD 66.5 million (USD 0.2 million).

Depreciation and impairment totalled USD 43.2 million (USD 44.5 million). A USD 0.9 million write-off is included in 2022 and relates to the retirement of purchases in a previous year not used for a special periodic survey. The generated operating result was USD 22.4 million (USD –44.3 million).

Management has performed impairment assessments of its vessels in accordance with IFRS. As a result, no impairment charges have been recorded in 2022 or 2021. Please refer to note 11.1 of the Consolidated Financial Statement for further information and assumptions for the assessment.

Net financial items were USD –23.5 million (USD 548.8 million), and the change from the previous year depends on the last year being affected by the restructuring. The net result for the period was USD –3.2 million (USD 503.7 million).

Financial position

As of December 31, 2022, total assets were USD 684 million (USD 706 million). Non-current assets totalled USD 602 million (USD 640 million), whilst net working capital totalled USD 29.1 million (USD 9.9 million). Net customer receivables, the sum of trade receivables and accrued revenues were USD 29.1 million (USD 15.2 million).

The Group's cash and cash equivalents totalled USD 16.4 million (USD 14.4 million). Undrawn revolving credit facilities amounted to USD 45 million (USD 12.7 million) at the end of the year.

The book equity at the end of the period totalled USD 372 million (USD 376 million). Total interest-bearing debt was USD 268 million (USD 284 million). The reported total interest-bearing debt includes prepaid borrowing expenses of USD 1.7 million (USD 2.7 million). The expenses amortise over the life of the facilities. As of December 31, 2022, net interest-bearing debt totalled USD 252 million (USD 271 million). This results in a debt (gross interest bearing) to equity ratio of 0.7 times (0.8) and an equity ratio (total assets) of 54% (53%).

Order book

The total contract order book for the Company as of December 31, 2022, was approximately USD 219 million plus options of USD 162 million. As of December 31, 2022, the order book was approximately USD 117 million plus options of USD 58 million.

Financing, Liquidity, and Going Concern

The financial statements are prepared on a going-concern basis. The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been and is expected to have limited, if any, negative impact on the Group going forward. The Company refinanced its revolving credit facility in March 2023 and considers the financial position and the liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group in 2023.

The Group's term credit facilities at year-end consisted of two Norwegian high-yield bonds in an aggregate amount of USD 200 million and a USD 100 million revolving credit facility with maturities in 2026 and 2024, respectively. The bonds are listed on Nordic ABM with Euronext Oslo (FLOAT04 PRO, FLOAT05 PRO). The revolving credit facility was refinanced and cancelled in March 2023 in connection with the Group raising a new 11.25% per annum super senior secured USD 100,000,000 bonds maturing March 2026.

As of December 31, 2022, the total outstanding interest-bearing debt, excluding prepaid borrowing cost, effective interest adjustment, and accrued interest, of the Group amounted, therefore to USD 265 million (USD 287.3 million).

For more details, see significant events after the reporting period and note 15 to the Consolidated Financial Statements.

1. Non-recurring effect not included in Recurring (adjusted) EBITDA refer to material matters outside the ordinary course of business and/or refer to previous financial years such as restructuring expenses, reversal of old provisions and expenses incurred in connection with matters referred to in note 20 to the Consolidated Financial Statements.

Share/shareholder information and dividend policy

The Company has 107,165,289 common shares with a nominal value of USD 0.02.

The Company has also issued 21,022,856 warrants in two series allotted to former 2nd lien bondholders and shareholders, respectively. The warrants have an exercise price of USD 3.96/share and USD 5.13/share, respectively. Both series expire at the earlier of the so-called Exit Event[2] and March 2031.

The principal shareholders are Keppel Corporation Limited through Kepinvest Holdings Pte Ltd. with 49.9%, management holding 10.0% of the common shares through Floatel Interessenter AS, and several financial institutions holding the remaining shares.

No dividends have been paid during the year or in recent years. Neither are dividends expected to be paid in the foreseeable future given the expected liquidity going forward and that it requires the consent of the Company's secured creditors in accordance with the relevant credit facilities.

The 2022 Annual General Shareholders Meeting will be held at the Company's premises, Dronning Eufemias gate 8, 0191 Oslo, Norway, on May 16, 2023.

Significant events after the end of the reporting period

On March 23, 2023, the Company raised new 11.25% per annum super senior secured USD 100,000,000 bonds ISIN NO0012862673 maturing March 2026. The proceeds were partly used to prepay and cancel the revolving credit facility. The remaining proceeds will be used for general corporate purposes.

Vår Energi has not declared the 2024 option for the potential Jotun project in Norway. Alternative work is likely available and Vår Energi may still need an accomodation vessel for the Jotun project.

Aker BP has awarded Floatel Endurance a contract for work at the Skarv FPSO as part of the Skarv Satellites Project in the Haltenbanken area on the Norwegian continental shelf. The contract will commence in March 2024 and has a firm hire period of eight months with options to extend. The contract award is subject to Aker BP obtaining plan for development and operations (PDO) approval from Norwegian authorities.

Annual results and disbursements

	2022
Retained earnings of the Company:	
Retained earnings	37 738
Net profit for the year	**4 154**
	41 892

The Board of Directors has decided not to declare and pay dividends for the fiscal year ending December 31, 2022, and proposes that the accumulated undistributed profit be allocated to the retained earnings account.

2. Exit Event means a change of control of the Company, a sale of all or substantially all the assets of the Group or an IPO of the common shares of the Company.

Consolidated Financial Statements with notes

Consolidated Income Statement

1 JANUARY–31 DECEMBER	Notes	2022	2021
Revenue	5	177 606	94 131
Cost of providing services	6,7	–141 019	–119 587
Gross profit(+)/loss (–)		**36 587**	**–25 456**
Administrative expenses	7,22	–16 376	–18 892
Other gains / losses – net		2 153	0
Operating profit(+)/loss(–)		**22 364**	**–44 348**
Interest income			
Net restructuring financial result	22	0	581 883
Finance income	8	162	1 081
Finance cost	8	–23 662	–34 160
Finance income and costs – net		**–23 500**	**548 804**
Profit(+)/loss(–) before income tax		**–1 136**	**504 456**
Income tax expense	9	–2 095	–792
Profit(+)/loss(–) for the period		**–3 231**	**503 664**
Profit(+)/loss(–) attributable to owners of Floatel International Ltd		–3 231	503 664
Earnings per share, basic (USD)	10	–0,03	4,70
Earnings per share, diluted (USD)	10	–0,03	4,70

Consolidated Statement of Comprehensive Income

1 JANUARY–31 DECEMBER	Notes	2022	2021
Net profit(+)/loss(–)		**–3 231**	**503 664**
Items that are or may be reclassified as profit or loss			
Foreign currency translations – foreign operations		–462	–1 077
Other comprehensive income		**–462**	**–1 077**
Total comprehensive income		**–3 693**	**502 587**

Consolidated Statement of Financial Position

31 DECEMBER	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	11.1	595 490	634 070
Right-of-use assets	11.2	480	946
Intangible assets	11.3	2 206	2 144
Financial assets		3 827	3 300
		602 003	**640 460**
Current assets			
Inventory		27 858	24 672
Trade receivables	12	17 405	12 375
Income tax receivables	9	1 382	1 623
Other current receivables	13	19 404	12 318
Cash and cash equivalents		16 428	14 433
		82 477	**65 421**
Total Assets		**684 480**	**705 881**

31 DECEMBER	Notes	2022	2021
Equity and liabilities			
Equity			
Share capital	14	2 144	2 144
Additional paid in capital		348 102	348 102
Other reserves		707	1 169
Retained earnings incl. Profit/Loss of the year		21 324	24 555
Total equity		**372 277**	**375 970**
Liabilities			
Non-current liabilities			
Interest-bearing debt	15	268 494	284 615
Other long term liabilities		118	520
Provisions	20	5 167	3 232
Total non-current liabilities		**273 779**	**288 367**
Current liabilities			
Trade payables		7 611	6 065
Income tax liabilities	9	2 923	2 060
Other current liabilities	17	27 890	33 419
Total current liabilities		**38 424**	**41 544**
Total Equity and Liabilities		**684 480**	**705 881**

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the parent company				
	Share capital	Additional paid in capital	Other reserves	Retained earnings incl profit of the year	Total equity
Equity 2021-01-01	**2 144**	**325 568**	**2 241**	**–483 293**	**–153 340**
Net profit for the year				503 663	503 663
Other comprehensive income		–5	–1 072		–1 077
Share subsciptions and warrants		22 539		4 185	26 724
Equity 2021-12-31	**2 144**	**348 102**	**1 169**	**24 555**	**375 970**
Net result for the year				–3 231	–3 231
Other comprehensive income			–462		–462
Equity 2022-12-31	**2 144**	**348 102**	**707**	**21 324**	**372 277**

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FLOATEL INTERNATIONAL

Consolidated statement of cash flows

1 JANUARY–31 DECEMBER	Notes	2022	2021
Cash flow from operating activities			
Operating result		22 364	–44 348
Interest received		162	35
Interest paid		–13 220	–5 046
Income tax paid		–1 007	–642
Adjustment for depreciation and impairment	11	44 095	44 522
Adjustments for other non-cash related items		1 673	4 019
Total cash flow from operations before changes in working capital		**54 067**	**–1 460**
Changes in inventories		–3 186	–1 668
Changes in trade receivables		–5 030	–5 950
Changes in trade payables		1 546	1 782
Other changes in working capital		–5 507	4 354
Cash flow from operating activities		**41 890**	**–2 942**
Cash flow from investing activities			
Payments for property, plant and equipment	11	–5 586	–4 596
Net cash flow from investing activities		**–5 586**	**–4 596**
Cash flow from financing activities			
Repayment of debt	15	–32 330	–76 805
Proceeds from debt	15	0	87 330
Other financial items paid		–1 603	–25 364
Net cash flow from financing activities		**–33 933**	**–14 839**
Cash flow for the year		**2 371**	**–22 377**
Cash and cash equivalents, January 1		14 433	36 662
Currency effect on cash		–376	148
Cash and cash equivalents, 31 December		**16 428**	**14 433**

Notes to the consolidated financial statements

1 General information

Floatel International Ltd. ('the Company') an exempted limited liability company incorporated in Bermuda with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 1179, Hamilton, Bermuda.

The consolidated financial statements comprise the Company's and its subsidiaries financial statements (together 'the Group'). The Group owns and operates a modern fleet of five semi-submersible accommodation and construction service vessels with an average age of approximately nine and a half years. The fleet is designed to meet the requirements of offshore oil, gas and wind installations in challenging deep water and/or hostile environments and provide superior living standards and support services.

These Group Consolidated Financial Statements were authorised for issue by the Board of Directors on April 28, 2023.

All numbers are in USD thousands unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in preparing these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, except for derivative instruments measured at fair value. The consolidated financial statements are presented in US dollars (USD), the functional currency for most companies in the Group.

The financial statements are prepared on a going-concern basis. The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been and is expected to have limited, if any, negative impact on the Group going forward. The Company refinanced its revolving credit facility in March 2023 and considers the financial position and the liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group in 2023.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New accounting principles for 2022

Several new standards, amendments to standards, and interpretations are effective for annual periods beginning after January 1, 2022. None of these has had a significant effect on the consolidated financial statements of the Group.

(b) New accounting principles for 2023 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains, and losses resulting from intra-group transactions and dividends are fully eliminated. Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, the non-controlling interest is allocated their share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- *Derecognises the assets (including goodwill) and liabilities of the subsidiary*
- *Derecognises the carrying amount of any non-controlling interest*
- *Derecognises the cumulative translation differences recognised in equity*
- *Recognises the fair value of the consideration received*
- *Recognises the fair value of any investment retained*
- *Recognises any surplus or deficit in the income statement*
- *Reclassifies the parent company's share of components previously recognised in other comprehensive income to the income statement or retained earnings as appropriate*

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the Group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, the Group's presentation currency. The Company's and most subsidiaries' functional currency is USD.

(b) Transactions and balances

Transactions in foreign currencies are translated to the Group entities' respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items measured based on the historical cost in a foreign currency are translated using the exchange rate at the transaction date.

Foreign currency differences arising on retranslation are generally recognised in the income statement. However, for foreign currency differences arising from derivatives qualifying for cash flow hedges, to the extent the hedge is effective, the retranslation is recognised in other comprehensive income.

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income and presented as a separate equity component.

On consolidation, exchange differences from translating the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of such that control is lost, the cumulative amount of exchange differences in the translation reserve related to that operation is reclassified to the income statement as part of the gain or loss on disposal.

Fair value adjustments arising on acquiring a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Property, plant, and equipment
All property, plant, and equipment are stated at historical cost, less depreciation, and any accumulated impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the items. Cost may also include transfers from the equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels per IAS 23.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Vessels with useful life for different components

- *Superstructure, 30 years*
- *Living quarter (exterior), 16 years*
- *Living quarter (interior), 10 years*
- *IT-related equipment, 5 years*
- *Periodic maintenance, 5-7 years*

Other equipment

- *Other equipment, 3-5 years*
- *Right of use assets, remaining contract time*

If appropriate, the assets' residual values and useful lives are reviewed and adjusted at each balance sheet date.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.5 Intangible assets
Intangible assets are stated the same way as property, plant, and equipment. Depreciation is calculated using the straight-line method over five years.

2.6 Impairment of non-financial assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less selling costs, and value in use. Assets are grouped at the lowest levels for separately identifiable cash inflows (cash-generating units) to assess impairment. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company carried out impairment tests for its vessels in connection with preparing this report according to IAS 36. These tests are based on reasonable and supportable cash flow projections, including extrapolation for periods beyond the primary forecast period. The Company has assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Group.

Refer to note 11.1 for further details and outcome.

2.7 Financial assets
Floatel's financial assets are classified into two categories based on the Group's business model for managing the asset and the asset's contractual cash flow characteristics. The assets can be measured at amortised cost or fair value through the income statement (FVPL).

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on the trade date when the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred or sold, and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Financial assets at amortised cost
Assets held solely for collecting contractual cash flows, and where these cash flows comprise only principal and interest, are valued at amortised cost. The carrying value of these assets is adjusted for recognised expected credit losses (refer to impairment below). Interest

income from these financial assets is recognised per the effective interest method and included in financial income. The Group's financial assets valued at amortised cost comprise trade receivables, other receivables, accrued income, and cash and cash equivalents.

Impairment of financial assets recognised at amortised cost
The Group assesses future credit losses associated with assets recognised at amortised cost. The Group recognises a credit reserve for expected credit losses on each reporting date. For impairment of trade receivables, see section 2.10.

Financial assets at fair value through the income statement
Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on an investment that is subsequently measured at FVPL is recognised in the income statement and presented net within other gains/(losses) in the period it arises. Dividend income from financial assets at FVPL is recognised in the income statement as part of other income when the Group's right to receive payments is established. A financial asset is classified as held for trading if acquired principally to sell in the short term.

Derivatives classified into the FVPL category are mainly used in financial hedges where the changes in fair value are taken directly through the income statement.

Gains or losses arising from changes in the fair value of the financial assets at FVPL category are presented in the income statement within financial income and costs - net.

2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value when a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group does not apply hedge accounting; thus, all derivatives are recorded at fair value through the income statement.

2.9 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumbles used in the operation of the vessels and not goods for sale. Cost is determined by using FIFO (first in – first out) method.

2.10 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognised at their transaction price. As the Group holds trade receivables solely to collect contractual cash flows (principal and potentially interest), they are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the simplified method of credit reserves for trade receivables, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. To measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income in administrative expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and potential other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent it relates to a business combination or items recognised directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The Group periodically evaluates positions taken in tax returns concerning situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax is determined using tax rates (and laws) enacted or substantially enacted at the balance sheet date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and, probably, that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefit expenses

(a) Pension obligations
The Group and the Company have defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The exception to the defined contribution plan rule is that Norwegian senior management employees have a top hat plan in addition to the collective defined contribution plan due to legal restrictions. Pension assets and pension liabilities for the top hat plan are recognised separately in the balance sheet but always match each other, so Floatel has no further payments after the initial contribution.

(b) Share-based compensation
No share-based compensations are in place. Key managers indirectly hold shares in the Company through a joint investment company, Floatel Interessenter AS. The investment was made at fair market value. A shareholder agreement in place gives the Company the right to purchase leavers' shares and invite new managers to invest.

(c) Bonus plans
The Group typically has bonus schemes for executives, managers, and employees, which are based on key performance indicators in the following categories, (i) financial outcome, (ii) securing new contracts for coming years, (iii) efficient operations, and (iv) HSEQ and ESG. A liability and an expense are recognised based on the expected outcome for the year. The Group recognises provisions when contractually obliged or where past practice creates a constructive obligation. Please refer to the Corporate Governance Report for further information about bonus plans.

2.17 Provisions

Provisions for environmental restoration, restructuring costs, and legal and tax claims are recognised when:

- *the Group has a present legal or constructive obligation because of past events;*
- *an outflow of resources will probably be required to settle the obligation;*
- *and the amount has been reliably estimated.*

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations taken as a whole. A provision is recognised even if the probability of an outflow concerning any item in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The provision increase due to time passage is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for selling goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, and discounts after eliminating sales within the Group.

The Group recognises revenue when control is transferred to the customer, which is when the performance obligations are fulfilled. Revenues regarding service contracts are typically recognised over time and accounted for over the duration of the contract using either the input or output methods. These are different methods to measure the progress towards complete satisfaction of a performance obligation. For revenue recognition over time, the Group bases its estimates on historical results, considering the type of customer, the type of transaction, and the specifics of each arrangement.

(a) Sales of services and other related income
i. Charter revenue
The Group provides offshore services to the oil and gas and offshore windfarm industries through time charter contracts with contract terms generally ranging from less than one year to over two years. The charter income is recognised over time according to the terms of the agreement and when the work is performed, and the performance obligations are fulfilled. A booking fee is recognised when performance obligations according to the contract are fulfilled.

ii. Mobilisation revenue
Mobilisation and demobilisation income is usually allocated over the charter period since the obligation to perform mobilisation activities are highly interdependent on the charter activities. Thus, the mobilisation and demobilisation revenue usually is not a distinct performance obligation. Instead, the performance obligation related to mobilisation and demobilisation activities is recognised with the performance obligation to provide charter services.

iii. Catering and rechargeable revenue
The Group provides catering and hotel services and extra rechargeable services, which result in revenue according to the terms of the agreement, and revenue is recognised over time when performance obligations are met.

(b) Interest income
Interest income is recognised on a time-proportion. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the initial effective interest rate.

(c) Dividend income
Dividend income is recognised when the right to receive payment is established.

(d) Insurance and warranty revenues
Insurance and warranty revenues are recognised when the counterparty can reliably measure and confirm them.

2.19 Phasing of mobilisation activities

The Group has assessed that the costs to perform mobilisation and demobilisation activities are incurred in fulfilling a contract with the customer. These costs relate directly to a contract, generate resources to satisfy the contract, and are expected to be recovered. The costs are therefore capitalised as costs to fulfill a contract and amortised systematically over the contract period.

2.20 Leases

The Group's leases mainly comprise the right-of-use regarding office premises. The leases are recognised as right-of-use assets with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment should be divided between the amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period. The lease term is determined as the non-cancellable period of the lease.

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The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that the Group will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognised at cost and include the initial present value of the lease liability, adjusted for lease payment made at or before the commencement date, and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the Company's shareholders approve the dividends.

2.22 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated using the weighted average number of shares outstanding during the period adjusted for any dilutive potential to the common shares, such as any "in the money" options.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group normally uses to the extent relevant derivative financial instruments to hedge specific risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk for the Group is the risk that arises in connection with the operations and investments in foreign currencies. Most Group companies have USD as their functional currency; foreign currency risks occur when the cash flows and balance sheet items are denominated in a currency other than USD. The Group shall strive towards minimising currency exposure. Essential current cash flow and balance sheet exposures that cannot be matched against cash flows and balance sheet items shall normally be minimised based on financial instruments.

The Group's exposure to currencies other than USD is mainly associated with operating and capital expenditures, tax liabilities, and cash or cash equivalents, as revenues generally are received in USD. Depending on the country of operations and the nationality of the crew, the operating expenditures are mainly denominated in EUR, NOK, SEK, and USD. AUD and GBP are primary expense currencies in years when vessels operate in Australian or UK waters. Capital expenditures are mainly denominated in EUR, NOK, SEK, SGD, and USD. Tax liabilities primarily include EUR, SEK, NOK, and SGD. Tax liabilities arise in BRL, GBP, and USD in years when the Group operates in these countries. Cash and cash equivalents are mainly denominated in USD.

Net currency exposure as of December 31, 2022, primary local currencies, thousands

	Local Currency	USD	Closing rate
EUR	–2 449	–2 611	1,0662
SEK	–39 863	–3 819	0,0958
NOK	–104 340	–10 570	0,1013

The Group usually hedges most operating expenditures in currencies other than USD using derivative instruments. Material capital expenditures, including special periodic surveys in currencies other than USD, are typically hedged independently of the time horizon. The Group deviated from its principles during 2021 and 2022 because of the financial restructuring completed in 2021, preventing it from entering derivatives contracts.

The fair value of any forward exchange contracts is estimated using quoted market prices. The fair value estimates the gain or loss that would have been realised if the contract had been closed out at the balance sheet date.

(ii) Cash flow and fair value interest rate risk

In all material respects, the Group's revenues and cash flow from operations are independent of changes in market interest rate levels. The Group sometimes raises loans at floating interest rates. It may utilise, on such occasions, interest derivatives as cash flow hedges of future interest payments, which have the financial effect of converting loans from floating to fixed interest rates. Interest derivatives allow the Group to raise long-term loans at floating interest rates and convert these loans to fixed interest rates at a lower rate than if the borrowing had occurred directly at a fixed interest rate. In the case of interest derivatives, the Group reaches an agreement with other parties to exchange, at stipulated intervals (usually once per quarter), the difference between amounts according to contract at fixed interest rates and floating interest amounts, calculated for the agreed notional amount.

As of December 31, 2022, no interest rate derivatives agreements exist. USD 200 million out of USD 265 million carries a fixed interest rate, and USD 10 million carries a zero coupon. The Group's risk related to interest rate risk is therefore considered limited. The table below demonstrates the sensitivity to change in interest rates, with all other variables unchanged, of the Group's rresult before tax as of December 31, 2022:

Loan, nominal amount	Interest rate basis points –/+*	Effect on profit before tax
265 000	–200	1 115
265 000	–150	836
265 000	–100	558
265 000	100	–558
265 000	150	–836
265 000	200	–1 115

* If Libor/SOFR is negative then Libor is set equal to 0% as per the terms of revolving credit facilities.

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(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, and credit exposure toward clients, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum BBB+ rating are accepted. If there is no independent rating, the Group assesses the client's credit quality, considering its financial position, experience, and other factors. The maximum exposure to credit risk on cash and cash equivalents (ignoring collateral and credit quality) on December 31, 2022, was USD 16.4 million (14.4). On December 31, 2022, most current accounts were held with SEB, Skandinaviska Enskilda Banken AB (publ).

In line with industry practice, the Group's charter contracts usually contain clauses allowing the client to cancel the contract early or for convenience under certain conditions. However, the effect on the result in such cases will typically be wholly or partly offset by contracted termination payment in Floatel's favour, providing that Floatel has not acted negligently. Following a potential notice of termination for convenience, the client will typically have to pay Floatel all or a substantial part of the remaining contract value.

The counterparty risk is generally limited regarding clients since these are typically major and national oil companies with high credit ratings and strong balance sheets.

Concerning credit risk arising from the other financial assets of the Group, which comprise other current receivables, the Group's exposure to credit risk arises from the counterparty's default, with a maximum exposure equal to the carrying amount of these receivables (see note 2.10).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax, and other liabilities when they fall due, as well as the ability to refinance credit facilities when they mature and the ability to close out market positions. The Company monitors rolling forecasts of the Group's liquidity reserve based on expected cash flow.

All five vessels in the Group are fully financed through equity and long-term debt, and positive cash flow is expected from their aggregate operations. Please refer to note 2.1 Basis for preparation for information regarding the Group's liquidity and financial situation and prospects.

3.2 Capital risk management

The Group's objectives are always to ensure a sound financial position. The Company continuously monitors the cash position and capital structure to meet current funding requirements and to fund future growth opportunities. As the Group matures, its capital structure will be optimised to meet evolving conditions, including liquidity, investment opportunities, and financing capabilities.

To maintain or adjust the capital structure, the the Company may change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No dividend has been paid during the year and is not expected to be paid in the foreseeable future. The Company's secured credit facilities have provisions requiring secured creditors' consent for dividends and other returns of capital to shareholders to be declared and paid. See share /shareholder information and dividend policy in the Directors' report for further details about the capital structure.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The current bid price is the quoted market price for any financial assets held by the Group. The fair value of any interest rate derivatives is calculated as the present value of the estimated future cash flows. The fair value of any forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. As the loans bear an estimated market rate, the carrying amount is a reasonable approximation of the fair value, and thus no fair value disclosure is presented.

4 Critical accounting estimates and judgments

The Company has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. This applies to the assessment of fixed assets and in addition to financial instruments at fair value. The actual outcome may differ from these estimates and assumptions, and future events may change these estimates. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognised in the period in which the changes occur.

The most critical accounting estimates and judgments for the Group relate to the measurements of the vessel values, such as estimated useful lives and need for impairments (see also note 2 section 2.4, 2.6, and note 11).

5 Revenue from rendering of services

	2022	2021
Revenue		
Charter revenues	133 692	71 282
Catering and rechargeble expenses	31 608	17 698
Other	1 953	57
Mobilisation/demobilisation fees	10 353	5 094
	177 606	**94 131**
Revenues by geographical location:		
Europe	102 392	71 613
Americas	39 950	11 499
Asia-Pacific	35 264	11 019
	177 606	**94 131**

6 Cost of providing services

	2022	2021
Cost of sales		
Repair and maintenance	–19 822	–14 465
Depreciation of vessels	–42 620	–43 432
Impairment of vessels	–928	0
Crew cost	–39 913	–39 726
Rechargeble and catering expenses	–25 508	–16 573
Mobilisation/demobilisation expenses	–10 375	–3 816
Other operating expenses	–1 853	–1 575
	–141 019	**–119 587**

7 Employment benefit expenses

	2022	2021
Salaries including remuneration to the Board of Directors	–22 308	–22 890
Bonus/Ex gratia payment	–959	–3 244
Statutory and contractual social security contributions	–4 308	–5 707
Pension cost	–3 136	–3 364
Total employee benefits	**–30 711**	**–35 205**
Whereof management/Board members		
Salaries including remuneration Board members	–1 520	–1 339
Bonus/Ex gratia payment	–656	–2 474
Statutory and contractual social security contributions	–416	–842
Pension cost	–737	–275
Total employee benefits	**–3 329**	**–4 930**

Members of the management have agreements on severance pay. Under these agreements, the Company guarantees a remuneration corresponding to the base salary received at the end of the notice period for up to two years. Please refer to the Corporate Governance Report regarding further details on management employment terms and remuneration principles.

Executives and managers were, in 2021, awarded an ex gratia payment for the investment in the joint investment company, Floatel Interessenter AS, which owns 10% of the Company's common shares. The 2022 amounts refer to the regular annual bonus, further described in the Corporate Governance Report.

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8 Financial income and expenses

	2022	2021
Financial income		
Interest	162	35
Currency gain	0	1 046
Total financial income	**162**	**1 081**
Financial cost		
Currency gain/loss	–241	0
Interest cost	–20 764	–30 480
Borrowing expenses	–2 657	–3 680
Total financial expenses	**–23 662**	**–34 160**

9 Taxes

	2022	2021
Result before tax	–1 136	504 456
Tax calculated at tax rate of parent company	250	4 419
Tax calculated at domestic tax rates appl to resp country	–563	–647
Tax effect of:		
Expenses not deductable for tax	–665	0
Not balanced tax losses	–1 184	–4 419
Tax related to previous years	67	–145
Tax cost for the year	**–2 095**	**–792**
Effective tax rate	N/A	0,2%

	2022	2021
Tax cost reconciliation per country:		
The Netherlands corporation tax	–1 049	–478
Swedish corporation tax	–651	–162
UK corporation tax	0	–7
Australian corporation tax	–231	0
Brazilian corporation tax	–231	0
Adj. in respect of current tax previous years	67	–145
	–2 095	**–792**

The Company has since September 9, 2021 been tax resident in Norway, with a tax rate of 22%. Before September 9, 2021, the company was a tax resident in Bermuda with a corporate tax rate of 0%.

The balanced amount for income tax receivables amounts to 1,382 USD thousands (1,623) and mainly relates to Norway and Sweden. The balanced amount for income tax liabilities is 2,923 USD thousands (2,060) and refers primarily to the Netherlands.

The Group has tax losses carried forward in Norway, and expects not to be in a taxable position in the foreseeable future, see also note 2.15.

10 Earnings per share

	2022	2021
Net income for the year	–3 231	503 664
Total number of common shares outstanding	107 165 289	107 165 289
Weighted average number of common shares outstanding	107 165 289	107 165 289
Weighted average number of shares, diluted	107 165 289	107 165 289
Earnings per common share, basic (USD)	–0,03	4,70
Earnings per common share, diluted (USD)	–0,03	4,70

Earnings per share are calculated by dividing the net profit by the weighted average number of common shares outstanding during the year.

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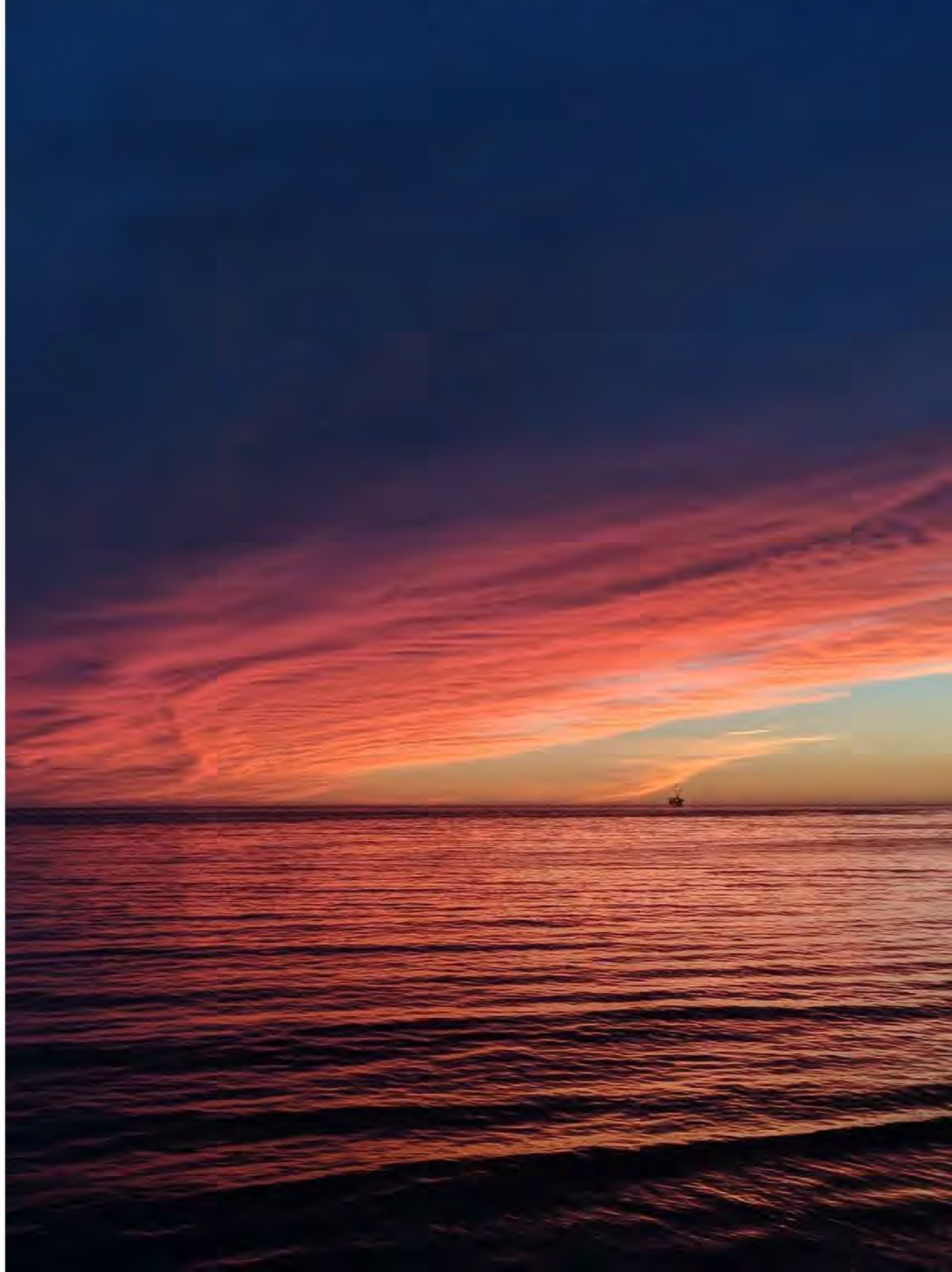
11.1 Property, plant, and equipment

	2022	2021
Vessel incl. vessel upgrade		
Opening acquisition costs, January 1	1 625 361	1 621 095
Purchases during the year	4 740	4 266
Disposal *	-927	0
Closing acquisition costs, December 31	1 629 174	1 625 361
Accumulated depreciation, January 1	-447 483	-404 051
Depreciation for the year	-42 620	-43 432
Closing accumulated depreciation, December 31	-490 103	-447 483
Accumulated impairment, January 1	-543 825	-543 825
Disposal*	927	0
Impairment loss for the year *	-927	0
Closing accumulated impairment, December 31	-543 825	-543 825
Net book value as per 31 December	**595 246**	**634 053**
Other equipment		
Opening acquisition costs, January 1	1 814	2 105
Translation difference	-252	-198
Purchases during the year	272	–
Disposal	0	-93
Closing acquisition costs, December 31	1 834	1 814
Accumulated depreciation, January 1	-1 797	-1 894
Translation difference	242	187
Disposal	0	93
Depreciation for the year	-35	-183
Closing accumulated depreciation, December 31	-1 590	-1 797
Net book value as per 31 December	**244**	**17**
Total book value Property, plant and equipment	**595 490**	**634 070**

* Disposal and Impairment of 927 USD thousands relates to the retirement of previous year's purchases made but not used for a special periodic survey



All Vessels are registered in Bermuda. The vessels are security for credit facilities; see note 19.

The Company has performed an impairment assessment of the recoverable values of the Group's vessels in accordance with IFRS (see 2.6) based on the value in use. Each vessel is considered to be a cash-generating unit. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2022 or 2021.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts for vessels with ViU less than their net book value. The ViU calculations are based on a long-term forecast until the end of each vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- *Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2026.*
- *The revenues until 2025 are based on current contracts and estimated new agreements reflecting present market conditions for each vessel. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2024 and onwards.*
- *Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for each vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.*
- *10.5% (10.5% in 2021) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.*

Sensitivity:

- *A 1.0% decrease in the discount rate would lead to a USD 64 million increase in the ViU, and a 1.0% increase would lead to USD 57 million decreases in ViU.*
- *A 10% increase in long-term utilisation from 65% to 75% would lead to an increase of the ViU with USD 138 million, while a 10% decrease from 65% to 55% would lead to a USD 138 million decrease in ViU and USD 17 million aggregate impairment.*
- *An increase of USD 15 thousand in the long-term day rates would lead to an increase of the ViU with USD 93 million, and a USD 15 thousand decrease would lead to a USD 93 reduction of ViU and USD 12 million aggregate impairment.*

11.2 Right-of-use assets

	2022	2021
Opening acquisition costs, January 1	1 370	1 512
Translation difference	–183	–142
Closing acquisition costs, December 31	1 187	1 370
Accumulated depreciation, January 1	–424	–36
Translation difference	68	23
Depreciation for the year	–351	–411
Closing accumulated depreciation, December 31	–707	–424
Net book value as per 31 December	**480**	**946**

Note 11.3 Intangible assets

	2022	2021
Opening acquisition costs, January 1	4 390	4 500
Translation difference	–606	–440
Purchases during the year	523	330
Closing acquisition costs, December 31	4 307	4 390
Accumulated depreciation, January 1	–2 246	–1 960
Translation difference	306	210
Depreciation for the year	–161	–496
Closing accumulated depreciation, December 31	–2 101	–2 246
Net book value as per 31 December	**2 206**	**2 144**

12 Trade receivables

	NEITHER PAST DUE NOR IMPAIRED	< 30 DAYS	30–60 DAYS	> 60 DAYS
2022	17 405	0	0	0
2021	12 375	0	0	0

There is no provision for expected credit losses on trade receivables as the Group calculated credit reserve is considered insignificant. There are no credit losses for the current year.

13 Other current receivables

	2022	2021
Other current receivables		
Accrued income	11 666	2 854
Prepaid expenses	3 961	1 885
Capitalized mobilisation cost	1 188	5 165
Other current receivables	2 589	2 414
	19 404	**12 318**

Accrued income relates to contract assets and consists of; charter revenues of 7,900 (2,006), mobilisation revenue of 1,297 (0), and catering and rechargeable income of 2,469 (848).

14 Capital and reserves

Share capital

The Company's shares are common and rank equally regarding the Company's residual assets. The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. Please refer to the Corporate Governance report and Directors' report for details on the shares and related depository receipts.

Additional paid-in capital/share premium

Additional paid-in capital/share premium refers to the amount payable for issued shares in the Company above their nominal value.

Other reserves

Translation reserve

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

1 JANUARY–31 DECEMBER	2022	2021
Authorised		
Common shares of par value USD 0.02	125 000 000	125 000 000
Preferred shares of par value USD 0.02	10 000	10 000
Issued and fully paid		
Common shares of par value USD 0.02	107 165 289	107 165 289
Preferred shares of par value USD 0.02	10 000	10 000
Unissued shares available for issuance by the Board of Directors	17 834 711	17 834 711

Shareholders

As of December 31, 2022, the legal shareholders of the common shares are Keppel Corporation Limited through FELS Offshore Pte. Ltd.[1] with 49.9% and NT Services AS ("NTS"), a Nordic Trustee / Ocorian company. The common shares registered with NTS are, in turn, represented by an equivalent number of Norwegian Depository Receipts ("NDRs") issued by NTS, mirroring the rights as the underlying shares.

Shareholders and holders of depository receipts as of April 17, 2023 are:

SHAREHOLDER			# of instruments	% of votes and ownership
Kepinvest Holdings Pte. Ltd.	Directly registered	N/A	53 501 857	49,92%
Barclays Capital Inc	Depository receipts	Nominee	18 356 540	17,13%
Floatel Interessenter AS	Depository receipts	Ordinary	10 715 542	10,00%
Clearstream Banking S.A.	Depository receipts	Nominee	6 236 559	5,82%
State Street Bank and Trust Comp	Depository receipts	Nominee	3 060 036	2,86%
Østlandske Pensionsboliger AS	Depository receipts	Ordinary	2 966 823	2,77%
The Bank of New York Mellon	Depository receipts	Nominee	2 395 018	2,23%
Euroclear Bank S.A./N.V.	Depository receipts	Nominee	1 571 310	1,47%
Goldman Sachs International	Depository receipts	Nominee	1 296 414	1,21%
BNP Paribas	Depository receipts	Nominee	1 288 438	1,20%
Citigroup Global Markets Ltd	Depository receipts	Nominee	1 089 271	1,02%
Others	Depository receipts	Mixed	4 687 481	4,37%
Total			**107 165 289**	**100,00%**

Warrants

14,613,449 freely tradable warrants with a strike price of USD 3.96 expiring March 24, 2031, and exercisable at any time until expiry. Warrants were awarded initially in exchange for the 2nd lien bonds as part of the restructuring in 2021.

6,409,407 freely tradable warrants with a strike price of USD 5.13 expiring March 24, 2031, and exercisable at any time until expiry. Warrants were awarded initially in exchange for common shares held by shareholders other than Keppel Corporation Limited as part of the restructuring in 2021.

1. Keppel Corporation Limited transferred their shares to Kepinvest Holdings Pte. Ltd, another wholly owned subsidiary, in February 2023

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15 Interest-bearing debts

	2022	2021
1st lien cash pay bonds	100 000	100 000
1ststst lien pik pay bonds*	100 000	100 000
1st lien interest bonds*	10 000	0
PIK bonds effective interest adjustment*	5 150	0
Revolving credit facility	55 000	87 330
Less borrowing expenses	-1 656	-2 715
	268 494	**284 615**
The long-term debt is repayable as follows:		
Within one year	0	0
Between one and two years	55 000	0
Between two and five years	215 150	287 330
After five years	0	0
	270 150	**287 330**

* The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their respective nominal value so the adjustment is reported separately.

Group Financing

The Company completed a comprehensive balance sheet restructuring on March 24, 2021, whereby existing credit facilities were partly repaid and partly written off or exchanged for warrants, common shares, and/or replacement credit facilities, including a new $100 million Revolving Credit Facility.

The Company's credit at December 31, 2022, of the following instruments

- *6% Senior Secured USD 115 million 1st Lien Cash Pay Bonds ("Cash Bonds") (ISIN NO0010950868) maturing September 24, 2026, and with USD 100 million outstanding listed on Nordic ABM (Euronext Oslo) under ticker FLOAT05.*
- *10% Senior Secured USD 115 million 1st Lien PIK Pay Bonds ("PIK Bonds") (ISIN NO0010950884) maturing September 24, 2026, with USD 100 million outstanding listed on Nordic ABM (Euronext Oslo) under ticker FLOAT04.*
- *0% Senior Secured 1st Lien PIK Interest Bonds (PIK Interest Bonds) (ISIN NO0010950884) maturing September 24, 2026, and with USD 10 million outstanding.*
- *USD 100 million super senior revolving credit facility ("RCF") maturing March 24, 2024, with an interest rate of LIBOR + 7.25%.*

Each credit facility is repayable in full on the respective maturity date and has no scheduled amortisations; however, the revolving credit facility commitment is reduced by USD 10 million on March 24, 2023, and September 24, 2023, respectively.

Financial Maintenance Covenants and Excess Cash

Each of the credit facilities has a minimum free liquidity maintenance covenant to be tested from March 31, 2023, of USD 10,000,000 and increasing to USD 15,000,000 from March 31, 2024. Liquidity is defined as the unrestricted cash of the Group plus any undrawn RCF commitments.

Each of the credit facilities is subject to an excess cash mechanism whereby any cash above USD 25 million at each calendar quarter-end should be used to first repay the revolving credit facility and, once repaid in full and thereafter, the Cash Bonds and PIK Bonds pro rata. Any amount repaid under the revolving credit facility can be redrawn.

16 Financial instruments

The following information is presented to assist users of financial instruments in assessing the extent of risk related to financial instruments.

All financial instruments are presented at amortised cost.

	2022	2021
Financial assets		
Trade receivables	17 405	12 375
Other current receivables	12 958	5 268
Cash and cash equivalents	16 428	14 433
	46 791	**32 076**
Financial liabilities		
Trade payables	7 611	6 065
Interest bearing debt	268 494	284 615
	276 105	**290 680**

FX forwards and interest rate derivatives are valued based on current exchange rates and forward curves. The Group held no such derivatives as of December 31, 2022. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

17 Other current liabilities

	2022	2021
Deferred income	2 654	3 240
Accrued interest	4 795	12 461
Debt related to leasing	398	460
Accrued personnel cost	10 384	8 815
Accrued mobilisation cost	1 344	2 068
Other current liabilities	8 315	6 375
	27 890	**33 419**

Deferred income refers to contract liabilities and consists of prepaid charter revenues 1 938 (0), mobilisation revenue 716 (3 240), and catering and rechargeable income 0 (0).

18 Related party transactions

The Group had, in 2022 and 2021 no transactions with the Keppel Corporation Limited.

The Company has subscribed for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter's Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company.

19 Mortgages and guarantees

As of December 31, 2022, the Group's total nominal interest-bearing debt secured by mortgages amounted to USD 265 million (USD 287 million). The secured credit facilities were secured by mortgages on all the Group's vessels: Floatel Endurance. Floatel Reliance, Floatel Superior, Floatel Triumph and Floatel Victory.

The book value of the vessels was USD 595 million (USD 634 million). In addition, USD 14.7 million (USD 13.6 million) of cash was pledged on behalf of the secured creditors. The secured creditors also have security in:

- *internal contracts;*
- *insurance compensations;*
- *shares in subsidiaries;*
- *factoring charges, charges on equipment, charges on inventory in countries where relevant; and*
- *floating charges in all Group companies where that is permitted.*

20 Legal issues

As a result of the Group's global presence, the individual companies in the Group will, from time to time, be subject to tax investigations and tax audits from tax authorities as well as disputes, litigations, and other legal issues in the ordinary course of business in countries where the Group operates. The Group has ongoing investigations/legal processes, and the risks have individually been reported as a contingent liability or provision to the extent required. No cases are deemed material to be disclosed separately other than the ones below.

There is an ongoing tax investigation in Norway regarding employee compensation and benefits, where the draft assessment has been received in 2023. Amounts are included in reported provisions and accruals. The accepted amount has been paid, and an additional tax surcharge has been contested.

A Brazilian first-instance court ruled in November 2022 in favour of the plaintiff regarding an alleged breach of a contractual non-solicitation provision in 2014. The ruling will be appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees and Brazilian authorities. However, it cannot be ruled out that the decision may stand after the appeal. No provision has been made in the accounts since an unfavorable outcome is considered less probable but not remote.

21 Commitments

The Group leases offices under non-cancellable operating leases expiring within 1-3 years. The leases have varying terms, escalation clauses, and renewal rights. On renewal, the terms of the leases are renegotiated.

22 Restructuring

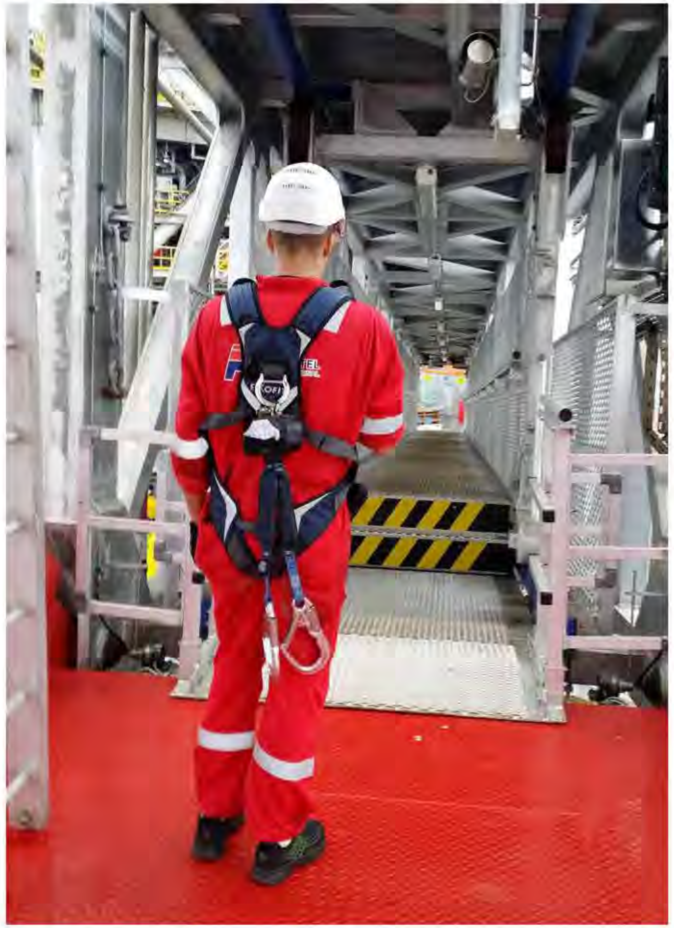
The Company announced on March 24, 2021, that it and the Group have successfully completed its comprehensive balance sheet restructuring, securing a fully consensual deal among all key stakeholders. Please refer to the 2021 Annual Report for information about the restructuring.

23 Events after the balance sheet date

The Company raised new 11.25% per annum super senior secured USD 100 million bonds ISIN NO0012862673 maturing March 2026 on March 23, 2023. The proceeds were partly used to prepay and cancel the revolving credit facility. The remaining proceeds will be used for general corporate purposes.

Vår Energi has not declared the 2024 option for the potential Jotun project in Norway. Alternative work is likely available and Vår Energi may still need an accomodation vessel for the Jotun project.

Aker BP has awarded Floatel Endurance a contract for work at the Skarv FPSO as part of the Skarv Satellites Project in the Haltenbanken area on the Norwegian continental shelf. The contract will commence in March 2024 and has a firm hire period of eight months with options to extend. The contract award is subject to Aker BP obtaining plan for development and operations (PDO) approval from Norwegian authorities.



CONTENTS

Parent Company Financial Statements with notes

Income Statement – Floatel International Ltd

1 JANUARY–31 DECEMBER	Notes	2022	2021
Revenues	11	3 789	2 936
Cost of providing services		0	0
Gross profit(+)/(–)		**3 789**	**2 936**
Administrative expenses	5,11	–5 808	–4 716
Other gains / losses – net		–199	0
Operating loss		**–2 218**	**–1 780**
Result from Group companies	6	4 485	64 180
Net restructuring financial result		0	581 883
Finance income	7,11	25 939	1 288
Finance cost	7,11	–24 052	–58 988
Finance costs – net		**6 372**	**588 363**
Gain before income tax		**4 154**	**586 583**
Income tax expense		0	0
Gain for the period		**4 154**	**586 583**
Profit/Loss attributable to owners of Floatel International Ltd		4 154	586 583

Statement of Comprehensive Income

1 JANUARY–31 DECEMBER	Notes	2022	2021
Net Profit		**4 154**	**586 583**
Other comprehensive income		0	0
Comprehensive income		**4 154**	**586 583**

FLOATEL INTERNATIONAL

Statement of Financial Position – Floatel International Ltd

31 DECEMBER	Notes	2022	2021
Assets			
Non-current assets			
Participation in subsidiaries	8	376 676	376 714
Other financial investments		3 828	3 300
Intercompany loans	11	295 661	293 000
		676 165	**673 014**
Current assets			
Other current receivables	9	459	105
Group receivables	11	12 386	17 399
Cash		10 315	13 648
		23 160	**31 152**
Total Assets		**699 325**	**704 166**

31 DECEMBER	Notes	2022	2021
Equity and liabilities			
Equity			
Share capital		2 144	2 144
Additional paid in capital		348 102	348 102
Retained earnings incl. profit/loss of the year		41 892	37 738
Total equity		**392 138**	**387 984**
Provision			
Provision for pension		478	0
Total Provisions		**478**	**0**
Liabilities			
Non-current liabilities			
Interest-bearing debt	10	268 494	284 615
Total non-current liabilities		**268 494**	**284 615**
Current liabilities			
Trade payables		103	215
Group liabilities	11	32 058	18 151
Other current liabilities		6 054	13 201
Total current liabilities		**38 215**	**31 567**
Total Equity and Liabilities		**699 325**	**704 166**

FLOATEL INTERNATIONAL

Statement of Changes in Equity – Floatel International Ltd

	Attributable to shareholders of the Company			
	Share capital	Additional paid in capital	Retained earnings	Total equity
Equity 2021-01-01	**2 144**	**325 563**	**–553 030**	**–225 323**
Net income / (loss) for the year	–	–	586 583	586 583
Share subsciptions and warrants	–	22 539	4 185	26 724
Equity 2021-12-31	**2 144**	**348 102**	**37 738**	**387 984**
Net income / (loss) for the year	–	–	4 154	4 154
Equity 2022-12-31	**2 144**	**348 102**	**41 892**	**392 138**

Statement of cash flow – Floatel International Ltd

1 JANUARY–31 DECEMBER	Notes	2022	2021
Cash flow from operating activities			
Operating result		–2 218	–1 780
Interest received		133	0
Interest paid		–13 155	–5 015
Total cash flow from operations before changes in working capital		**–15 240**	**–6 795**
Change in trade payables		–112	211
Other changes in working capital		45 994	26 211
Cash flow from operationg activities		**30 642**	**19 627**
Cash flow from investing activities			
Payment for financial assets		–50	–6
Net cash flow from investing activities		**–50**	**–6**
Cash flow from financing activities			
Repayment of debt	10	–32 330	–76 806
Proceeds from debt	10	0	87 330
Other financial items paid		–1 595	–24 879
Net cash flow from financing activities		**–33 925**	**–14 355**
Cash flow for the year		**–3 333**	**5 266**
Cash and cash equivalents, January 1		13 648	8 382
Currency effect on cash		0	0
Cash and cash equivalents, December 31		**10 315**	**13 648**

Notes to the financial statements of Floatel International Ltd

1 General information

Floatel International Ltd. ("the Company"), through its subsidiaries, owns and operates a modern fleet of five accommodation and construction vessels with an average age of approximately nine and a half years. The fleet is designed to meet the requirements of offshore oil, gas and wind installations in challenging deep water and/or hostile environments and provide superior living standards and support services.

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 1179, Hamilton, Bermuda.

The Company's financial statements were authorised for issue by the Board of Directors on April 28, 2023.

All numbers are in USD thousands unless otherwise stated.

2 Summary of significant accounting policies

2.1 Basis of preparation

Regarding the principal accounting policies applied in the preparation of these financial statements, please see note 2 in the Consolidated Financial Statements. Unless otherwise stated, these policies have been consistently applied to all the years presented.

All financial instruments in the Company are recorded at amortised cost. See note 16 in the Consolidated Financial Statements for further information regarding financial instruments.

Shares in subsidiaries are accounted for at cost, according to IAS 27.

3 Financial risk management

The Company's overall financial risk management program is conducted on the Group level. See note 3 in the notes to the Consolidated Financial Statements.

4 Critical accounting estimates and judgments

The Company has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. This applies to the common assessment of fixed assets and in addition to financial instruments at fair value. Future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed. Such changes will be recognised in the period in which the changes occur.

5 Administrative expenses

	2022	2021
Personnel costs	2 849	875
Service fees from Group company	1 027	2 584
Auditor audit fees	348	271
Auditor other fees	28	108
Advisors	907	425
Other administrative expenses	649	453
	5 808	**4 716**
Whereof Personnel costs		
Remuneration to the Board members	132	238
Salaries	1 606	375
Pension cost and social charges	959	238
Other personnel costs	152	24
	2 849	**875**

In 2022 and from September 2021 the Company has 4 employees, all members of management.

6 Result from Group companies

	2022	2021
Dividend	4 523	785 536
Forgivness of debt	0	2 144
Write-down of shares in subsidiares	–38	–723 500
	4 485	**64 180**

7 Financial income and expenses

	2022	2021
Financial income		
Interest income	25 939	1 288
	25 939	**1 288**
Financial cost		
Interest expenses	–21 082	–55 598
Currency gain/loss	–316	–194
Financial fees	–2 654	–3 196
	–24 052	**–58 988**

8 Participation in subsidiaries

	2022	2021
Opening balance	376 714	1 095 185
Shares received as dividend	0	5 022
Acquired shares	0	7
Write-down of shares in subsidiaries	–38	–723 500
Closing balance	**376 676**	**376 714**

COMPANY	IDENTIFICATION NO	REGISTERED OFFICE	SHARE CAPITAL %
Floatel Crew AS	928 148 947	Norway	100%
Floatel Operators AS	927 672 863	Norway	100%
Floatel Rigs Ltd	927 777 703	Norway	100%
Floatel UK Contractor Ltd	500 821	Scotland	100%
Floatel Singapore Pte Ltd	201425786E	Singapore	100%
Floatel International AB	556711-1421	Sweden	100%
Floatel Service AB	556967-8856	Sweden	100%
Floatel Contractor B.V	50 181 041	The Netherlands	100%
Floatel International Operators B.V	50 181 556	The Netherlands	100%
Floatel Partners BV	64 525 023	The Netherlands	100%
Floatel Delaware LLC	5 531 077	USA	100%

COMPANY	EQUITY %	NO OF SHARES	BOOK VALUE
Floatel Crew AS	100%	30 000	3
Floatel Operators AS	100%	30 000	3
Floatel Rigs Ltd	100%	100	369 518
Floatel UK Contractor Ltd	100%	1	0
Floatel Singapore Pte Ltd	100%	100 000	76
Floatel International AB	100%	400 000	299
Floatel Service AB	100%	100 000	235
Floatel Contractor B.V	100%	18 000	1 500
Floatel International Operators B.V	100%	18 000	5 022
Floatel Partners BV	100%	18 000	20
Floatel Delaware LLC	100%	None	0
			376 676

FLOATEL INTERNATIONAL

9 Other current receivables

	2022	2021
Other current receivables	189	55
Prepaid expenses	270	50
	459	**105**

10 Interest-bearing debts

	2022	2021
1st lien cash pay bonds	100 000	100 000
1st lien pik pay bonds*	100 000	100 000
1st lien interest bonds*	10 000	0
PIK bonds effective interest adjustment *	5 150	0
Revolving credit facility	55 000	87 330
Less borrowing expenses	–1 656	–2 715
	268 494	**284 615**

* The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their respective nominal value so the adjustment is reported separately.

Regarding maturity dates see note 15 in the Consolidated Financial Statements.

11 Intra-Group balances

	2022	2021
Transactions with related parties		
Revenue	3 789	2 936
Operating expenses	–1 027	–2 823
Dividend from associates	4 523	785 536
Interest income group	25 806	1 286
Interst expense group	–475	–25 245
Group receivables		
Accrued income and trade receivables	3 842	3 984
Other receivables	8 544	13 415
	12 386	**17 399**
Group liabilities		
Accruals and trade payables	–745	–442
Other payables	–31 313	–17 709
	–32 058	**–18 151**
Loans to/from group companies		
Loans to group companies	295 661	293 000

12 Mortgages and guarantees

As of December 31, 2022, the Company's total interest-bearing debt secured by pledges and share charges amounted to USD 265 million (USD 287 million). The debt was secured by share charges/pledges on the shares in the following subsidiaries:

- *Floatel Contractor B.V*
- *Floatel Crew AS*
- *Floatel Delaware LLC*
- *Floatel Rigs Ltd*
- *Floatel Superior Ltd*
- *Floatel Reliance Ltd*
- *Floatel Victory Ltd*
- *Floatel Endurance Ltd*
- *Floatel Triumph Ltd*
- *Floatel International AB*
- *Floatel International Operators B.V*
- *Floatel Operators AS*
- *Floatel Partners BV*
- *Floatel Service AB*
- *Floatel Singapore Pte Ltd*
- *Floatel UK Contractor Ltd*

The book value of the above listed subsidiaries was USD 377 million (USD 377 million). In addition, USD 10.3 million (USD 13.6 million) of cash was pledged on behalf of the secured creditors.

In line with industry practice, the Company has also guaranteed performance under the charter contracts on behalf of its subsidiaries.

Oslo, April 28, 2023

Kevin Chng
Chairman

Kee Huat Loh
Director

Kjell E Jacobsen
Director

Roger Iliffe
Director

Peter Jacobsson
Director and Chief Executive Officer

Independent Auditor's Report

To the general meeting of the shareholders of Floatel International Ltd, corporate identity number 38902

Report on the audit of the consolidated financial statements and parent company financial statements

Our opinion

We have audited the consolidated financial statements and the parent company financial statements of Floatel International Ltd for the year 2022. The consolidated financial statements and the parent company financial statements are included on pages 26 - 54 in this document.

In our opinion, the Floatel International Ltd consolidated financial statements and parent company financial statements present fairly, in all material respects, the consolidated financial position of the Group and the parent company financial position as at December 31, 2022, and of its consolidated financial performance and parent company financial performance and its consolidated cash flows and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements and parent company financial statements section. We are independent of the Company and the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the other information pages 1 to 25.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO for the consolidated financial statements and the parent company financial statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, the Board of Directors and the CEO are responsible for assessing the Group's ability to continue as a going concern and using going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- *Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.*
- *Conclude on the appropriateness of the Board of Directors and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gothenburg, 28 April, 2023

PricewaterhouseCoopers AB

Johan Malmqvist

Authorized Public Accountant

Auditor in charge

Floatel International Ltd
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0191 Oslo
Norway
Phone: +47 46 50 01 33
www.floatel.no

Interim report third quarter 2024

Floatel International Ltd

The Floatel International Group ("the Group") was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Group is to own and operate a modern, safe, and reliable flotel fleet. Since 2021, the Group has its head office and the parent company its principal place of business in Norway.

Q3 2024

Status update as of reporting date

Floatel Endurance is quayside at Semco Hanøytangen shipyard in Norway preparing for the 2025 assignments.

Floatel Reliance is idle in Tenerife in the Canary Islands, awaiting completion of the announced intended sale.

Floatel Superior is moored at the CCB Ågotnes shipyard in Norway where it will undergo its fifth special periodic survey.

Floatel Triumph is quayside at the Zamakona yard in Las Palmas, Spain preparing ahead of the transit for the 2025-206 assignments in Australia.

Floatel Victory in operation providing maintenance and safety unit support to Equinor at the Peregrino FPSO.

Significant events during the quarter:

- Entire active fleet on charter during the quarter with 97% utilisation excluding Floatel Reliance.
- Changes to the Group's contract portfolio
  - An optional contract, to be declared no later than May 28, 2025, has been secured with Aker BP ASA for a potential new tie back to Hugin A in the Yggdrasil area. If exercised, the hire period for Floatel Endurance will be extended 3-6 months, bringing the duration to 10-19 months. The charter will start immediately after Hugin A project in 2027.
  - Inpex has extended the firm period for Floatel Triumph's charter at the Ichthys field offshore Australia commencing in March 2025 to seven months with unchanged number of options.
  - Aker BP ASA did not exercise any options for Floatel Endurance on the Skarv project in Norway, so the charter ended November 1.
  - Vår Energi cancelled the last two months of the Floatel Superior charter at Ringhorne on the Norwegian continental shelf against a fee, so the charter ended October 25 This was due to the delayed tow-out of the Jotun FPSO.
  - Shell U.K. Ltd did not exercise any options for Floatel Triumph at the Shearwater field, so the assignment ended September 28.
  - Equinor Energy AS will not exercise the optional contract for Floatel Superior to provide services at the Oseberg Field. The intention was for the charter to start immediately after the completion of the project at Åsgard in early Q4 2025.

July - September

- Fleet utilization was 78% (57% in Q3 2023).
- Revenues were USD 66.5 million in the quarter (USD 43.2 million in the same period last year).
- Recurring EBITDA amounted to USD 35.2 million (15.6).

January - September

- Fleet utilization was 58% (55% in Jan-Sep 2023).
- Revenues were USD 125.2 million in the period (USD 112.5 million in the same period last year).
- Recurring EBITDA amounted to USD 40.6 million (32.7).

Position September 30, 2024

- The firm orderbook (excluding options and letter of intents) was approximately USD 364 million as of September 30, 2024, compared with USD 313 million as of September 30, 2023.
- Total assets amounted to USD 712 million (711).
- Cash and cash equivalents were USD 32.8 million (63.7).
- Total book equity amounted to USD 321 million (352).

Market outlook

Utilisation for the worldwide fleet of semi-submersible accommodation support vessels (ASV) was 74% in Q3 2024 (72% in Q3 2023). In comparison, Floatel International's utilisation was 78% (57%). The global ASV fleets' full-year utilisation in 2023 was 64%, while the Group's 2023 full-year utilisation was 51%.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient, driving demand for our services. However, the oil price is expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

While 2024 will be a better year following a soft 2023, however not as good as previously envisaged after clients did not exercise options and cancelled contract and additional demand for execution will be limited. We will see increased demand for offshore accommodation services starting in 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with reduced supply, will likely result in higher utilisation and rates.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels, including two yet to be delivered and Floatel Reliance, with seventeen vessels built since 2005. The remaining older vessels are expected to exit the market in the coming years.

Significant events after the end of the reporting period

Equinor Energy AS has informed the Group that they will not exercise the optional contract for providing accommodation and support services at the Oseberg Field. The original intention was for the engagement to commence immediately after the completion of the project at Åsgard in early Q4 2025.

CEO comment

It was unexpected that three clients either cancelled early or did not exercise options for execution in Q4 2024. However, current tender activity, combined with previously secured contracts and letters of intent, ensures strong contract coverage and performance from 2025 through 2027.

The active fleet is now assigned for most of 2025, ensuring solid financial outcomes. Additionally, three out of four active units have strong coverage in 2026, with several leads and tenders in progress for the fourth unit, Floatel Victory.

This quarter focused on operational performance, achieving 97% commercial uptime. Disappointingly with one minor lost-time injury - the first in many years.

Peter

Summary of business activities Q3 2024 and future contracts

Floatel Endurance

Floatel Endurance was on charter for AkerBP Skarv on the Norwegian continental shelf during the entire third quarter. The charter ended November 1.

Vår Energi has awarded a 4-month contract on the Norwegian continental shelf and Cenovus at the White Rose field offshore Canada have awarded 3-month contract for Floatel Endurance to provide accommodation and construction support in 2025.

Floatel Endurance has also been awarded a letter of intent with an undisclosed North Sea client ahead of the the 10-19-month charter with AkerBP at the Yggdrasil field on the Norwegian continental shelf starting Q3 2026.

Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands.

The sale process is continuing and is expected to be concluded before year end.

Floatel Superior

Floatel Superior was on charter for Ineos at the Unity platform on the UK continental shelf and for Vår Energy at the Ringhorne field in Norway during the quarter. The Ringhorne charter ended October 25 after Vår Energi cancelled the last two months against a fee.

The vessel has been awarded a 6-month charter by Equinor to provide accommodation support at the Åsgard field in Norway starting in the spring of 2025, She also has a 3-month letter of intent with an undisclosed North Sea client ahead of the 10-month charter by AkerBP for the Yggdrasil project in Norway starting in Q3 2026.

Floatel Triumph

Floatel Triumph was on charter at Shell Shearwater during the quarter until September 28.

The vessel is quayside at the Zamakona yard in Las Palmas, Spain en route to Australia.

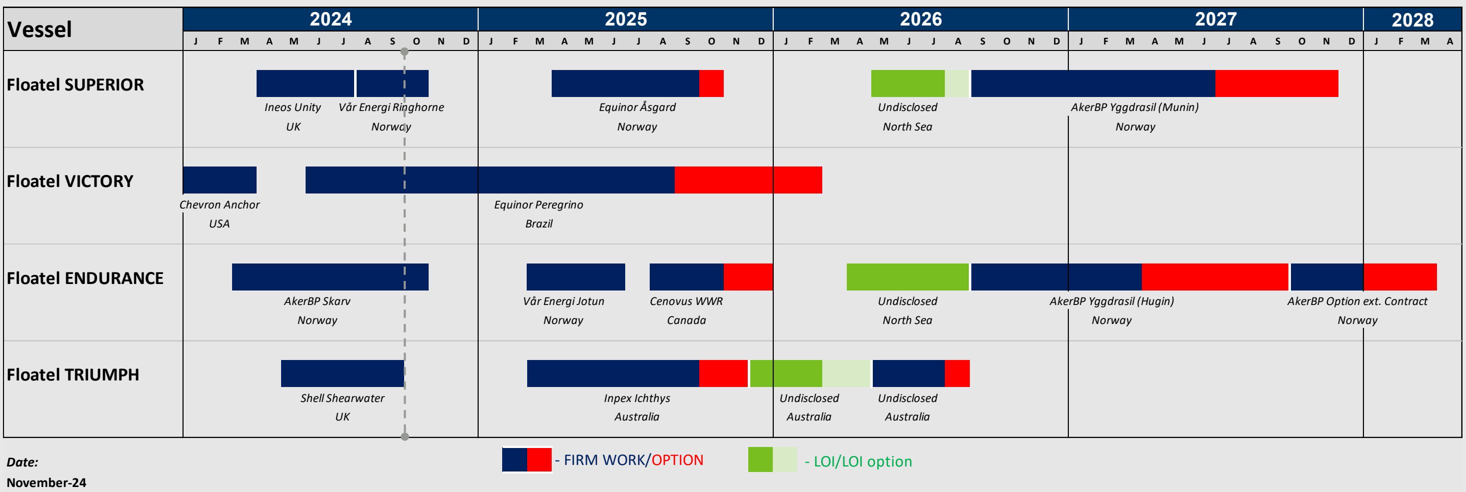
In the spring of 2025, it will commence an assignment with Inpex at the Ichthys field. She also has a letter of intent and a charter with undisclosed clients in 2025/2026.

Floatel Victory

Floatel Victory provided maintenance and safety services at the Equinor Peregrino FPSO offshore during the quarter.

The assignment is for fifteen months from May 2024 and options to extend the assignment after the firm period have been granted.

FLEET ACTIVITY



Financial development

The Company placed USD 350 million, 9.75% per annum, in new senior secured bonds with ISIN NO0013188102, maturing in April 2029 and has signed an USD 25 million super senior revolving credit facility with a termination date in December 2027 during the spring. An application will be made to list the bonds on Oslo Børs.

Floatel Reliance and equipment has been reclassified as assets held for sale and the unit's carrying value has been impaired to estimated sales price less expenses to sell. It has been concluded that the market development merit partial reversal of previously made impairments for all four active units which has been recorded at the end of the reporting period.

Third quarter Revenue and Operating results

All four active vessels were in operation for most of the quarter, which resulted in USD 66.5 million (USD 43.2 million) in consolidated Revenues and USD 31.3 million (USD 27.6 million) in Operating and Administrative expenses before depreciation, resulting in quarterly recurring EBITDA of USD 35.2 million (USD 15.6 million), which was slightly better than expectations.

USD 11.5 million (USD 11.0 million) in total Depreciation, USD 15.4 million in impairments (USD 0.0 million), and USD 34.5 million (USD 0.0 million) in reversal of impairments are included in the Cost of providing services and Administrative expenses, resulted in USD 40.3 million (USD 4.6 million) quarterly Operating result.

Cash flow from operating activities amounted to USD 8.7 million (USD 5.6 million), and Cash flow from investing activities (Capex) amounted to USD -0.3 million (USD -1.8 million), resulting in Net cash flow from operations of USD 8.4 million (USD 3.8 million).

Net Finance income and costs were USD -9.8 million (USD -6.5 million) in the quarter. The net result for the third quarter was USD 30.4 million (USD -1.9 million).

Year to date Revenue and Operating results

USD 125.2 million (USD 112.5 million) in consolidated Revenues and recurring EBITDA of USD 40.6 million (USD 32.7 million).

USD 33.5 million (USD 32.6 million) in total Depreciation, USD 15.4 million in impairments (USD 0.0 million), and USD 34.5 million (USD 0.0 million) in reversal of impairments are included in the Cost of providing services and Administrative expenses, resulted in USD 22.8 million Operating result (USD 2.0 million) during the period.

Cash flow from operating activities amounted to USD 5.1 million (USD 17.5 million), and Cash flow from investing activities (Capex) amounted to USD -23.8 million (USD -11.0 million), resulting in Net cash flow from operations of USD -18.7 million (USD 6.5 million).

Net Finance income and costs in the period were USD -40.2 million (USD -20.2 million), including the refinancing effects in April 2024. The net result year to date was USD -18.1 million (USD -19.9 million).

Financial position as of September 30,2024

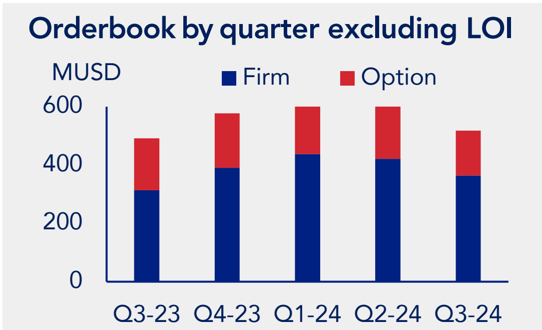
Based on committed work at the end of the reported period, the current order book was approximately USD 364 million (USD 313 million), excluding options and letter of intents.

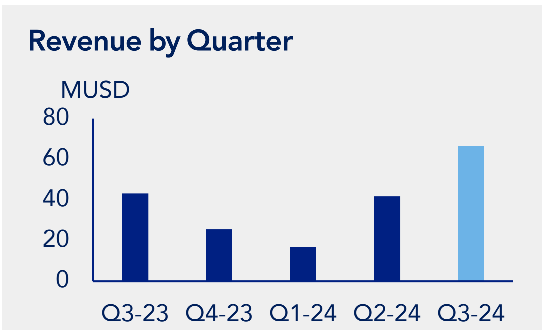
Total assets were USD 712 million (USD 711 million as of September 30, 2023), total non-current assets were USD 578 million (USD 581 million), and Net working capital totalled USD 35.9 million (USD 34.3 million).

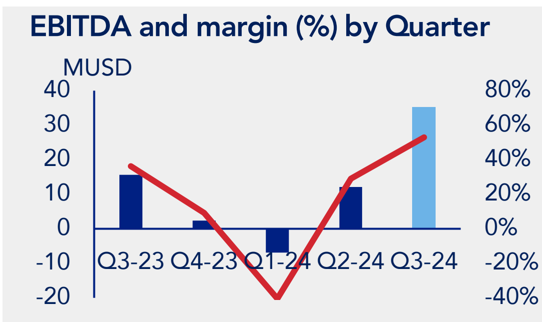
The Group's Cash and cash equivalents totalled USD 32.8 million (USD 63.7 million), with the refinancing affecting the cash balance in April. The revolving credit facility was undrawn at the end of the period. Total equity at the end of the period was USD 321 million (USD 352 million).

Interest-bearing debt was USD 330 million (USD 319 million), of which USD 0 million (USD 0 million) is reported as the current portion. Unamortised original issue discount ("OID" and prepaid borrowing expenses of USD 20.8 million (USD 1.0. million, prepaid expenses and effective interest adjustment) are included and reduce the interest-bearing debt amount. These expenses are amortised over the life of the facilities. The Net interest-bearing debt totalled USD 297 million (USD 255 million).

The Group complies with all its financial covenants as of September 30, 2024, and on the reporting date.







Condensed consolidated income statement

Figures in USD thousands	Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Revenue	5	66 483	43 216	125 241	112 508	138 152
Cost of providing services*	4,7	-21 716	-33 989	-88 681	-99 922	-125 604
Gross result		**44 767**	**9 227**	**36 560**	**12 586**	**12 548**
Administrative expenses *	4,7	-4 222	-4 771	-13 906	-12 350	-17 118
Other gains/losses	4	-197	151	190	1 754	1 129
Operating result	**4**	**40 348**	**4 607**	**22 844**	**1 990**	**-3 441**
Finance income	6	335	727	1 523	1 625	2 417
Finance cost	6	-10 141	-7 229	-41 712	-21 799	-29 914
Finance income and costs - net	6	**-9 806**	**-6 502**	**-40 189**	**-20 174**	**-27 497**
Result before income taxes		**30 542**	**-1 895**	**-17 345**	**-18 184**	**-30 938**
Income tax expense		-97	-41	-723	-1 720	-2 091
Result attributable to owners of Floatel International Ltd		**30 445**	**-1 936**	**-18 068**	**-19 904**	**-33 029**
Earnings per share, basic (USD)		0,28	-0,02	-0,17	-0,19	-0,31
Earnings per share, diluted (USD)		0,28	-0,02	-0,17	-0,19	-0,31

** Includes effects related to non-recurring items, see note 4*

Condensed consolidated statement of comprehensive income

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Net result	**30 445**	**-1 936**	**-18 068**	**-19 904**	**-33 029**
Items that are/may be reclassified as profit/loss					
Foreign currency translation - foreign operations	310	-21	-284	-325	457
Other comprehensive income	**310**	**-21**	**-284**	**-325**	**457**
Total comprehensive income	**30 755**	**-1 957**	**-18 352**	**-20 229**	**-32 572**

Condensed consolidated statement of financial position

Figures in USD thousands	Notes	2024-09-30	2023-09-30	2023-12-31
Assets				
Non-current assets				
Property, plant and equipment	7.1	569 518	573 896	569 220
Right-of-use assets	7.2	835	217	1 076
Intangible assets	7.3	1 985	2 302	2 372
Financial assets	11	5 169	4 382	4 507
Total non-current assets		**577 507**	**580 797**	**577 175**
Current assets				
Inventory		24 731	26 552	28 535
Trade receivables		31 874	17 213	19 400
Income tax receivables		1 264	1 396	1 377
Other current receivables		33 256	21 073	9 150
Assets held for sale	7.1	10 150	-	-
Cash and cash equivalents		32 816	63 709	63 476
Total current assets		**134 091**	**129 943**	**121 938**
Total assets		**711 598**	**710 740**	**699 113**
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional paid in capital		348 102	348 102	348 102
Other reserves		880	382	1 164
Retained earnings incl. Result of the year		-29 773	1 420	-11 705
Total equity		**321 353**	**352 048**	**339 705**
Liabilities				
Non-current liabilities				
Interest-bearing debt	8	329 572	318 951	321 747
Other long term liabilities		720	0	724
Provisions	9	3 819	5 986	3 157
Total non-current liabilities		**334 111**	**324 937**	**325 628**
Current liabilities				
Trade payables		6 670	9 096	9 920
Tax liabilities		2 158	3 224	3 398
Other current liabilities		47 306	21 435	20 462
Total current liabilities		**56 134**	**33 755**	**33 780**
Total equity and liabilities		**711 598**	**710 740**	**699 113**

Condensed consolidated statement of changes in equity

Figures in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity
Equity 2022-12-31	**2 144**	**348 102**	**707**	**21 324**	**372 277**
Total comprehensive income					
Net result for the period	0	0	0	-33 029	-33 029
Other comprehensive income	0	0	457	0	457
Equity 2023-12-31	**2 144**	**348 102**	**1 164**	**-11 705**	**339 705**
Total comprehensive income					
Net result for the period	0	0	0	-18 068	-18 068
Other comprehensive income	0	0	-284	0	-284
Equity 2024-09-30	**2 144**	**348 102**	**880**	**-29 773**	**321 353**

Condensed consolidated statement of cash flows

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Cash flow from operating activities					
Operating result	40 348	4 607	22 844	1 990	-3 441
Interest received	335	727	1 523	1 625	2 417
Interest paid	-158	-2 831	-10 685	-13 572	-16 430
Income tax paid	-1 027	-645	-1 891	-1 486	-1 704
Adjustment for depreciation and impairment	-7 641	11 005	14 385	32 651	43 574
Adjustments for other non-cash related items	532	2 402	4 637	-2 851	-6 301
Total cash flow from operations before changes in working capital	**32 389**	**15 265**	**30 813**	**18 357**	**18 115**
Changes in inventories	-1 475	357	44	200	-677
Changes in trade receivables	-11 730	-5 038	-12 474	192	-1 995
Changes in trade payables	-10 145	-2 806	-3 250	1 485	2 309
Other changes in working capital	-323	-2 226	-10 001	-2 700	6 506
Cash flow from operating activities	**8 716**	**5 552**	**5 132**	**17 534**	**24 258**
Cash flow from investing activities					
Payments for property, plant and equipment	-269	-1 765	-23 843	-11 007	-17 285
Cash flow from investing activities	**-269**	**-1 765**	**-23 843**	**-11 007**	**-17 285**
Net cash flow from operations	**8 447**	**3 787**	**-18 711**	**6 527**	**6 973**
Cash flow from financing activities					
Repayment of debt	-3 000	0	0	-55 000	-55 000
Proceeds from debt	0	0	6 000	100 000	100 000
Other financial items paid	-7 388	-161	-17 954	-3 806	-4 501
Net cash flow from financing activities	**-10 388**	**-161**	**-11 954**	**41 194**	**40 499**
Cash flow for the period	**-1 941**	**3 626**	**-30 665**	**47 721**	**47 472**
Cash and cash equivalents, beginning of period	34 730	60 374	63 476	16 428	16 428
Currency effect on cash	27	-291	5	-440	-424
Cash and cash equivalents,end of Period	**32 816**	**63 709**	**32 816**	**63 709**	**63 476**

Key financials

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Recurring (adjusted) EBITDA	35 216	15 635	40 573	32 704	35 060
Recurring EBITDA margin	53,0%	36,2%	32,4%	29,1%	25,4%
Equity ratio	45,2%	49,5%	45,2%	49,5%	48,6%
Net Working Capital *	35 885	34 307	35 885	34 307	26 702
Net interest-bearing debt	296 756	255 242	296 756	255 242	258 271
Total number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares (diluted)	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289

** Income tax receivables/liabilitiesand assets held for sale are not included in Net working capital*

Notes to the interim report

1. General information

Floatel International Ltd ("the Company") is a limited liability company incorporated in 2006 under the laws of Bermuda, with its principal place of business in Norway. Floatel International Ltd. and its subsidiaries ("the Group") provide offshore accommodation and construction support services to the global oil and gas industry. The Group currently operates five semi-submersible accommodation units. They were delivered in 2010 (2), 2013, 2015, and 2016. The Company's address is Dronning Eufemias gate 8, 0191 Oslo, Norway.

2. Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going-concern basis.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been and is expected going forward to have limited for the Group. The Company placed in March 2024 a new USD 350 million senior secured bond issuance maturing in April 2029 securing the long-term financing of the Group. The Company considers the financial position and liquidity of the Group to be sound. Cash flow from operations, combined with the available liquidity, is expected to be more than sufficient to finance the Group in the coming year. These interim financial statements should be read in conjunction with the Company's Audited Consolidated Financial Statements as of December 31, 2023. In the opinion of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

3. Significant accounting policies

The accounting policies adopted in preparing the interim financial statements are consistent with those followed in preparing the Company's Audited Consolidated Financial Statements and accompanying notes for the financial year ending December 31, 2023, with following addition in the light of the intention to sell Floatel Reliance:

"Non-current assets or disposal groups are classified as assets held for sale when their carrying amount is expected to be primarily recovered through a sales transaction, and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets or disposal groups are not depreciated as long as they are classified as held for sale."

New and updated accounting standards

No IFRS or IFRIC interpretations that are not yet effective are expected to have a material impact on the Group.

4. Operating result

Figures in USD thousands	Q3 - 2024	Q3 - 2023	YTD 2024	YTD 2023	2023
Revenue	66 483	43 216	125 241	112 508	138 152
Operating expenses	-27 059	-23 073	-71 581	-69 822	-87 966
Administrative expenses - normal	-4 011	-4 659	-13 277	-11 736	-16 255
Other gains/losses	-197	151	190	1 754	1 129
Recurring (adjusted) EBITDA	**35 216**	**15 635**	**40 573**	**32 704**	**35 060**
Non-recurring effects *	-2 509	-23	-2 509	1 937	5 073
EBITDA	**32 707**	**15 612**	**38 064**	**34 641**	**40 133**
Depreciation	-11 491	-11 005	-33 517	-32 651	-43 574
Impairment	-15 368	-	-15 368	-	-
Reversal of impairment	34 500	-	34 500	-	-
Scrapped assets	-	-	-835	-	-
Operating result	**40 348**	**4 607**	**22 844**	**1 990**	**-3 441**

** Non-recurring effects refer to material matters outside the ordinary course business and/or refer to previous financial years such as restructring expenses, reversal of old provisions and expenses incurred in connection matters with refered to in note 9. Legal issues / Claims and litigations.*

5. Revenue

Figures in USD thousands	Q3-2024	Q3-2023	YTD 2024	YTD 2023	2023
Charter revenues	54 018	31 298	105 130	82 586	99 198
Other revenues	0	137	30	278	436
Catering and rechargeble expenses	6 827	9 419	10 524	23 070	29 880
Mobilisation/demobilisation fees	5 638	2 362	9 557	6 574	8 638
Revenues	**66 483**	**43 216**	**125 241**	**112 508**	**138 152**

In the North Sea, operators typically plan their offshore maintenance and modification activities from April to October due to weather, especially for shorter contracts of less than six months, such as planned shutdowns. This circumstance means higher utilisation of the accommodation fleet in the said period.

6. Finance income and cost

Figures in USD thousands	Q3-2024	Q3-2023	YTD 2024	YTD 2023	2023
Interest gain	335	727	1 523	1 625	2 417
Exchange rate difference	-4	0	-36	-272	-517
Interest expense	-9 299	-6 762	-28 420	-19 327	-26 182
Other financial cost	-838	-467	-13 256	-2 200	-3 215
Net finance income and cost	**-9 806**	**-6 502**	**-40 189**	**-20 174**	**-27 497**

7. Non-current assets

7.1. Property, plant, and equipment

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance aquisition cost	1 641 515	1 631 008	1 631 008
Purchases during the year	23 843	10 716	16 964
Retirements	-7 106	-6 220	-6 529
Reclassifications	-238 814	-	-
Currency revaluation	-9	-75	72
Closing aquisition cost	**1 419 429**	**1 635 429**	**1 641 515**
Opening balance depreciation	-528 470	-491 693	-491 693
Depreciation for the period	-32 930	-32 262	-43 016
Retirements	6 260	6 182	6 306
Reclassifications	86 442	-	-
Currency revaluation	7	65	-67
Closing balance depreciation	**-468 691**	**-517 708**	**-528 470**
Opening balance impairment	-543 825	-543 825	-543 825
Impariment for the year	-15 368	-	-
Reversal of impairment for the year	34 500	-	-
Reclassifications	143 473	-	-
Closing balance impairment	**-381 220**	**-543 825**	**-543 825**
Net book value end of period	**569 518**	**573 896**	**569 220**

7.1. Property, plant, and equipment continued

The Company has due to the intention to sell Floatel Reliance before year-end reclassified the unit and equipment as assets held for sale and has impaired Floatel Reliance's carrying value to estimated sales price less expenses to sell.

The Company has in the light continued good market developments (combined financial and operational) revisited the impairment assessment of the recoverable values of the four active units in accordance with IFRS based on the value in use performed in connection with the 2023 Annual Report.

The Company has concluded that the market development merit partial reversal of previously made impairments for all four active units which has been recorded at the end of the reporting period. Used assumptions, apart from updated near term performance based on current contracts and improved long-term utilization from 65% to 70%, are unchanged compared with the impairment assessment done in conjunction with the 2023 Annual Report including unchanged 11% weighted average cost of capital. Each vessel is a cash-generating unit.. Please refer to note 11.1 to the consolidated Financial Statement in the 2023 Annual Report for information about the assumptions.

7.2. Right to use assets

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance aquisation cost	1 102	1 187	1 187
Additions	-	-	1 058
Modifications	-	-	-1 187
Currency revaluation	30	-49	44
Closing aquisition cost	**1 132**	**1 138**	**1 102**
Opening balance depreciation	-26	-707	-707
Depreciation for the period	-226	-251	-310
Modifications	-	-	992
Currency revaluation	-45	37	-1
Closing balance depreciation	**-297**	**-921**	**-26**
Net book value end of period	**835**	**217**	**1 076**

7.3. Intangible assets

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance aquisation cost	4 818	4 307	4 307
Purchases during the year	0	292	322
Currency revaluation	-24	-183	189
Closing aquisition cost	**4 794**	**4 416**	**4 818**
Opening balance depreciation	-2 446	-2 101	-2 101
Depreciation for the period	-361	-138	-248
Currency revaluation	-2	125	-97
Closing balance depreciation	**-2 809**	**-2 114**	**-2 446**
Net book value end of period	**1 985**	**2 302**	**2 372**

8. Interest-bearing debt

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
1st Lien cash pay bonds	-	100 000	100 000
1st Lien PIK pay bonds [1)]	-	100 000	100 000
1st Lien PIK interest bonds [1)]	-	20 000	20 000
PIK bonds effective interest adjustment [1)]	-	2 213	4 689
Super senior secured bonds	-	100 000	100 000
Senior secured bonds [2)]	337 300	-	-
Revolving credit facility	0	-	-
Less prepaid financing fees	-7 728	-3 262	-2 942
Interest-bearing debt	**329 572**	**318 951**	**321 747**

1) The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their nominal value, so the adjustment is reported separately.

2) The amount is net of unamortised original issue discount ("OID") with the nominal amount being USD 350.0 million

In March 2024, the Company placed USD 350 million, 9.75% per annum, in new senior secured bonds with ISIN NO0013188102 maturing April 2029. The proceeds were used to prepay and cancel existing bonds on April 16, 2024. During the year, an application will be made to list the bonds on Oslo Børs.

In June 2024, the Company signed a USD 25 million super senior revolving credit facility with a termination date in December 2027. The facility was on September 30, 2024, and is on the reporting date undrawn.

The Group complies with its financial covenants for the USD 350 million Senior secured bonds and the revolving credit facility as of June 30, 2024, and on the reporting date, and they are

- Minimum free of USD 20,000,000. Liquidity is defined as the Group's unrestricted cash plus undrawn revolving credit facility commitments.
- Book equity ratio greater than 35%, defined as Total Equity divided by Total Assets.
- Positive working capital is defined as Total Current assets less Total Current liabilities.

9. Legal issues / Claims and litigations

As a result of the Group's global presence, the individual companies in the Group will, from time to time, be subject to tax investigations and tax audits by tax authorities as well as disputes, litigations, and other legal issues in the ordinary course of business in countries where the Group operates. There are ongoing investigations/legal processes in the Group, and the risks have been individually reported as a contingent liability or provision to the extent required. No cases are deemed material for separate disclosure other than the ones below.

The Norwegian tax authority has ongoing tax investigations regarding transfer pricing and employee compensation and benefits. Draft assessments were received in 2023; final assessments are pending at the reporting date. Relevant risk-adjusted amounts, if any, are included in the accounts. The accepted employee compensation and benefits amount was paid during the first quarter of 2023.

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group companies, claiming lack of compensation for quarantine periods during the COVID pandemic. The Group disagrees with the employees' stance that they are entitled to salary or other compensation during quarantine periods and has contested the class action claims. The provision made in previous years regarding this matter was entirely reversed in 2023, considering the verdict of the first instance court in the first of many similar cases, which ruled completely in the employer's favor. The pilot cases have been appealed, and the Group has agreed to a moratorium with the employees pausing the ongoing cases pending the outcome of the pilot case appeals.

In November 2022, a Brazilian first-instance court ruled in favour of the plaintiff regarding an alleged breach of a contractual non-solicitation provision in 2014. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees, and the Brazilian authorities. However, the Brazilian Court of Appeal rejected the appeal in April 2024. The Group disagrees with the decision and has appealed to the third instance (final level). In any event, the facts and circumstances in this matter merit, in the Company's opinion, a reduction of the contractual damages, which will be calculated separately. The outcome is uncertain, and the risk has been provided for in prior periods and represents management's best risk-weighted estimate of a potentially unfavorable result.

10. Significant events after the end of the reporting period

Equinor Energy AS has informed the Group that they will not exercise the optional contract for providing accommodation and support services at the Oseberg Field. The original intention was for the engagement to commence immediately after the completion of the project at Åsgard in early Q4 2025.

11. Forward-looking statements

This report contains forward-looking statements. These statements are based on various assumptions, including the Company management's examination of historical operating trends. Factors that, in the Company's view, could cause actual results to differ materially from the forward-looking statements contained in this report include but are not limited to the following:

i. The competitive nature of the offshore accommodation service industry.
ii. Oil and gas prices.
iii. Changes in economic conditions or geopolitical situations and events.
iv. Pandemics and force majeure events.
v. Government regulations.
vi. Changes in our clients' spending plans.
vii. Changes in Floatel's operating expenses, including crew salaries.
viii. Insurance.
ix. Repair and maintenance.

12. Related party transactions

Through Kepinvest Holdings Pte Ltd., Keppel Ltd. (formerly Keppel Corporation Ltd.) owns 49.9 % of the Company. During the third quarter of 2024, the Group had limited transactions with Keppel Ltd. and its subsidiaries, amounting to less than USD 0.1 million.

The Company subscribed in 2021 for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter's Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company. This amount is included in the balance sheet under financial investments.

Oslo – November 26, 2024
The Board of Directors of Floatel International Ltd

FLOATEL
INTERNATIONAL

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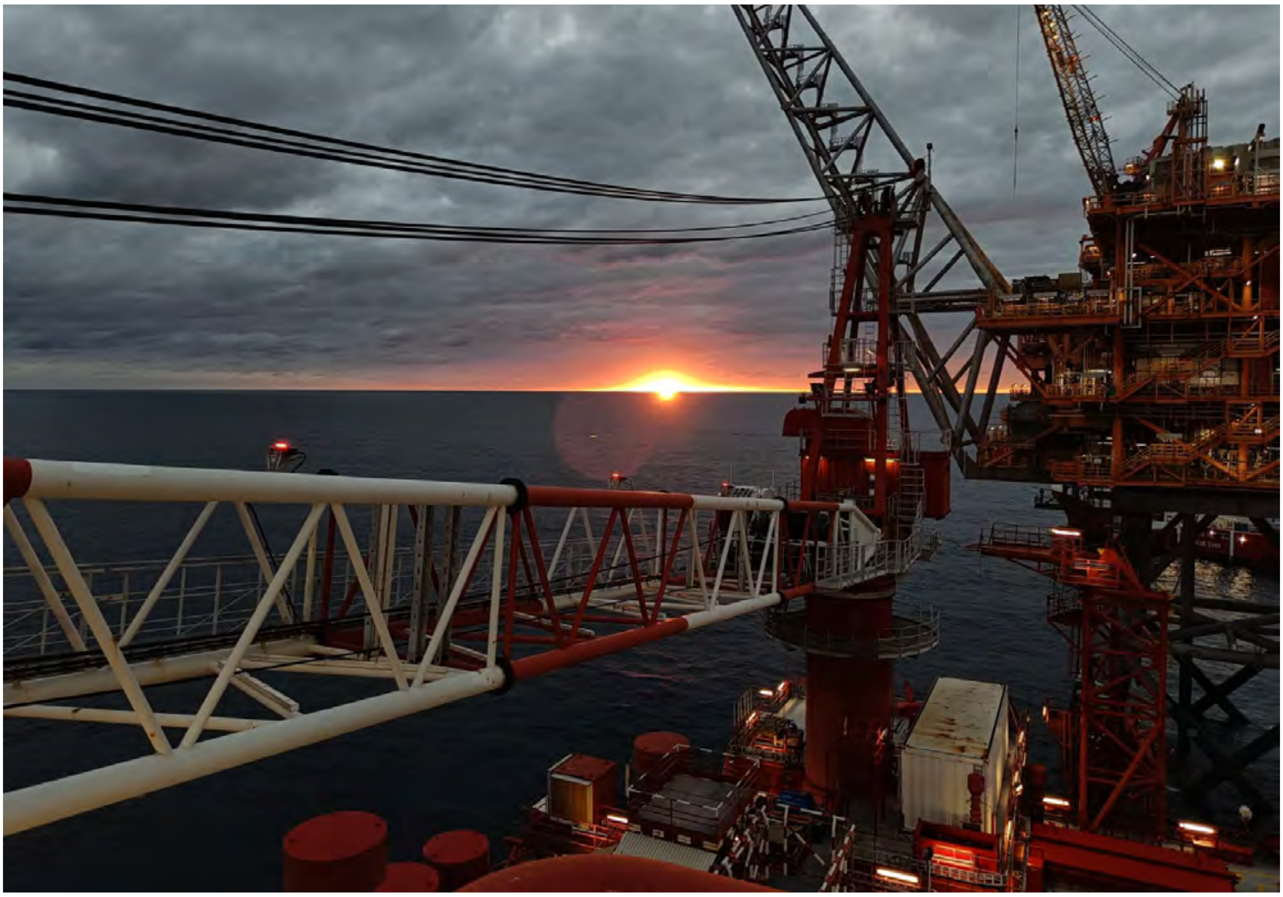
FLOATEL INTERNATIONAL



INTERIM REPORT

Q3 Report 2023

Q3 2023

Floatel International Ltd

Oslo – November 16, 2023 – Floatel International Ltd ("Floatel") presents its consolidated financial statements for the third quarter of the financial year 2023.

Highlights:

- Events during the quarter:
  - Floatel Superior ended its charter for Vår Energi at the Balder field in Norway on September 12, 2023.
  - Floatel Triumph on charter for Woodside at the Pluto A Platform until July 30 and on charter for Shell at the Prelude FPSO throughout the quarter from August 9, 2023.
  - Floatel Victory om charter from July 7, 2023, throughout the quarter for Chevron at the Anchor field in the US Gulf of Mexico.
  - The Group was awarded the following contracts during the quarter:
    - INEOS has awarded the Group a 90-day charter to Floatel Superior at the Unity platform, UK sector, Central North Sea. The assignment will start in April 2024.
    - INPEX has contracted Floatel Triumph to provide accommodation and related services at its natural gas project off Australia's northwest coast. The charter is six months plus options and will commence in early 2025.
    - Shell has awarded the Group a 4-month charter at the Shearwater field in the UK, and the assignment will start in May 2024, with options to extend.
    - Cenovus awarded the Group a 2-3-month charter to provide accommodation support at the White Rose field in Canada starting in the summer of 2025.

- Status update as of the reporting date:
  - Floatel Endurance and Floatel Superior are idle in Skipavika in Norway, awaiting their next assignments.
  - Floatel Reliance is idle in Tenerife in the Canary Islands, awaiting the next assignment.
  - Floatel Triumph operates for Shell at the Prelude field in Australia.
  - Floatel Victory is on charter for Chevron at the Anchor field in the US.
  - Floatel Victory has, after the reporting period, been awarded a letter of intent for a long-term charter commencing Q2-2024 with the consequence that Floatel Triumph has been nominated for the Shell Shearwater project and Floatel Endurance for the Cenovus project.

- The third quarter fleet utilization was 57% (73% for the comparable period last year).
  The total firm contract backlog (excluding options) was approximately USD 313 million as of September 30, 2023, and USD 110 million as of September 30, 2022.

- Revenues for the third quarter of 2023 were USD 43.2 million
  (USD 57.8 million for the comparable period in 2022).

- Recurring EBITDA for the third quarter of 2023 amounted to USD 15.6 million (USD 28.7).

- Total assets as of September 30, 2023, amounted to USD 711 million
  (USD 690 million as of September 30, 2022).

- As of September 30, 2023, cash and cash equivalents were USD 63.7 million (USD 2.9 million), as USD 100 million super senior bonds replaced the revolving credit facility in March 2023.

- As of September 30, 2023, total book equity amounted to USD 352 million (USD 369 million).

Summary of business activities during the the third quarter of 2023

Floatel Superior

Floatel Superior commenced its charter for Vår Energi at the Balder field on the Norwegian continental shelf on May 2, 2023, and the charter ended on September 12, 2023. Floatel Superior is currently idle in Skipavika, Norway.

INEOS awarded Floatel Superior a 90-day charter starting April 2024 during the quarter to provide accommodation support at the Unit. The Floatel Superior has previously been awarded a contract by Vår Energi starting in the summer of 2024 once the INEOS assignment is completed.

Floatel Superior alongside Vår Energi Balder FPU.

Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands, awaiting the next assignment. The vessel is actively marketed for new charters.

Floatel Reliance is idle in Tenerife, Canary Islands.

Floatel Victory

Floatel Victory started operations to provide accommodation services for Chevron at the Anchor field in the US Gulf of Mexico on July 7, 2023. The charter's firm period has been extended to February 02, 2024, with the right for Chevron to extend the charter further.

Floatel Victory has been awarded a letter of intent for a long-term charter commencing in the 2nd quarter of 2024.

Floatel Victory alongside Chevron Anchor FPU Gulf of Mexico.

Floatel Endurance

Floatel Endurance was idle in Skipavika, Norway, during the quarter, preparing for special periodic survey toward the end of the year and early 2024. The next assignment is the Aker BP Skarv project on the Norwegian Continental Shelf, starting in early March 2024.

Cenovus awarded the Group a 2-3-month charter for Floatel Endurance to provide accommodation support at the White Rose field in Canada starting in the summer of 2025.

Floatel Endurance at the Johan Sverdrup, Phase II project.

Floatel Triumph

The charter for Woodside at the Pluto A Platform ended on July 30, 2023. Shell Prelude charter began August 9, 2023, and currently ends November 22, 2023.

After completing the Shell Prelude assignment, Floatel Triumph will transit to the North Sea for a thruster overhaul in Norway and undertake the Shell Shearwater project on the UK Continental Shelf commencing in May 2024.

Floatel Triumph is in operation for Shell, Prelude, in Australia,

Financial development

Revenue and operating results for the third quarter of 2023

USD 43.2 million (USD 57.8 million) in total consolidated Revenues and USD -27.6 million (USD -28.9 million) in total Operating and Administrative expenses before depreciation resulted in quarterly EBITDA of USD 15.6 million (USD 28.9 million), USD 0,0 million (USD +0,1 million) refer to non-recurring items.

USD -11.0 million (USD -10.9 million) in total Depreciation, included in the Cost of providing services and Administrative expenses, resulted in USD 4.6 million quarterly Operating result (USD 18.0 million).

Net Finance income and costs were in the quarter USD -6.5 million (USD -6.1 million). The net result for the third quarter was USD -1.9 million (USD 10.6 million).

The backlog based on committed work, excluding options, was, at the end of the reporting period, approximately USD 313 million (USD 110 million).

Financial position as of September 30, 2023

Total assets were USD 711 million (USD 690 million as of September 30, 2022). Total non-current assets were USD 581 million (USD 613 million), while Net working capital totalled USD 34 million (USD 35 million).

The Group's Cash and cash equivalents totalled USD 64 million (USD 3 million) after the revolving credit facility was replaced by a USD 100 million super senior bond on March 27, 2023. Total equity at the end of the period was USD 352 million (USD 369 million).

Interest-bearing debt totalled USD 319 million (USD 276 million), of which USD 0 million is reported as the current portion (USD 0 million). In the reported Total interest-bearing debt, prepaid borrowing expenses of USD 3.2 million (USD 1.9 million) are included. The expenses amortize over the life of the facilities. The Net interest-bearing debt totalled USD 255 million (USD 273 million).

The Group complies with all its financial covenants as of September 30, 2023, and on the reporting date.

Market outlook

Utilisation for the worldwide fleet of semi-submersible accommodation support vessels (ASV) was 72% in Q3 2023 (83% in Q3 2022). In comparison, Floatel International's utilisation in Q3 was 57% (73%). Year to date, the global ASV fleets' utilisation was 65% (77%), while the Group's utilisation year to date was 55% (63%).

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient which continues to drive demand for our services. Oil price is expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

The market remains partly oversupplied, resulting in modest near-term price increases. It is estimated to be a soft year in 2023, with limited additional demand expected in 2024, especially in the North Sea, with opportunities moving to 2025 and beyond.

We believe the demand for offshore accommodation services will increase starting in 2024 and with further improvements in 2025 based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, and the reduced supply, will result in higher utilisation and, with some time lag, also prices.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to a renewable world is likely to take time.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels, including two vessels yet to be delivered, of which seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

Significant events after the end of the reporting period

Floatel Victory has been awarded a letter of intent for a long-term charter commencing in the 2nd quarter of 2024.

Oslo – November 16, 2023
The Board of Directors of Floatel International Ltd

FLOATEL INTERNATIONAL

Condensed consolidated Income Statement

Figures in USD thousands	Notes	Q3 - 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Revenues	5	43 216	57 836	112 508	128 315	177 606
Cost of providing services*	4,9	-33 989	-37 537	-99 922	-106 285	-141 019
Gross result		**9 227**	**20 299**	**12 586**	**22 030**	**36 587**
Administrative expenses*	4,9	-4 771	-3 628	-12 350	-11 920	-16 376
Other gains/losses	4	151	1 332	1 754	3 922	2 153
Operating result	4	**4 607**	**18 003**	**1 990**	**14 032**	**22 364**
Finance income	6	727	50	1 625	59	162
Finance cost	6	-7 229	-6 199	-21 799	-17 986	-23 662
Finance income and costs - net	6	**-6 502**	**-6 149**	**-20 174**	**-17 927**	**-23 500**
Result before income taxes		**-1 895**	**11 854**	**-18 184**	**-3 895**	**-1 136**
Income tax expense		-41	-1 295	-1 720	-1 926	-2 095
Result attributable to owners of Floatel International Ltd		**-1 936**	**10 559**	**-19 904**	**-5 821**	**-3 231**
Earnings per share, basic (USD)		-0,02	0,10	-0,19	-0,05	-0,03
Earnings per share, diluted (USD)		-0,02	0,10	-0,19	-0,05	-0,03

** Includes effects related to non-recurring items of USD million +1.9 (-2.1) in YTD numbers and -4.6 in full year 2022, see note 4*

Condensed consolidated Statement of Comprehensive Income

Figures in USD thousands	Q3 - 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Net result	**-1 936**	**10 559**	**-19 904**	**-5 821**	**-3 231**
Items that are or may be reclassified as profit or loss					
Foreign currency translation - foreign operations	-21	-796	-325	-1 084	-462
Other comprehensive income	**-21**	**-796**	**-325**	**-1 084**	**-462**
Total comprehensive income	**-1 957**	**9 763**	**-20 229**	**-6 905**	**-3 693**

Condensed consolidated Statement of Financial Position

Figures in USD thousands	Notes	2023-09-30	2022-09-30	2022-12-31
Assets				
Non-current assets				
Property, plant and equipment	7.1	573 896	606 700	595 490
Right-of-use assets	7.2	217	530	480
Intangible assets	7.3	2 302	2 080	2 206
Financial investments	11	4 382	3 350	3 827
Total non-current assets		**580 797**	**612 660**	**602 003**
Current assets				
Inventory		26 552	28 584	27 858
Trade receivables		17 213	23 120	17 405
Tax receivables		1 396	1 218	1 382
Other current receivables		21 073	21 322	19 404
Cash and cash equivalents		63 709	2 947	16 428
Total current assets		**129 943**	**77 191**	**82 477**
Total assets		**710 740**	**689 851**	**684 480**
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional Paid in capital		348 102	348 102	348 102
Other reserves		382	85	707
Retained earnings incl. Result of the year		1 420	18 734	21 324
Total equity		**352 048**	**369 065**	**372 277**
Liabilities				
Non-current liabilities				
Other long term liabilities		0	188	118
Interest-bearing debt	8	318 951	275 943	268 494
Provisions *	9	5 986	4 336	5 167
Total non-current liabilities		**324 937**	**280 467**	**273 779**
Current liabilities				
Trade payables		9 096	7 078	7 611
Tax liabilities		3 224	2 286	2 923
Other current liabilities *		21 435	30 955	27 890
Total current liabilities		**33 755**	**40 319**	**38 424**
Total equity and liabilities		**710 740**	**689 851**	**684 480**

Condensed consolidated Statements of Changes in Equity

Figures in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity
Equity 2021-12-31	**2 144**	**348 102**	**1 169**	**24 555**	**375 970**
Total comprehensive income					
Net result for the period	**0**	**0**	**0**	**-3 231**	**-3 231**
Other comprehensive income	**0**	**0**	**-462**	**0**	**-462**
Equity 2022-12-31	**2 144**	**348 102**	**707**	**21 324**	**372 277**
Total comprehensive income					
Net result for the period	**0**	**0**	**0**	**-19 904**	**-19 904**
Other comprehensive income	**0**	**0**	**-325**	**0**	**-325**
Equity 2023-09-30	**2 144**	**348 102**	**382**	**1 420**	**352 048**

Condensed consolidated Cash Flow Statement

Figures in USD thousands	Q3 - 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities					
Operating result	4 607	18 003	1 990	14 032	22 364
Interest received	727	50	1 625	59	162
Interest paid	-2 831	-1 993	-13 572	-11 550	-13 220
Income tax paid	-645	-527	-1 486	-1 316	-1 007
Adjustment for depreciation and impairment	11 005	10 878	32 651	32 357	44 095
Adjustments for other non-cash related items	2 402	-551	-2 851	-2 206	1 673
Total cash flow from operations before changes in working	**15 265**	**25 860**	**18 357**	**31 376**	**54 067**
Changes in inventories	357	1 022	200	-3 912	-3 186
Changes in trade receivables	-5 038	-6 277	192	-10 745	-5 030
Changes in trade payables	-2 806	-6 019	1 485	1 013	1 546
Other changes in working capital	-2 226	3 948	-2 700	186	-5 507
Cash flow from operating activities	**5 552**	**18 534**	**17 534**	**17 918**	**41 890**
Cash flow from investing activities					
Payments for property, plant and equipment	-1 765	-202	-11 007	-5 150	-5 586
Net cash flow from investing activities	**-1 765**	**-202**	**-11 007**	**-5 150**	**-5 586**
Net cash flow from operations	**3 787**	**18 332**	**6 527**	**12 768**	**36 304**
Cash flow from financing activities					
Repayment of debt	0	-20 000	-55 000	-22 330	-32 330
Proceeds from debt	0	0	100 000	0	0
Other financial items paid	-161	-153	-3 806	-1 252	-1 603
Net cash flow from financing activities	**-161**	**-20 153**	**41 194**	**-23 582**	**-33 933**
Cash flow for the period	**3 626**	**-1 821**	**47 721**	**-10 814**	**2 371**
Cash and cash equivalents, beginning of period	**60 374**	4 781	**16 428**	14 433	14 433
Currency effect on cash	-291	-13	-440	-672	-376
Cash and cash equivalents,end of Period	**63 709**	**2 947**	**63 709**	**2 947**	**16 428**

Key Financials

Figures in USD thousands	Q3 - 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Recurring (adjusted) EBITDA *	15 635	28 740	32 704	48 447	71 019
Recurring EBITDA margin	36,2%	49,7%	29,1%	37,8%	40,0%
Equity ratio	49,5%	53,5%	49,5%	53,5%	54,4%
Net Working Capital **	34 210	34 993	34 210	34 993	29 166
Net interest-bearing debt ***	255 242	272 996	255 242	272 996	252 066
Total number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares (diluted)	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289

** See note 4*

*** Income tax receivables and liabilities are not included in Net working capital*

**** Interest bearing debt less cash and cash equivalents*

FLOATEL INTERNATIONAL

Notes to the interim report

1. General information

Floatel International Ltd ("the Company") is a limited liability company incorporated in 2006 under the laws of Bermuda, with its principal place of business in Norway. Floatel International Ltd. and its subsidiaries ("the Group") provide offshore accommodation and construction support services to the global oil and gas industry. The Group currently operates five semi-submersible accommodation vessels. They were delivered in 2010 (2), 2013, 2015, and 2016. The Company's address is Dronning Eufemias gate 8, 0191 Oslo, Norway.

2. Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting.

The financial statements are prepared on a going-concern basis. The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been and is expected to have limited if any, negative impact on the Group going forward. The Company refinanced its revolving credit facility in March 2023 and considers the financial position and liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group in the coming year.

These interim financial statements should be read in conjunction with the Company's Audited Consolidated Financial Statements as of December 31, 2022. In the opinion of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

3. Significant accounting policies

The accounting policies adopted in preparing the interim financial statements are consistent with those followed in preparing the Company's Audited Consolidated Financial Statements and accompanying notes for the December 31, 2022, financial year.

New and updated accounting standards

No IFRS or IFRIC interpretations that are not yet effective are expected to have a material impact on the Group.

4. Operating result

Figures in USD thousands	**Q3 2023**	**Q3 - 2022**	**YTD 2023**	**YTD 2022**	**2022**
Revenue	43 216	57 836	112 508	128 315	177 606
Operating expenses	-23 073	-26 937	-69 822	-72 283	-93 043
Administrative expenses - normal	-4 659	-3 491	-11 736	-11 507	-15 697
Other gains/losses	151	1 332	1 754	3 922	2 153
Recurring (adjusted) EBITDA	**15 635**	**28 740**	**32 704**	**48 447**	**71 019**
Non-recurring effects *	-23	141	1 937	-2 058	-4 560
EBITDA	**15 612**	**28 881**	**34 641**	**46 389**	**66 459**
Depreciation	-11 005	-10 878	-32 651	-32 357	-44 095
Operating result	**4 607**	**18 003**	**1 990**	**14 032**	**22 364**

** Non-recurring effects refer to material matters outside the ordinary course business and/or refer to previous financial years such as restructring expenses, reversal of old provisions and expenses incurred in connection matters with refered to in note 9, legal issues.*

5. Revenues

Figures in USD thousands	Q3 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Charter revenues	31 298	41 224	82 586	94 660	133 692
Other revenues	137	-13	278	120	1 953
Catering and rechargeble expenses	9 419	11 812	23 070	24 249	31 608
Mobilisation/demobilisation fees	2 362	4 813	6 574	9 286	10 353
Revenues	**43 216**	**57 836**	**112 508**	**128 315**	**177 606**

In the North Sea, operators typically plan their offshore maintenance and modification activities from April to October due to weather, especially for shorter contracts of less than six months, such as planned shutdowns. This circumstance means higher utilisation of the accommodation fleet in the said period.

6. Finance income and cost

Figures in USD thousands	Q3 2023	Q3- 2022	YTD 2023	YTD 2022	2022
Interest gain	727	50	1 625	59	162
Exchange rate difference	0	-13	-272	-672	-241
Interest expense	-6 762	-5 769	-19 327	-15 268	-20 764
Other financial cost	-467	-417	-2 200	-2 046	-2 657
Net finance income and cost	**-6 502**	**-6 149**	**-20 174**	**-17 927**	**-23 500**

7. Non-current assets

7.1. Property, plant, and equipment

Figures in USD thousands	2023-09-30	2022-09-30	2022-12-31
Opening balance aquisition cost	1 631 008	1 627 175	1 627 175
Purchases during the year	10 716	4 571	5 012
Disposals	-6 220	0	-927
Currency revaluation	-75	-337	-252
Closing aquisition cost	**1 635 429**	**1 631 409**	**1 631 008**
Opening balance depreciation	-491 693	-449 280	-449 280
Depreciation for the period	-32 262	-31 957	-42 655
Disposals	6 182	0	0
Currency revaluation	65	353	242
Closing balance depreciation	**-517 708**	**-480 884**	**-491 693**
Opening balance impairment	-543 825	-543 825	-543 825
Disposals	0		927
Impairment loss for the year*	0	0	-927
Closing balance impairment	**-543 825**	**-543 825**	**-543 825**
Net book value end of period	**573 896**	**606 700**	**595 490**

** Impairment of 927 KUSD in 2022 relates to the retirement of previous year's purchases made but not used for a special periodic survey.*

The Company performed in connection with the 2022 Annual Report an impairment assessment of the recoverable values of its vessels in accordance with IFRS based on the value in use. Each vessel is a cash-generating unit. The assessments resulted in no impairment charges. Please refer to note 11.1 to the consolidated Financial Statement in the 2022 Annual Report for information about the assessment. In all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date.

7.2. Right to use assets

Figures in USD thousands	2023-09-30	2022-09-30	2022-12-31
Opening balance aquisation cost	1 187	1 370	1 370
Currency revaluation	-49	-256	-183
Closing aquisition cost	**1 138**	**1 114**	**1 187**
Opening balance depreciation	-707	-424	-424
Depreciation for the period	-251	-269	-351
Currency revaluation	37	109	68
Closing balance depreciation	**-921**	**-584**	**-707**
Net book value end of period	**217**	**530**	**480**

7.3. Intangible assets

Figures in USD thousands	2026-09-30	2022-09-30	2022-12-31
Opening balance aquisation cost	4 307	4 390	4 390
Purchases during the year	292	530	523
Currency revaluation	-183	-881	-606
Closing aquisition cost	**4 416**	**4 039**	**4 307**
Opening balance depreciation	**-2 101**	**-2 246**	**-2 246**
Depreciation for the period	-101	-133	-161
Currency revaluation	88	420	306
Closing balance depreciation	**-2 114**	**-1 959**	**-2 101**
Net book value end of period	**2 302**	**2 080**	**2 206**

8. Interest-bearing debt

Figures in USD thousands	2023-09-30	2022-09-30	2022-12-31
1st lien senior secured cash pay bonds	100 000	100 000	100 000
1st lien senior secured PIK pay bonds *	100 000	100 000	100 000
1st lien senior secured PIK interest bonds *	20 000	10 000	10 000
PIK bonds effective interest adjustment *	2 213	2 864	5 150
Super senior secured bonds	100 000	0	0
Revolving credit facility	0	65 000	55 000
Less prepaid financing fees	-3 262	-1 921	-1 656
Interest-bearing debt	**318 951**	**275 943**	**268 494**

** The accounts are prepared using effective interest for the 1st Lien PIK pay bond and the 1st Lien Interest bond (the "PIK bonds") combined. The PIK bonds are presented with their respective nominal value so the adjustment is reported separately.*

1st lien senior secured cash pay bond (ISIN NO0010950868), 1st lien senior secured PIK pay bond (ISIN NO0010950876), and 1st lien senior secured PIK interest bond (ISIN NO0010950884), all mature September 24, 2026. The maturity date of the super senior secured bonds (ISIN NO0012862673) is March 23, 2026. None of the bonds carry scheduled amortisation and shall be redeemed at par on their respective maturity date.

1st lien senior secured cash pay bond interest is 6% p.a. and paid annually. 1st lien senior secured PIK pay bond nominal interest rate is 10% p.a. converted annually to 1st lien senior secured PIK interest bonds. The PIK interest bonds have a 0% interest rate. Super senior secured bonds' interest is 11.25% p.a. and is paid quarterly.

9. Legal issues

As a result of the Group's global presence, the individual companies in the Group will, from time to time, be subject to tax investigations and tax audits from tax authorities as well as disputes, litigations, and other legal issues in the ordinary course of business in countries where the Group operates. There are ongoing investigations/legal processes in the Group, and the risks have individually been reported as a contingent liability or provision to the extent required. No cases are deemed material to be disclosed separately other than the ones below.

The Norwegian tax authority has ongoing tax investigations regarding transfer pricing and employee compensation and benefits. Draft assessments have been received in 2023, and final assessments are pending at the reporting date. Relevant, if any, risk-adjusted amounts are included in the accounts. The accepted employee compensation and benefits amount was paid during the first quarter of 2023.

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group company for not receiving compensation for quarantine periods during the COVID pandemic. The Group disagrees with the employees' stance that they are entitled to salary during quarantine periods and has contested the class action claims. A date for the first court mediation hearing has not yet been set. The outcome is uncertain, but the Group deems it more likely than not that the outcome will be in the Group's favour and has therefore made a risk-adjusted provision for the class action claims.

A Brazilian first-instance court ruled in November 2022 in favour of the plaintiff regarding an alleged breach of a contractual non-solicitation provision in 2014. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees, and the Brazilian authorities. However, it cannot be ruled out that the decision may stand after the appeal. An unfavourable outcome is considered less probable but not remote; however, a risk-adjusted provision has been recorded in the accounts.

10. Forward-looking statements

This report contains forward-looking statements. These statements are based on various assumptions, including the Company management's examination of historical operating trends. Factors that, in the Company's view, could cause actual results to differ materially from the forward-looking statements contained in this report include but are not limited to the following:

(i) The competitive nature of the offshore accommodation service industry.
(ii) Oil and gas prices.
(iii) Changes in economic conditions or political events.
(iv) COVID-19 pandemic and force majeure events.
(v) Government regulations.
(vi) Changes in the spending plans of our clients.
(vii) Changes in Floatel's operating expenses, including crew salaries.
(viii) Insurance.
(ix) Repair and maintenance.

11. Related party transactions

Through Kepinvest Holdings Pte Ltd, Keppel Corporation Limited owns 49.9 % of the Company. During the third quarter of 2023, the Group had no transactions with Keppel Corporation Limited and its subsidiaries.

The Company subscribed in 2021 for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter's Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company. This amount is included in the balance sheet under financial investments.

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FLOATEL
INTERNATIONAL

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FLOATEL SINGAPORE PTE. LTD.

(Incorporated in Singapore. Registration Number: 201425786E)

ANNUAL REPORT

For the financial year ended 31 December 2023

FLOATEL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2023

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2023

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the financial support of its immediate holding corporation, the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Tomas Hjelmstierna
Ke Cheng Da
Tan Cheng Shun

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures or warrants

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or warrants of the Company or its related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Market outlook

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

After the improved performance in 2022, it was a soft year in 2023, with limited additional demand expected in 2024. The market therefore remains partly oversupplied, so relatively modest near-term charter rate increases are expected.

We believe the increase in demand for offshore accommodation services will come in 2025, slightly later than previously estimated. This belief is based on visible and predicted increases in customer activity, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and, with some time lag, higher charter rates.

The Company, in line with the general market trends, has not been able to secure any assignments for 2024, so the vessel Floatel Triumph will be operated by another Group Company during 2024, and the Company will be non-trading for the same period. However the Company have secured several assignments and letter of intents for 2025 and 2026 and have agreed a 30-month bareboat charter with Floatel Triumph Ltd för the vessel Floatel Triumph with delivery toward year- end 2024.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Ke Cheng Da

Ke Cheng Da
Director

Tomas Hjelmstierna
Director

22 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Floatel Singapore Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the financial year ended 31 December 2023;
- the balance sheet as at 31 December 2023;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD. (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 July 2024

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2023

	Note	**2023** **US$**	2022 US$
Revenue	3	**57,695,708**	33,602,612
Other income			
- Interest	4	**130,293**	81,141
- Others	4	**-**	1,853,918
Other gain - net	5	**493,045**	147,702
Vessel related costs		**(49,147,740)**	(22,674,561)
Crew costs		**(3,578,934)**	(4,576,628)
Staff costs		**(692,716)**	(703,241)
Administrative expenses	6	**(2,528,655)**	(2,683,324)
Depreciation		**-**	(3,638,942)
Interest cost		**(635,160)**	(311,812)
Profit before income tax		**1,735,841**	1,096,864
Income tax expense	7	**(754,000)**	(306,793)
Profit after tax, being total comprehensive income		**981,841**	790,071

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

BALANCE SHEET
As at 31 December 2023

	Note	31 December **2023** **US$**	2022 US$
ASSETS			
Current assets			
Trade and other receivables	8	**14,612,673**	12,275,240
Cash and cash equivalents	9	**131,357**	4,326,887
		14,744,030	16,602,127
Total assets		**14,744,030**	16,602,127
EQUITY			
Share capital	10	**75,677**	75,677
Retained profits		**(295,504)**	(1,277,345)
Total equity		**(219,827)**	(1,201,668)
LIABILITIES			
Current liabilities			
Trade and other payables	11	**14,557,824**	17,498,109
Current income tax liabilities	7	**406,033**	305,686
		14,963,857	17,803,795
Total liabilities		**14,963,857**	17,803,795
Total equity and liabilities		**14,744,030**	16,602,127

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2023

	Share capital US$	Accumulated losses US$	Total equity US$
2022			
Beginning of financial year	75,677	(2,067,416)	(1,991,739)
Total comprehensive income	-	790,071	790,071
End of financial year	**75,677**	**(1,277,345)**	**(1,201,668)**
2023			
Beginning of financial year	75,677	(1,277,345)	(1,201,668)
Total comprehensive income	-	981,841	981,841
End of financial year	**75,677**	**(295,504)**	**(219,827)**

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	Note	2023 US$	2022 US$
Cash flows from operating activities			
Profit after tax		**981,841**	790,071
Adjustments for:			
- Depreciation		**-**	3,638,942
- Interest income		**(130,293)**	(81,141)
- Interest expense		**635,160**	311,812
- Income tax expense		**754,000**	306,793
		2,240,708	4,966,477
Change in working capital:			
- Trade and other receivables		**(2,337,433)**	(3,357,063)
- Trade and other payables		**(12,811,457)**	6,908,933
Cash generated from operations		**(12,908,182)**	8,518,347
Income tax paid		**(653,653)**	(305,008)
Net cash (used in)/generated from operating activities		**(13,561,835)**	8,213,339
Cash flows from investing activities			
Interest income received		**130,293**	81,141
Disposal of subsidiary		**-**	1
Net cash provided by investing activities		**130,293**	81,142
Cash flows from financing activities			
Proceed from borrowing from related corporations		**9,236,012**	-
Principal repayment		**-**	(3,673,638)
Interest paid		**-**	(311,812)
Net cash used in financing activities		**9,236,012**	(3,985,450)
Net (decrease)/increase in cash and cash equivalents		**(4,195,530)**	4,309,031
Cash and cash equivalents			
Beginning of financial year	9	**4,326,887**	17,856
End of financial year	9	**131,357**	4,326,887

Reconciliation of liability arising from financing activities

	1 January	Proceeds from borrowings	Principal and interest payments	Interest expense	31 December
	$		$	$	$
2023					
Non-trade payable	-	9,236,012	-	442,879	9,678,891
2022					
Lease liability	3,673,638	-	(3,800,000)	126,362	-

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 1 Pickering Street, #08-01, Suite 29, Great Eastern Centre, Singapore 048659.

The principal activities of the Company are to operate and charter out leased vessels and provision of supervision services to vessel owners.

2. Material accounting policy information

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

The financial statements have been prepared on a going concern basis, net current liabilities and net liabilities as at 31 December 2023 of US$ 219,827 (2022 US$ 1,201,668). The Company is non-trading in 2024 with limited expenses and has secured several contracts for execution in 2025 and 2026 which are expected to generate substantial cash flow. Furthermore, the Company has sufficient cash on hand at the date of this statement and has entered into a cash management agreement with is immediate parent company, Floatel International Ltd. ("FIL") where FIL undertake to provide necessary liquidity. There are therefore reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and for the equity of the Company to be restored in due course.

2.2 Revenue recognition

Revenue from time charter is generated from provision of services. Time charter income is recognised is it accrues day by day and mobilisation and demobilisation income are recognised in profit or loss on a straight-line basis over the term of the contract.

The Company provides services regarding catering as well as rechargeable extra services which result in revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

2. Material accounting policy information(continued)

2.3 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Leases

(a) When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

i) Right-of-use asset

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

ii) Lease liability

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company’s assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

2. Material accounting policy information (continued)

2.4 Leases (continued)

(a) When the Company is the lessee: (continued)

ii) Lease liability (continued)

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) When the Company is the lessor:

The accounting policy applicable to the Company as a lessor in the comparative period were the same under FRS 116.

Time charter contracts are service contracts and are no classified as leases.

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. Material accounting policy information (continued)

2.6 Impairment of non-financial assets

Investment in subsidiaries and right-of-use asset are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

The Company classifies its financial assets in the measurement category "Amortised cost".

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

2. Material accounting policy information (continued)

2.7 Financial assets (continued)

(ii) *At subsequent measurement*

Debt instrument of the Company comprises of trade and other receivables and cash and cash equivalents. There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Material accounting policy information (continued)

2.9 Provisions (continued)

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.11 Currency translation

The financial statements are presented in United States Dollars (“US$”), which is the functional currency of the Company.

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented in the Statement of Comprehensive Income.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.13 Dividends

Dividends to the Company’s shareholders are recognised when the dividends are approved for payment.

3. Revenue

(a) Disaggregation of revenue from contracts with customers

	2023	2022
	US$	US$
Revenue from contracts with customers		
Recognised over time:		
-Time charter income	**33,100,427**	21,192,804
-Demobilisation/Mobilisation income	**3,839,416**	5,091,667
-Rechargeable expenses	**20,755,865**	7,318,141
	57,695,708	33,602,612

The vessel Floatel Triumph was idle in Kemaman, Malaysia, at the beginning of 2023 on paid standby until the charter with Woodside at the Pluto platform in Australia started on March 18, 2023. When the Woodside assignment ended on July 30, 2023, Floatel Triumph was immediately mobilised to Shell Prelude in August 2023, and was on hire for Shell until November 22, 2023 and the vessel was returned to owner Floatel Triumph Ltd on December 1, 2023.

The vessel Floatel Triumph performed services for Ørsted in Taiwan from January to March 2022, and for Inpex in Australia from June to August 2022. The vessel was located in Kermaman, Malaysia for the rest of the year for vessel maintenance. In August 2022, Shell Prelude suspended the charter to 2023.

(b) Contract assets and liabilities

The contract assets primarily relate to the Company's right to consideration for services rendered to customer but not yet billed at reporting date. The decrease in accrued receivables is due to lower revenue in December 2023 than in December 2022 which in turn depends on the prevailing contract at each reporting date.

The contract liabilities relate to consideration received from the customer for the unsatisfied performance obligation in providing services. Revenue will be recognised when the services are rendered to the customers. The change in contract liabilities balance is mainly due to the increase in contracts which the Company billed and received consideration ahead of the services provided.

	31 December		1 January
	2023	2022	2022
	US$	US$	US$
Contract assets			
- Accrued income	**555,153**	628,773	2,122,187
Contract liabilities			
- Deferred income	**-**	1,938,242	-

3. Revenue (continued)

(b) Contract assets and liabilities (continued)

(i) Unsatisfied performance obligations

As permitted under the FRS 115, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

(c) Trade receivables from contracts with customers

	2023	2022	1 January 2022
	US$	US$	US$
Amount due from a related corporation (trade)	**649,776**	1,301,802	351,640
Amount due from immediate holding company (trade)	**200,724**	192,903	-
Account receivable	**13,171,131**	1,516,723	5,432,031
	14,021,631	3,011,428	5,783,671

4. Other income

	2023	2022
	US$	US$
Interest income	**130,293**	81,141
Others	**-**	1,853,918
	130,293	1,935,059

During 2022, the Company has an insurance claim compensation amounting to $1,853,918.

5. Other gain - net

	2023	2022
	US$	US$
Net currency translation gain - net	**493,045**	147,702
	493,045	147,702

6. Administrative expenses

	2023 **US$**	2022 US$
Service fee and management fee	**1,980,430**	2,075,855
Sales commission	**259,501**	241,027
Other administration	**239,668**	366,443
	2,479,599	2,683,325

7. Income taxes

(a) Income tax expense

	2023 **US$**	2022 US$
Tax expense attributable to profit is made up of:		
- Current income tax	**754,000**	231,192
Under provision in prior financial years		
- Current income tax	**-**	75,601
	754,000	306,793

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2023 **US$**	2022 US$
Profit before tax	**1,735,841**	1,096,865
Tax calculated at tax rate of 17% (2022: 17%)	**295,093**	186,467
Effects of:		
- different tax rates in other countries	**343,539**	28,978
- non-deductible expenses	**59,438**	15,747
- deferred tax asset not recognised	**55,930**	-
- under provision of tax in prior years	**-**	75,601
Tax charge	**754,000**	306,793

7. **Income taxes** (continued)

(a) Income tax expense (continued)

The Company has unutilised tax losses amounting to $7,769,120 (2022: $7,440,120) which is not recognised and can be carried forward and used to offset against future taxable income subject to the Company meeting certain statutory requirements. The tax losses have no expiry date. No deferred tax benefit has been recognised on the unutilised tax losses.

(b) Movement in current income tax liabilities

	2023 US$	2022 US$
Beginning of financial year	**305,686**	303,901
Income tax paid	**(653,653)**	(305,008)
Tax expense	**754,000**	231,192
Under provision in prior financial years	**-**	75,601
End of financial year	**406,033**	305,686

8. **Trade and other receivables**

	2023 US$	2022 US$
Amount due from a related corporation (trade)	**649,776**	1,301,802
Amount due from immediate holding company (non- trade)	**-**	6,671,395
Amount due from immediate holding company (trade)	**200,724**	192,903
Account receivable	**13,171,131**	1,516,723
Accrued income	**555,153**	628,773
Deposit	**5,437**	12,833
Prepaid expenses	**30,451**	1,950,811
	14,612,673	12,275,240

Amounts due from a related corporation (trade) and immediate holding company (trade) are subordinated, unsecured, interest-free and repayable on demand.

The amount due from immediate holding company (non-trade) unsecured, and repayable on demand. The contractual interest rate on loan at balance sheet date is 2023: 4.81% (2022: 3.10%) per annum.

9. Cash and cash equivalents

	2023 **US$**	2022 US$
Cash at bank	**131,357**	4,326,887

10. Share capital

The Company's share capital comprises 100,000 (2022: 100,000) fully paid-up ordinary shares with no par value, amounting to a total of US$75,677 (2022: US$75,677).

11. Trade and other payables

	2023 **US$**	2022 US$
Amount due to related corporations (trade)	**1,493,292**	12,971,948
Amount due to related corporations (non-trade)	**9,678,891**	-
Non-related party (trade)	**1,397,643**	1,765,628
Deferred income	**-**	1,938,242
Accruals	**1,987,998**	822,291
	14,557,824	17,498,109

The amount due to related corporations (trade) is subordinated, unsecured, and repayable on demand. The contractual interest rate on certain trade payables at the balance sheet date is 2023: 8%-13% (2022: 8%-11%) per annum.

The amount due to related corporations (non-trade) unsecured, and repayable on demand. The contractual interest rate on loan at balance sheet date is 2023: 11.25% (2022: nil) per annum.

12. Securities pledged

As at 31 December 2023, all of the Company's assets including cash and share capital have been pledged in relation to the Group's (The Floatel International Group) interest bearing debt, amounted to US$324,689,000 (2022: US$270,150,000).

The lenders also have securities in the internal and external contracts, insurance compensations, floating charges in all Group companies where that is permitted.

13. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The Company's business is mainly exposed to Australian Dollars ("AUD"). The Company's currency exposure to AUD is as follows:

	2023	2022
	US$	US$
Financial assets		
Trade receivables	**5,095,316**	279,460
Cash and cash equivalents	**30,175**	27,669
	5,125,491	307,129
Financial liabilities		
Trade payables	**(1,051,101)**	(33,599)
Accruals	**(1,203,520)**	(91,284)
	(2,254,621)	(124,883)
Net Currency exposure	**3,099,231**	(47,192)

13. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Company has insignificant exposure to equity price risk.

(iii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are bank deposits, trade and other receivables and accrued income.

As the Company does not hold collateral, the maximum exposure to credit risk to each class of financial assets is the carrying amount of that class of financial assets presented on the balance sheet.

Impairment of financial assets

For trade receivables, the Company has applied the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

In measuring the ECLs, financial assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Company.

The Company does not have a history of credit losses with the debtors and does not expect significant credit losses. As at 31 December 2023, there is no credit loss recognised for trade receivables (2022: nil).

13. Financial risk management (continued)

(c) Credit risk (continued)

Impairment of financial assets (continued)

Bank deposits are mainly deposits transacted with banks which have good credit ratings as determined by international credit-rating agencies. Therefore, they are subject to immaterial credit loss.

For the amount due from immediate holding company, the Company monitors the credit risk based on the past due information to assess if there is any significant increase in credit risk. The amount due from holding company is measured on 12-month expected credit losses. The credit loss is immaterial.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments. All financial liabilities of the Company will mature in less than a year.

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary. The Company defined "Capital" as including all components of equity.

The capital structure of the Company is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2023 **US$**	2022 US$
Financial assets, at amortised cost	**14,027,069**	9,695,656
Financial liabilities, at amortised cost	**14,557,824**	17,498,109

14. Fair value estimation of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities approximate their fair values.

15. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Floatel International Ltd., incorporated in Bermuda with principal place of business in Oslo, Norway.

16. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) *Sales and purchase of goods and services*

	2023	2022
	US$	US$
Related corporation		
- Rechargeable income	**208,520**	252,543
- Interest income	**108,782**	81,141
- Contractual cost	**2,968,720**	6,038,716
- Construction support vessel and lease payment relating to accommodation	**25,439,750**	10,114,540
- Interest expenses	**635,143**	185,389

Outstanding balances with related parties at balance sheet date are disclosed in Note 8 and 11.

(b) *Key management personnel compensation*

	2023	2022
	US$	US$
Wages and salaries	**93,725**	48,456
Post-employment benefits - contribution to Central Provident Fund	**11,915**	5,912
Other short-term employee benefits	**18,593**	6,692
	124,234	61,060

Included in the above is total compensation to directors of the Company amounting to US$124,234 (2022: US$61,060).

17. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Floatel Singapore Pte. Ltd. on 22 July 2024.

FLOATEL SINGAPORE PTE. LTD.

(Incorporated in Singapore. Registration Number: 201425786E)

ANNUAL REPORT

For the financial year ended 31 December 2022

FLOATEL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2022

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2022

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2022.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Tomas Hjelmstierna
Ke Cheng Da
Tham Wan Loong, Jerome (Resigned on 1 December 2022)
Tan Cheng Shun (Appointed on 1 December 2022)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures or warrants

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or warrants of the Company or its related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Ke Cheng Da
Managing Director

Tomas Hjelmstierna
Director

6 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Floatel Singapore Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act 1967, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2022;
- the balance sheet as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD. (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FLOATEL SINGAPORE PTE. LTD. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 September 2023

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2022

	Note	**2022 US$**	2021 US$
Revenue	3	**33,602,612**	11,307,567
Other income			
- Interest	4	**81,141**	-
- Dividends	4	**-**	2,310,154
- Others	4	**1,853,918**	-
Vessel related costs		**(22,674,561)**	(6,594,922)
Crew costs		**(4,576,628)**	(4,496,664)
Staff costs		**(703,241)**	(491,482)
Administrative expenses		**(2,535,623)**	(2,285,373)
Depreciation	5	**(3,638,942)**	(1,041,408)
Interest cost		**(311,812)**	(472,076)
Profit/(Loss) before income tax		**1,096,864**	(1,764,204)
Income tax expense	7	**(306,793)**	(303,901)
Profit/(Loss) after tax, being other comprehensive loss		**790,071**	(2,068,105)

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

BALANCE SHEET
As at 31 December 2022

	Note	31 December 2022 US$	31 December 2021 US$
ASSETS			
Current assets			
Trade and other receivables	9	**12,275,240**	8,918,177
Cash and cash equivalents	10	**4,326,887**	17,856
		16,602,127	8,936,033
Non-current asset			
Right-of-use asset	5	-	3,638,942
Investment in subsidiary	8	-	1
		-	3,638,943
Total assets		**16,602,127**	12,574,976
EQUITY			
Share capital	11	**75,677**	75,677
Retained profits		**(1,277,345)**	(2,067,416)
Total equity		**(1,201,668)**	(1,991,739)
LIABILITIES			
Current liabilities			
Lease liability		-	3,673,638
Trade and other payables	12	**17,498,109**	10,589,176
Current income tax liabilities	7	**305,686**	303,901
		17,803,795	14,566,715
Total liabilities		**17,803,795**	14,566,715
Total equity and liabilities		**16,602,127**	12,574,976

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital US$	Retained profits/ (accumulated losses) US$	Total equity US$
2021			
Beginning of financial year	75,677	15,410,689	15,486,366
Total comprehensive loss	-	(2,068,105)	(2,068,105)
Dividend paid (Note 14)	-	(15,410,000)	(15,410,000)
End of financial year	**75,677**	**(2,067,416)**	**(1,991,739)**
2022			
Beginning of financial year	75,677	(2,067,416)	(1,991,739)
Total comprehensive income	-	790,071	790,071
End of financial year	**75,677**	**(1,277,345)**	**(1,201,668)**

The accompanying notes form an integral part of these financial statements.

FLOATEL SINGAPORE PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2022 US$	2021 US$
Cash flows from operating activities			
Profit/(Loss) after tax		**790,071**	(2,068,105)
Adjustments for:			
- Depreciation		**3,638,942**	1,041,408
- Dividend income		-	(2,310,154)
- Interest income		**(81,141)**	-
- Interest expense		**311,812**	302,348
- Income tax expense		**306,793**	303,901
		4,966,477	(2,730,602)
Change in working capital:			
- Trade and other receivables		**(3,357,063)**	12,208,798
- Trade and other payables		**6,908,933**	8,190,929
Cash generated from operations		**8,518,347**	17,669,125
Income tax paid		**(305,008)**	-
Net cash generated from operating activities		**8,213,339**	17,669,125
Cash flows from investing activities			
Dividends received		-	2,310,154
Interest income received		**81,141**	-
Disposal of subsidiary		**1**	-
Net cash provided by investing activities		**81,142**	2,310,154
Cash flows from financing activities			
Principal repayment		**(3,673,638)**	(4,260,152)
Interest paid		**(311,812)**	(302,348)
Dividend paid		-	(15,410,000)
Net cash used in financing activities		**(3,985,450)**	(19,972,500)
Net increase in cash and cash equivalents		**4,309,031**	6,779
Cash and cash equivalents			
Beginning of financial year	10	**17,856**	11,077
End of financial year	10	**4,326,887**	17,856

Reconciliation of liability arising from financing activities

			Non-cash changes		
	1 January	Principal and interest payments	Interest expense	Addition-new lease	31 December
	$	$	$	$	$
2022					
Lease liability	3,673,638	(3,800,000)	126,362	-	-
2021					
Lease liability	3,253,440	(4,562,500)	302,348	4,680,350	3,673,638

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 1 Harbourfront Ave, #13-03 Keppel Bay Tower, Singapore 098632.

The principal activities of the Company are to operate and charter out leased vessels and provision of supervision services to vessel owners.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

As at 31 December 2022, the Company is in a net current and total liabilities position of US$1,201,668. The financial statements have been prepared on a going concern basis, as the Company has secured several contracts for execution in 2023 which is expected to be able to provide cash management support including repayment of the Company's receivable. Furthermore, the Company has sufficient cash on hand at the date of this statement and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and for the equity of the Company to be restored in due course.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly owned subsidiary of Floatel International Ltd., a Bermuda-incorporated company with principal place of business in Norway which produces consolidated financial statements. The registered office of Floatel International Ltd. where the consolidated financial statements can be obtained is as follows:Dronning Eufemias gate 8, 0191 Oslo, Norway. .

2.2 Investment in subsidiaries

Subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are stated at cost less accumulated impairment losses in the balance sheet. On disposal of an investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.3 Revenue recognition

Revenue from time charter is generated from provision of services. Time charter income is recognised is it accrues day by day and mobilisation and demobilisation income are recognised in profit or loss on a straight-line basis over the term of the contract.

The Company provides services regarding catering as well as rechargeable extra services which result in revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

2.4 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant accounting policies (continued)

2.5 Leases

(a) When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

i) Right-of-use asset

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

ii) Lease liability

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

2.5 Leases (continued)

(b) When the Company is the lessor:

The accounting policy applicable to the Company as a lessor in the comparative period were the same under FRS 116.

Time charter contracts are service contracts and are no classified as leases.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.7 Impairment of non-financial assets

Investment in subsidiaries and right-of-use asset are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.8 Financial assets

The Company classifies its financial assets in the measurement category "Amortised cost".

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(ii) *At subsequent measurement*

Debt instrument of the Company comprises of trade and other receivables and cash and cash equivalents. There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Significant accounting policies (continued)

2.10 Provisions (continued)

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.12 Currency translation

The financial statements are presented in United States Dollars ("US$"), which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement.

Currency translation differences on these items are included in the fair value reserve.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.14 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Revenue

(a) Disaggregation of revenue from contracts with customers

	2022 US$	2021 US$
Revenue from contracts with customers		
Recognised over time:		
-Time charter income	**21,192,804**	8,011,406
-Demobilisation/Mobilisation income	**5,091,667**	1,833,333
-Rechargeable expenses	**7,318,141**	1,462,828
	33,602,612	11,307,567

The vessel Floatel Triumph performed services for Öhsted in Taiwan from January to March 2022, and for Inpex in Australia from June to August. The rest of the year the vessel has been located in Kemaman, Malaysia, for vessel maintenance.
In August 2022, Shell Prelude suspended the charter to 2023. In March 2023,Triumph returned to Australia for operations on the Woodside charter.

(b) Contract assets and liabilities

The contract assets primarily relate to the Company's right to consideration for services rendered to customer but not yet billed at reporting date. The decrease in accrued receivables is due to lower revenue in December 2022 than in December 2021 which in turn depends on prevailing contract at each reporting date.

The contract liabilities relate to consideration received from customer for the unsatisfied performance obligation in providing services. Revenue will be recognised when the services are rendered to the customers. The change in contract liabilities balance is mainly due to the increase in contracts which the Company billed and received consideration ahead of the services provided.

(b) Contract assets and liabilities (continued)

	31 December		1 January
	2022	2021	2021
	US$	US$	US$
Contract assets			
-Accrued income	**628,773**	2,122,187	-
Contract liabilities			
-Deferred income	**1,938,242**	-	-

(i) *Revenue recognised in relation to contract liabilities*

	2022	2021
	US$	US$
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	-	-

(ii) *Unsatisfied performance obligations*

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

4. Other income

	2022	2021
	US$	US$
Dividend income	-	2,310,154
Interest income – internal	**81,141**	-
Others	**1,852,345**	-
	1,933,486	2,310,154

During the year, the company has an insurance claim compensation amounting to $1,852,345.

5. Right-of-use asset

	2022 US$	2021 US$
Cost		
Beginning and end of financial year	**22,286,205**	17,605,855
Additions	**-**	4,680,350
Disposal	**(22,286,205)**	-
End of financial year	**-**	22,286,205
Accumulated depreciation and impairment loss		
Beginning of financial year	**18,647,263**	17,605,855
Depreciation charge	**3,638,942**	1,041,408
Disposal	**(22,286,205)**	-
End of financial year	**-**	18,647,263
Net book value		
End of financial year	**-**	3,638,942

6. Lease - The Company as a lessee

Nature of the Company's leasing activity

The Company leases an accommodation and construction support vessel.

There is no externally imposed covenant on the lease arrangement.

(a) Carrying amounts

ROU asset

	31 December 2022 US$	31 December 2021 US$
Bareboat charter vessel	**-**	3,638,942

In 2022, there was a lease modification as the Company have extended the bareboat charter vessel to 31 December 2022.

(b) Depreciation charge during the year

	2022 US$	2021 US$
Bareboat charter vessel	**3,638,942**	1,041,408

6. Lease - The Company as a lessee (continued)

(c) Interest expense

	2022 US$	2021 US$
Interest expense on lease liability	**126,362**	302,348

(d) Total cash outflow for all leases in 2022 was US$3,800,000 (2021: US$4,562,500).

7. Income taxes

(a) Income tax expense

	2022 US$	2021 US$
Tax expense attributable to profit is made up of:		
- Current income tax	**231,192**	-
- Deferred income tax	**-**	-
	231,192	-
Under provision in prior financial years		
- Current income tax	**75,601**	303,901
	306,793	303,901

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2022 US$	2021 US$
Profit/(Loss) before tax	**1,096,865**	(1,764,204)
Tax calculated at tax rate of 17% (2021: 17%)	**186,467**	(299,915)
Effects of:		
- non-deductible expenses	**5,898**	-
- deferred tax asset not recognised	**38,827**	299,915
- under provision of tax in prior years	**75,601**	303,901
Tax charge	**306,793**	303,901

7. **Income taxes** (continued)

(b) Movement in current income tax liabilities

	2022 **US$**	2021 US$
Beginning of financial year	**303,901**	-
Income tax paid – net	**(305,008)**	-
Tax expense	**231,192**	-
Under provision in prior financial years	**75,601**	303,901
End of financial year	**305,686**	303,901

8. Investment in subsidiaries

	2022 **US$**	2021 US$
Equity investment at cost		
Beginning and	**1**	1
Disposal	**(1)**	-
End of financial year	**-**	1

8. Investment in subsidiaries (continued)

The subsidiaries are liquidated during the year and the details are as follows at the balance sheet date:

Name of company	Principal activities	Country of business/ incorporation	Equity holding in 2022	Equity holding in 2021
Floatel Australia Pty Ltd	Charter accommodation and construction support vessels to the oil & gas industry (non-trading)	Australia	-	100%
Floatel Singapore Contractor Pte Ltd	Chartering of vessel (non-trading)	Singapore	-	100%

9. Trade and other receivables

	2022 US$	2021 US$
Amount due from a related corporation (trade)	**1,301,802**	351,640
Amount due from immediate holding company (non- trade)	**6,671,395**	-
Amount due from immediate holding company (trade)	**192,903**	-
Account receivable	**1,516,723**	5,432,031
Accrued income	**628,773**	2,122,187
Deposit	**12,833**	11,897
Capitalized mobilisation	-	837,207
Prepaid expenses	**1,950,811**	163,215
	12,275,240	8,918,177

Amounts due from a related corporation (trade) and immediate holding company (non-trade, trade) are subordinated, unsecured, interest-free and repayable on demand.

10. Cash and cash equivalents

	2022 US$	2021 US$
Cash at bank	**4,326,887**	17,856

11. Share capital

The Company's share capital comprises 100,000 (2021: 100,000) fully paid-up ordinary shares with no par value, amounting to a total of US$75,677 (2021: US$75,677).

12. Trade and other payables

	2022	2021
	US$	US$
Amount due to related corporations (trade)	**12,971,948**	2,226,553
Amount due to related corporations (non-trade)	**-**	5,885,215
Non-related party	**1,765,628**	804,957
Deferred income	**1,938,242**	-
Accruals	**822,291**	1,672,451
	17,498,109	10,589,176

The amount due to related corporations is subordinated, unsecured, interest-free and repayable on demand.

13. Securities pledged

As at 31 December 2022, all of the Company's assets including cash and share capital have been pledged in relation to the Group's interest bearing debt, amounted to US$270,150,000 (2021: US$287,330,000).

The lenders also have securities in the internal and external contracts, insurance compensations, floating charges in all Group companies where that is permitted.

14. Dividend

Prior year, a non-cash dividend of US$154.10 per share amounting to US$15,410,000 was paid to offset its receivables due from immediate holding company.

15. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The Company has insignificant exposure to currency risk.

(ii) Price risk

The Company has insignificant exposure to equity price risk.

(iii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are bank deposits, trade and other receivables and accrued income.

As the Company does not hold collateral, the maximum exposure to credit risk to each class of financial assets is the carrying amount of that class of financial assets presented on the balance sheet.

15. Financial risk management (continued)

(b) Credit risk (continued)

Impairment of financial assets

For trade receivables, the Company has applied the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

In measuring the ECLs, financial assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Company.

The Company does not have a history of credit losses with the debtors and does not expect significant credit losses. As at 31 December 2022, there is no credit loss recognised for trade receivables.

Bank deposits are mainly deposits transacted with banks which have good credit ratings as determined by international credit-rating agencies. Therefore, they are subject to immaterial credit loss.

For the amount due from immediate holding company, the Company monitors the credit risk based on the past due information to assess if there is any significant increase in credit risk. The amount due from holding company is measured on 12-month expected credit losses. The credit loss is immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments. All financial liabilities of the Company will mature in less than a year.

15. Financial risk management (continued)

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary. The Company defined "Capital" as including all components of equity.

The capital structure of the Company is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2022	2021
	US$	US$
Financial assets, at amortised cost	**16,602,127**	8,936,033
Financial liabilities, at amortised cost	**17,498,109**	14,262,814

16. Fair value estimation of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities approximate their fair values.

17. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Floatel International Ltd., incorporated in Bermuda with principal place of business in Oslo, Norway.

18. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services

	2022	2021
	US$	US$
Subsidiaries		
- Time charter / Bareboat income	**-**	-
Related corporation		
- Rechargeable income	**252,543**	207,753
- Interest income	**81,141**	-
- Contractual cost	**6,038,716**	6,024,029
- Lease payment relating to accomodation and construction support vessel.	**10,114,540**	4,562,500
- Interest expenses	**185,389**	169,684

Outstanding balances with related parties at balance sheet date are disclosed in Note 9 and 12.

(b) Key management personnel compensation

The directors are key management personnel of the Company, external appointees, and employees of the related corporations. The Company pays management and services fees to the related coproprietor but does not directly reimburse the related corporations for the director services rendered.

19. Going concern consideration including market outlook

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been limited for the Company. Furthermore, continued high energy demand and prices will drive demand for our services.

Even if continued improvements were visible in 2022, the market remains partly oversupplied, resulting in modest near-term price increases. It is estimated to be a soft year in 2023, with opportunities moving to 2024 and beyond.

Managment believe the demand for offshore accommodation services will increase from 2024 based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, and the reduced supply, will result in higher utilisation and, with some time lag, also prices.

Additionally, the shift in the energy discussion towards renewable sources have created a debate about energy composition for the future; however, the transition to a renewable world is likely to take time.

The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises eighteen vessels following recent announcements by competitors to scrap older vessels plus two vessels yet to be delivered. Seventeen vessels have been built since 2005 (including the two new buildings mentioned), and the remaining older vessels are expected to exit the market in the coming years.

20. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Floatel Singapore Pte. Ltd. on 6 September 2023.

FLOATEL UK CONTRACTOR LTD
SC500821

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2023

MHA
12 CARDEN PLACE
ABERDEEN
AB10 1UR

FLOATEL UK CONTRACTOR LTD

COMPANY INFORMATION

Directors	Mr B T Hjelmstierna Mr G B S Thorlin	 (Appointed 26 August 2024)
Secretary	Burness Paull LLP	
Company number	SC500821	
Registered office	Steadfast House Greenwell Road Aberdeen AB12 3AX	
Auditor	MHA 12 Carden Place Aberdeen AB10 1UR	

FLOATEL UK CONTRACTOR LTD

CONTENTS

FLOATEL UK CONTRACTOR LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 30 December 2023.

The company is a member of the Floatel International Ltd group ("the Group").

In accordance with section 414B (b) of the Companies Act 2006, the directors are taking advantage of the small companies exemption to not prepare a strategic report.

Principal activities

The principal activity of the company continued to be that of the provision of semi-submersible accommodation and construction support vessels to the oil and gas industry.

Effective as of 1 Decmeber 2023, the company entered into a Technical management agreement with Floatel Triumph Ltd to manage the vessel Triumph during the transit from Australia to Norway and during the periodic survey. The company has also entered into agreements with customers for operations to be performed during FY2024.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B T Hjelmstierna	
Mr G Wiklund	(Resigned 26 August 2024)
Mr G B S Thorlin	(Appointed 26 August 2024)

Going concern

The company has entered into a cash management agreement with its parent company where Floatel International Ltd undertake to provide necessary liquidity. The board has therefore reasonable expectation for the company to be able to pay its liabilities when due. The company has been awarded two contracts in Q3 of 2023 for execution in 2024.

Auditor

MHA were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Tomas Hjelmstierna

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Mr B T Hjelmstierna

Director

Date: 16.09.2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FLOATEL UK CONTRACTOR LTD

Opinion

We have audited the financial statements of Floatel UK Contractor Ltd (the 'company') for the year ended 30 December 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements.

We identified laws and regulations that are significant in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates. Laws and regulations of direct significance in the context of the company include UK GAAP, Companies Act 2006 and tax reporting obligations including VAT as it relates to service activities undertaken on the UK Continental Shelf.

We have assessed the susceptibility of the financial statements, including fraud, and considered the fraud risks to be management override of controls and revenue recognition. Our tests included, but were not limited to

- Agreement of the financial statements disclosure to underlying supporting documentation, review of correspondence and enquiries of management and those charged with governance.
- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Reviewing financial disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing manual accounting entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M L Brown

Mark Brown BA CA (Senior Statutory Auditor)
For and on behalf of MHA
Statutory Auditor
Aberdeen
United Kingdom

16/9/2024
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MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership based in England and Wales (registered number OC312313).

FLOATEL UK CONTRACTOR LTD

INCOME STATEMENT

FOR THE YEAR ENDED 30 DECEMBER 2023

	Notes	2023 $	2022 $
Turnover	3	331,048	-
Cost of sales		(250,326)	7,320
Gross profit		80,722	7,320
Administrative expenses		(66,231)	(57,038)
Operating profit/(loss)	4	14,491	(49,718)
Interest receivable and similar income	6	12,349	4,002
Profit/(loss) before taxation		26,840	(45,716)
Tax on profit/(loss)	7	-	3,431
Profit/(loss) for the financial year		26,840	(42,285)

The income statement has been prepared on the basis that all operations are continuing operations.

FLOATEL UK CONTRACTOR LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 DECEMBER 2023

	2023 $	2022 $
Profit/(loss) for the year	26,840	(42,285)
Other comprehensive income	-	-
Total comprehensive income for the year	26,840	(42,285)

FLOATEL UK CONTRACTOR LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 DECEMBER 2023

	Notes	2023 $	2023 $	2022 $	2022 $
Current assets					
Debtors	8	3,550,746		289,126	
Cash at bank and in hand		10,559		9,392	
		3,561,305		298,518	
Creditors: amounts falling due within one year	9	(3,274,951)		(39,004)	
Net current assets			286,354		259,514
Capital and reserves					
Called up share capital	10		1		1
Profit and loss reserves	12		286,353		259,513
Total equity			286,354		259,514

The financial statements were approved by the board of directors and authorised for issue on 16.09.2024 and are signed on its behalf by:

Tomas Hjelmstierna

Mr B T Hjelmstierna
Director

Company registration number SC500821 (Scotland)

FLOATEL UK CONTRACTOR LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 DECEMBER 2023

	Share capital	Profit and loss reserves	Total
	$	$	$
Balance at 1 January 2022	1	301,798	301,799
Year ended 30 December 2022:			
Loss and total comprehensive income	-	(42,285)	(42,285)
Balance at 30 December 2022	1	259,513	259,514
Year ended 30 December 2023:			
Profit and total comprehensive income	-	26,840	26,840
Balance at 30 December 2023	1	286,353	286,354

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 DECEMBER 2023

	Notes	2023 $	2023 $	2022 $	2022 $
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	15		(11,182)		7,824
Income taxes paid			-		(3,621)
Net cash (outflow)/inflow from operating activities			(11,182)		4,203
Investing activities					
Interest received		12,349		4,002	
Net cash generated from investing activities			12,349		4,002
Net increase in cash and cash equivalents			1,167		8,205
Cash and cash equivalents at beginning of year			9,392		1,187
Cash and cash equivalents at end of year			10,559		9,392

1 Accounting policies

Company information

Floatel UK Contractor Ltd is a private company limited by shares incorporated and domiciled within Scotland. The registered office is Steadfast House, Greenwell Road, Aberdeen, AB12 3AX. Its principal activity continues to be that of offshore accommodation and construction support vessels to the oil and gas industry . Accommodation and construction support vessels are provided through the company's sister companies within the Floatel International Ltd group ("the Group").

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework' ("FRS101"), using the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. Accounting policies have been applied consistently, other than where new policies have been adopted.

As outlined at note 1.2, the financial statements have been prepared on going concern basis.

The financial statements are prepared in US Dollars ($), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest $.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101 where applicable:

- the requirements of IFRS 7 *Financial Instruments: Disclosures;*
- the requirements of the second sentence of paragraph 10 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of FRS 15 *Revenue from Contracts with Customers;*
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 *Presentation of of Financial Statements;*
- the requirements of IAS 7 *Statement of Cash Flows;*
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;*
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures;* and
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given within the group financial statements of Floatel International Ltd.

1.2 Going concern

The company has entered into a cash management agreement with its parent company where Floatel International Ltd undertake to provide necessary liquidity. The board has therefore reasonable expectation for the Company to be able to pay its liabilities when due. The company has been awarded two contracts in Q3 of 2023 for execution in 2024.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises revenue when control is transferred to the customer, that is when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognised over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

a. Charter revenue

The company provides offshore services to the oil and gas industry in the form of time charter contracts. Contract terms generally range from less than one year to five years. Charter income is recognised over time according to the terms of the agreement, in the period the work is performed and the performance obligations fulfilled. Booking fees are recognised when performance obligations are fulfilled.

b. Mobilisation revenue

Mobilisation revenue does not normally have a distinct performance obligation in itself as it is highly interdependent on charter activities. Therefore, the performance obligation relating to mobilisation activities are recognised in line with the performance obligation to provide charter services.

c. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to the terms of the agreement. Revenue relating to this service is recognised over time when performance obligations are met.

d. Technical Management revenue

The company provides services to fellow Group companies when their respective accommodation and constructions support vessel ("ASV") is not on charter with third party customers, i.e. is either idle, in lay-up or at a yard for maintenance, repair and/or upgrade. These services consist of normal ship management as well project management services similar to when the ASV is on time charter however on behalf of the owner. These services are therefore ancillary, non-core, low value-added services and are charged on actual cost-plus basis to the respective Group company ASV owner. The revenue is recognised over time according to the terms of the agreement, in the period the work is performed and the performance obligations fulfilled.

e. Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount. The recoverable amount being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

f. Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Cost to fulfil the contract

The company has assessed that the costs to perform mobilisation activities are costs that have been incurred in fulfilling a contract with a customer. These costs relate directly to a contract, generate resources used in satisfying the contract and are expected to be recovered. The costs are therefore capitalised as costs to fulfil a contract and amortised on a systematic basis over the contract period.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.5 Financial instruments

Initial recognition and measurement

The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short-term deposits and trade and other receivables. The company only holds financial assets at amortised cost.

Financial assets held at amortised cost

The company classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Classification of financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, other financial liabilities measured at amortised cost using the effective interest rate method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transactions costs. The company has no financial liabilities at fair value through profit or loss or derivatives.

Other financial liabilities

Other financial liabilities are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1 Accounting policies **(Continued)**

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (Continued)

1.9 Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US Dollars ($) which is the Company's functional and presentational currency, and all values are rounded to the nearest dollar except where otherwise indicated.

Transactions and balances

Transactions in foreign exchange currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Functional currency

The functional currency of the company is the currency of the primary economic environment in which it operates. In determining the functional currency, the directors determined the currency in which primary influences sales price and the currency in which the majority of the existing costs are dominated in.

3 Turnover and other revenue

	2023	2022
	$	$
Turnover analysed by class of business		
Technical management	331,048	-

	2023	2022
	$	$
Other revenue		
Interest income	12,349	4,002

3 Turnover and other revenue (Continued)

Transaction price allocated to the remaining performance obligations
The company applies the practical expedient in IFRS 15.121 and does not disclose information about retaining performance obligations that have original expected durations of one year or less, to the extent these may arise.

4 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):	2023 $	2022 $
Exchange losses/(gains)	312	(3,159)
Fees payable to the company's auditor for the audit of the company's financial statements	13,335	18,199

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Management	2	2

The directors are remunerated through other companies within the group and as such, no directors' remuneration is shown within the company. The emoluments of the directors are recharged to the company as part of a management charge. This management includes a recharge of administration costs borne by other companies within the group on behalf of the company and it is not possible to identify separately the amount of the directors' emoluments.

6 Interest receivable and similar income

	2023 $	2022 $
Interest income		
Other interest income	12,349	4,002

7 Taxation

	2023 $	2022 $
Current tax		
Adjustments in respect of prior periods	-	(3,431)

7 Taxation (Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2023 $	2022 $
Profit/(loss) before taxation	26,840	(45,716)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	5,100	(8,686)
Tax effect of utilisation of tax losses not previously recognised	(5,100)	-
Unutilised tax losses carried forward	-	8,686
Adjustments in respect of prior years	-	(3,431)
Taxation charge/(credit) for the year	-	(3,431)

8 Debtors

Amounts falling due within one year:	2023 $	2022 $
Amounts owed by group undertakings	266,741	277,756
Other debtors	2,998	11,370
Prepayments and accrued income	3,281,007	-
	3,550,746	289,126

Amounts owed by group undertakings are subordinate, unsecured and are repayable on demand. Interest is received at a market rate on these balances.

9 Creditors: amounts falling due within one year

	2023 $	2022 $
Trade creditors	2,647,580	44
Accruals and deferred income	627,371	38,960
	3,274,951	39,004

10 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 $	2022 $
Authorised				
1 Ordinary share of $1 each	1	1	1	1
Issued and fully paid				
1 Ordinary share of $1 each	1	1	1	1

11 Contingent liabilities

Securities
As at 30 December 2023 the company's bank accounts, and all of the company's assets and share capital have been pledged in relation to the group's interest bearing debt, amounting to USD $265 million (2022: $265 million). The company has also guaranteed the same debt.

The lenders also have securities in the internal and external contracts, insurance compensations, floating charges in all group companies where that is permitted.

As at 30 December 2023, the company's shares and voting rights were held by Floatel International Ltd and the pledge bank accounts, assets and the credit rights were at the disposal of the company,

Lease commitments
As at 30 December 2023, the company has no long-term lease commitments for the years to come.

12 Profit and loss reserves

The retained earnings reserve reflects the aggregate of all profits and losses recognised through the income statement less dividends paid throughout all periods up to the balance sheet date.

13 Related party transactions

The company has taken advantage of the exemption under FRS 101 not to disclose transaction with fellow wholly owned members of the group.

14 Ultimate controlling party

The immediate parent and ultimate controlling party of the company is Floatel International Ltd, a company registered in Bermuda whose principal place of business is in Norway. Floatel International Ltd is also the smallest and largest group of undertakings that prepare consolidated financial statements. The consolidated financial statements are available at the following address https://www.floatel.no, or Dronning Eufemias gate 8, 0191 Oslo, Norway.

15 Cash (absorbed by)/generated from operations

	2023 $	2022 $
Profit/(loss) for the year after tax	26,840	(42,285)
Adjustments for:		
Taxation charged/(credited)	-	(3,431)
Investment income	(12,349)	(4,002)
Movements in working capital:		
(Increase)/decrease in debtors	(3,261,620)	81,427
Increase/(decrease) in creditors	3,235,947	(23,885)
Cash (absorbed by)/generated from operations	(11,182)	7,824

16 Analysis of changes in net funds

	31 December 2022	Cash flows	30 December 2023
	$	$	$
Cash at bank and in hand	9,392	1,167	10,559

FLOATEL UK CONTRACTOR LTD
SC500821

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2022

MHA
12 CARDEN PLACE
ABERDEEN
AB10 1UR

FLOATEL UK CONTRACTOR LTD

COMPANY INFORMATION

Directors	Mr B T Hjelmstierna Mr G Wiklund
Secretary	Burness Paull LLP
Company number	SC500821
Registered office	Steadfast House Greenwell Road Aberdeen AB12 3AX
Auditor	MHA 12 Carden Place Aberdeen AB10 1UR

CONTENTS

The directors present their annual report and financial statements for the year ended 30 December 2022.

The Company is a member of the Floatel International Ltd group ("the Group").

In accordance with section 414B (b) of the Companies Act 2006, the directors are taking advantage of the small companies exemption to not prepare a strategic report.

Principal activities
The principal activity of the company continued to be that of the provision of semi-submersible accommodation and construction support vessels to the oil and gas industry.

This was a non trading year but the directors are satisfied to report the company was awarded two contracts in Q3 of 2023 for execution in 2024.

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B T Hjelmstierna
Mr G Wiklund

Going concern
The company has entered into a cash management agreement with its parent company where Floatel International Ltd undertake to provide necessary liquidity. The board has therefore reasonable expectation for the company to be able to pay its liabilities when due. The company has been awarded two contracts in Q3 of 2023 for execution in 2024.

Auditor
MHA were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Tomas Hjelmstierna

Mr B T Hjelmstierna
Director

22 December 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FLOATEL UK CONTRACTOR LTD

Opinion

We have audited the financial statements of Floatel UK Contractor Ltd (the 'company') for the year ended 30 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements.

We identified laws and regulations that are of significant in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates. Laws and regulations of direct significance in the context of the company include UK GAAP, Companies Act 2006 and tax reporting obligations.

We have assessed the susceptibility of the financial statements, including fraud, and considered the fraud risks to be management override of controls and revenue recognition. Our tests included, but were not limited to

- Agreement of the financial statements disclosure to underlying supporting documentation, review of correspondence and enquiries of management and those charged with governance.

- Enquiry of management, those charged with governance around actual and potential litigation and claims.

- Reviewing financial disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- Auditing the risk of management override of controls, including through testing manual accounting entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a misstatement resulting from error, even though we have properly planned and performed our audit in accordance with auditing standards. There are inherent limitations in the audit procedures performed as fraud can involve intentional concealment, collusion, misrepresentation, intentional omission, or the override of internal controls which can increase the risk of non-detection.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Brown BA CA (Senior Statutory Auditor)
For and on behalf of MHA

Statutory Auditor
Aberdeen
United Kingdom

22 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership based in England and Wales (registered number OC312313).

FLOATEL UK CONTRACTOR LTD

INCOME STATEMENT

FOR THE YEAR ENDED 30 DECEMBER 2022

	Notes	2022 $	2021 $
Turnover	3	-	11,708,093
Cost of sales		7,320	(10,517,420)
Gross profit		7,320	1,190,673
Administrative expenses		(57,038)	(1,164,171)
Operating (loss)/profit	4	(49,718)	26,502
Interest receivable and similar income	6	4,002	10,613
(Loss)/profit before taxation		(45,716)	37,115
Tax on (loss)/profit	7	3,431	264,683
(Loss)/profit for the financial year		(42,285)	301,798

The income statement has been prepared on the basis that all operations are continuing operations.

FLOATEL UK CONTRACTOR LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 DECEMBER 2022

	2022	2021
	$	$
(Loss)/profit for the year	(42,285)	301,798
Other comprehensive income	-	-
Total comprehensive income for the year	(42,285)	301,798

STATEMENT OF FINANCIAL POSITION

AS AT 30 DECEMBER 2022

	Notes	30 December 2022 $	$	31 December 2021 $	$
Current assets					
Debtors	9	289,126		370,553	
Cash at bank and in hand		9,392		1,187	
		298,518		371,740	
Creditors: amounts falling due within one year	10	(39,004)		(69,941)	
Net current assets			259,514		301,799
Capital and reserves					
Called up share capital	11		1		1
Profit and loss reserves	13		259,513		301,798
Total equity			259,514		301,799

The financial statements were approved by the board of directors and authorised for issue on 22 December 2023 and are signed on its behalf by:

Tomas Hjelmstierna

Mr B T Hjelmstierna
Director

Company registration number SC500821 (Scotland)

FLOATEL UK CONTRACTOR LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 DECEMBER 2022

	Notes	Share capital	Profit and loss reserves	Total
		$	$	$
Balance at 1 January 2021		1	11,250,440	11,250,441
Year ended 31 December 2021:				
Profit and total comprehensive income		-	301,798	301,798
Dividends	8	-	(11,250,440)	(11,250,440)
Balance at 31 December 2021		1	301,798	301,799
Year ended 30 December 2022:				
Loss and total comprehensive income		-	(42,285)	(42,285)
Balance at 30 December 2022		1	259,513	259,514

FLOATEL UK CONTRACTOR LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 DECEMBER 2022

	Notes	2022		2021	
		$	$	$	$
Cash flows from operating activities					
Cash generated from operations	**16**		7,824		10,870,385
Income taxes (paid)/refunded			(3,621)		370,537
Net cash inflow from operating activities			4,203		11,240,922
Investing activities					
Interest received		4,002		10,613	
Net cash generated from investing activities			4,002		10,613
Financing activities					
Dividends paid		-		(11,250,440)	
Net cash used in financing activities			-		(11,250,440)
Net increase in cash and cash equivalents			8,205		1,095
Cash and cash equivalents at beginning of year			1,187		92
Cash and cash equivalents at end of year			9,392		1,187

1 Accounting policies

Company information

Floatel UK Contractor Ltd is a private company limited by shares incorporated and domiciled within Scotland. The registered office is Steadfast House, Greenwell Road, Aberdeen, AB12 3AX. Its principal activity continues to be that of offshore accommodation and construction support vessels to the oil and gas industry . Accommodation and construction support vessels are provided through the company's sister companies within the Floatel International Ltd group ("the Group").

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework' ("FRS101"), using the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. Accounting policies have been applied consistently, other than where new policies have been adopted.

As outlined at note 1.2, the financial statements have been prepared on going concern basis.

The financial statements are prepared in US Dollars ($), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest $.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101 where applicable:

- the requirements of IFRS 7 *Financial Instruments: Disclosures;*
- the requirements of the second sentence of paragraph 10 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of FRS 15 *Revenue from Contracts with Customers;*
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 *Presentation of of Financial Statements;*
- the requirements of IAS 7 *Statement of Cash Flows;*
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;*
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures;* and
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given within the group financial statements of Floatel International Ltd.

1.2 Going concern

The Company has entered into a cash management agreement with its parent company where Floatel International Ltd undertake to provide necessary liquidity. The board has therefore reasonable expectation for the Company to be able to pay its liabilities when due. The company has been awarded two contracts in Q3 of 2023 for execution in 2024.

1 Accounting policies (Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises revenue when control is transferred to the customer, that is when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognised over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(a) Sales of services and other related income

a. Charter revenue

The company provides offshore services to the oil and gas industry in the form of time charter contracts. Contract terms generally range from less than one year to five years. Charter income is recognised over time according to the terms of the agreement, in the period the work is performed and the performance obligations fulfilled. Booking fees are recognised when performance obligations are fulfilled.

b. Mobilisation revenue

Mobilisation revenue does not normally have a distinct performance obligation in itself as it is highly interdependent on charter activities. Therefore, the performance obligation relating to mobilisation activities are recognised in line with the performance obligation to provide charter services.

c. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to the terms of the agreement. Revenue relating to this service is recognised over time when performance obligations are met.

d. Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount. The recoverable amount being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

e. Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Cost to fulfil the contract

The company has assessed that the costs to perform mobilisation activities are costs that have been incurred in fulfilling a contract with a customer. These costs relate directly to a contract, generate resources used in satisfying the contract and are expected to be recovered. The costs are therefore capitalised as costs to fulfil a contract and amortised on a systematic basis over the contract period.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.5 Financial instruments

Initial recognition and measurement

The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short-term deposits and trade and other receivables. The company only holds financial assets at amortised cost.

Financial assets held at amortised cost

The company classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Classification of financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, other financial liabilities measured at amortised cost using the effective interest rate method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transactions costs. The company has no financial liabilities at fair value through profit or loss or derivatives.

Other financial liabilities

Other financial liabilities are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (Continued)

1.9 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-to-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

All material leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.10 Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US Dollars ($) which is the Company's functional and presentational currency, and all values are rounded to the nearest dollar except where otherwise indicated.

Transactions and balances

Transactions in foreign exchange currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Functional currency

The functional currency of the company is the currency of the primary economic environment in which it operates. In determining the functional currency, the directors determined the currency in which primary influences sales price and the currency in which the majority of the existing costs are dominated in.

3 Turnover and other revenue

	2022	2021
	$	$
Turnover analysed by class of business		
Vessel management	-	11,708,093

	2022	2021
	$	$
Other revenue		
Interest income	4,002	10,613

Transaction price allocated to the remaining performance obligations

The company applies the practical expedient in IFRS 15.121 and does not disclose information about retaining performance obligations that have original expected durations of one year or less, to the extent these may arise.

4 Operating (loss)/profit

	2022	2021
Operating (loss)/profit for the year is stated after charging/(crediting):	$	$
Exchange gains	(3,159)	(7,004)
Fees payable to the company's auditor for the audit of the company's financial statements	18,199	31,163
Operating lease charges	-	5,201,022

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Management	2	2

The directors are remunerated through other companies within the group and as such, no directors' remuneration is shown within the company. The emoluments of the directors are recharged to the company as part of a management charge. This management includes a recharge of administration costs borne by other companies within the group on behalf of the company and it is not possible to identify separately the amount of the directors' emoluments.

6 Interest receivable and similar income

	2022	2021
	$	$
Interest income		
Other interest income	4,002	10,613

7 Taxation

	2022	2021
	$	$
Current tax		
UK corporation tax on profits for the current period	-	7,052
Adjustments in respect of prior periods	(3,431)	(271,735)
Total current tax	(3,431)	(264,683)

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	$	$
(Loss)/profit before taxation	(45,716)	37,115
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(8,686)	7,052
Unutilised tax losses carried forward	4,696	-
Adjustments in respect of prior years	(3,431)	(271,735)
Taxation credit for the year	(7,421)	(264,683)
Taxation credit in the financial statements	(3,431)	(264,683)
Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.	(3,990)	-

8 Dividends

	2022 Per share	2021 Per share	2022 Total	2021 Total
	$	$	$	$
1 Ordinary share				
Interim paid	-	11,250,440.00	-	11,250,440

9 Debtors

	2022	2021
Amounts falling due within one year:	$	$
Amounts owed by group undertakings	277,756	352,009
Other debtors	11,370	18,544
	289,126	370,553

9 Debtors (Continued)

Amounts owed by group undertakings are subordinate, unsecured and are repayable on demand. Interest is received at a market rate on these balances.

10 Creditors: amounts falling due within one year

	2022 $	2021 $
Trade creditors	44	-
Amounts owed to group undertakings	-	5,420
Corporation tax	-	7,052
Accruals and deferred income	38,960	57,469
	39,004	69,941

Amounts due to group undertakings are subordinate, unsecured, interest free and are repayable on demand,

11 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 $	2021 $
Authorised				
1 Ordinary share of $1 each	1	1	1	1
Issued and fully paid				
1 Ordinary share of £1 each	1	1	1	1

12 Contingent liabilities

Securities
As at December 2022 the company's bank accounts, and all of the company's assets and share capital have been pledged in relation to the group's interest bearing debt, amounting to USD $265 million (2021: $287 million). The company has also guaranteed the same debt.

The lenders also have securities in the internal and external contracts, insurance compensations, floating charges in all group companies where that is permitted.

As at 31 December 2022, the company's shares and voting rights were held by Floatel International Ltd and the pledge bank accounts, assets and the credit rights were at the disposal of the company,

Lease commitments
As at 31 December 2022, the company has no long-term lease commitments for the years to come.

13 Profit and loss reserves

The retained earnings reserve reflects the aggregate of all profits and losses recognised through the income statement less dividends paid throughout all periods up to the balance sheet date.

14 Related party transactions

The company has taken advantage of the exemption under FRS 101 not to disclose transaction with fellow wholly owned members of the group.

15 Ultimate controlling party

The immediate parent and ultimate controlling party of the company is Floatel International Ltd, a company registered in Bermuda whose principal place of business is in Norway. Floatel International Ltd is also the smallest and largest group group of undertakings that prepare consolidated financial statements. The consolidated financial statements are available at the following address https://www.floatel.no, or Dronning Eufemias gate 8, 0191 Oslo, Norway.

16 Cash generated from operations

	2022	2021
	$	$
(Loss)/profit for the year after tax	(42,285)	301,798
Adjustments for:		
Taxation credited	(3,431)	(264,683)
Investment income	(4,002)	(10,613)
Movements in working capital:		
Decrease in debtors	81,427	12,438,522
Decrease in creditors	(23,885)	(1,594,639)
Cash generated from operations	7,824	10,870,385

17 Analysis of changes in net funds

	1 January 2022	Cash flows	30 December 2022
	$	$	$
Cash at bank and in hand	1,187	8,205	9,392

Annual Report 2023
Floatel Operations AS

Org.no.: 927 672 863

Board of Directors Report Floatel Operations AS

Floatel Operations AS ("The Company"), with organization number 927 672 863, is a Norwegian private limited liability company wholly owned by Floatel International Ltd ("FIL"). The Company has its office and principal place of business in Oslo, Norway.

For more information about the Group and the Consolidated Financial Statements, please refer to FIL's 2023 Annual Report at our website, www.floatel.no/investors.

Business

The Company's primary business is to operate and charter out accommodation and support vessels («ASV») predominantly for the offshore oil and gas industry, focusing on the Norwegian Continental Shelf. The ASVs are bareboat chartered from fellow Group Companies, which also have their principal place of business in Norway.

The business consists of daily operations of the ASVs the Company has on charter, including inter alia crew management and repair and maintenance of the ASVs. The Company has chartered and operated the Floatel Endurance and Floatel Superior during the year and will continue to charter both rigs as well as Floatel Victory the years to come with the latter operating in Brazil.

Outlook

The Company's business prospects are closely linked to the outlook for the Group and FIL's ability to secure new assignments for the Company to operate.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient which continues to drive demand for our services. Oil price is expected to remain volatile amidst the uncertain economic and geopolitical backdrop. The Group's and, therefore, the Company's business prospects are stable since the energy demand, including oil and gas, is expected to increase in future years.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

As of today, the Company has secured multiple contracts for all three vessels it currently charters which will secure full utilization for Floatel Endurance and Floatel Superior into 2027 and for Floatel Victory into 2026.

Organization, employees, and environment

The Company has no direct employees. The fellow Norwegian Group Company, Floatel Crew AS, employs the crew onboard the ASVs. The Swedish sister company, Floatel International AB, provides ship management, administrative, and IT services, while FIL undertakes sales and corporate services, including management of the Company.

The Company has directors' and officers' liability insurance through a Group policy. All directors and officers are covered, and the Company deem the insurance to be valid.

The Company's 2023 safety records show no reported accidents or incidents. The work environment is deemed to be good.

The Company operates well inside prevailing international and Norwegian rules and regulations. Policies and procedures are in place to reduce the risk of spills and pollution. The rigs the the Company have on charter are designed and equipped with the intention to have emissions as low as possible and the Company operates well inside prevailing international and Norwegian rules and regulations. Policies and procedures are in place to reduce the risk of spills and pollution.

For more information, please refer to the Group's ESG Report found in the FIL Annual Report, www.floatel.no/investors.

Transparency act

The Floatel Group, including the Company, has started the work with due diligence assessments in accordance with the Norwegian Transparency Act. A joint report for the Group and its Norwegian entities and business is published on FIL's website https://floatel.no/norwegian-transparency-act.

Financial Risk Factors

The Company's functional and reporting currency is US Dollars. To a certain extent, the Company is exposed to foreign exchange risk as expenses predominately are in Euros, Norwegian, and Swedish kroner. Furthermore, internal lending, including cash management balances and borrowings, are all in US dollars.

For more information about Financial Risk Management, please refer to note 3 to the Consolidated Financial Statements in FIL 2023 Annual Report, www.floatel.no/investors.

Financial situation

The Company's Revenues amounted to USD 62 million in 2023 and USD 108 million in 2021-2022. Operating expenses were USD 60 million (USD 99 million), and the Operating result was USD 1.8 million (USD 9,3 million). Profit(+)/loss(–) for the period was USD 1.2 million (USD 7.2 million).

The Company's Total Assets on 31 December 2023 were USD 15.8 million and USD 24.6 million last year. The Equity amounted to USD 4.0 million (USD 1.1 million) with an Equity to Total assets ratio of 25% (4%).

The financial statements are prepared on a going-concern basis.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been and is expected going forward to be limited for the Company and the Group.

FIL placed in March 2024 a new USD 350 million senior secured bond issuance maturing in April 2029 securing the long-term financing of the Group and raised in June 2024 a USD 24 million revolving credit facility maturing in 2027. The Company considers the financial position and liquidity of the Group to be sound. Cash flow from operations, combined with the total available liquidity, including cash management support from FIL, if necessary, is expected to be more than sufficient to finance the Company and the Group in the coming years.

In our opinion, these financial statements present fairly, in all material respects, the Company's financial position as of 31 December 2023.

Annual results and disbursements

Management proposed that the accumulated undistributed profits of USD 4.0 million after paid and received group contributions be allocated to retained earnings

Oslo, 30 June 2024

Claes Peter Gunnar Jacobsson Chairman	Björn Tomas Hjelmstierna Board Member and General Manager

Income statement

Floatel Operations AS

(All amounts in USD)

Operating income and operating expenses	Note	2023	27.08.21-31.12.22
Revenue	2	61 910 967	108 106 002
Other income	2, 3	379 472	0
Total income		**62 290 439**	**108 106 002**
Cost of sales		-20 996 183	-23 046 452
Depreciation	4	-442 500	-3 627 500
Hired crew cost	3	-17 158 671	-26 355 378
Bareboat cost	3	-16 739 420	-41 310 176
Other operating expenses	3, 5	-5 131 074	-4 457 745
Total expenses		**-60 467 849**	**-98 797 251**
Operating profit		**1 822 590**	**9 308 751**
Other interest income		13 239	0
Other financial income		199 214	433 578
Net interest expense to group companies		-346 636	-402 398
Other financial expenses		-161 980	-100 573
Net financial items	**6**	**-296 162**	**-69 394**
Net profit before tax		**1 526 428**	**9 239 357**
Income tax expense	7	-343 412	-2 032 604
Net profit after tax		**1 183 016**	**7 206 753**
Attributable to			
Intra-group contribution received		0	1 014 477
Intra-group contribution given		1 253 891	7 168 145
Transferred from other equity		70 875	0
Transferred to other equity		0	1 053 085
Total	**8**	**1 183 016**	**7 206 753**

Balance sheet

Floatel Operations AS

(All amounts in USD)

Assets	Note	2023	2022
Non-current assets			
Intangible assets			
Intangible assets	4	0	442 500
Total intangible assets		**0**	**442 500**
Total non-current assets		**0**	**442 500**
Accounts receivables	9, 10	8 870 663	10 394 818
Other short-term receivables		1 054 858	9 732 230
Receivables from group companies	9	5 745 270	3 966 592
Total receivables		**15 670 791**	**24 093 641**
Cash and cash equivalents		143 477	69 605
Total current assets		**15 814 268**	**24 163 247**
Total assets		**15 814 268**	**24 605 747**

Balance sheet

Floatel Operations AS

(All amounts in USD)

	Note		
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	11	3 336	3 336
Total paid-up equity		**3 336**	**3 336**
Other equity	8	3 979 131	1 050 006
Total retained earnings		**3 979 131**	**1 050 006**
Total equity		**3 982 467**	**1 053 342**
Liabilities			
Deferred tax	7	0	10 250
Total provisions		**0**	**10 250**
Current liabilities			
Trade payables	9	5 725 135	11 814 864
Tax payable	7	0	569
Liabilities to group companies	9	5 485 047	9 189 930
Other current liabilities	9	621 618	2 536 791
Total current liabilities		**11 831 801**	**23 542 155**
Total liabilities		**11 831 801**	**23 552 405**
Total equity and liabilities		**15 814 268**	**24 605 747**

30.06.2024
The board of Floatel Operations AS

Claes Peter Gunnar Jacobsson
Chairman of the board

Björn Tomas Hjelmstierna
Member of the board/General Manager

Cash Flow Statement

Floatel Operations AS

(All amounts in USD)	2023	27.08.2021-31.12.2022
Cash flows from operating activities		
Profit/loss before tax	1 526 428	9 239 357
Ordinary depreciation	442 500	3 627 500
Change in accounts receivable	1 524 155	-23 075 829
Change in accounts payable	-6 089 729	14 351 413
Change in intercompany accounts	-4 437 750	0
Change in other accrual items	7 108 267	0
Net cash flows from operating activities	**73 871**	**4 142 441**
Cash flows from investment activities		
Investments	0	4 070 000
Paid expenses directly to equity	0	2 835
Net cash flows from investment activities	**0**	**-4 072 835**
Net change in cash and cash equivalents	**73 872**	**69 605**
Cash and cash equivalents at the start of the period	69 605	0
Cash and cash equivalents at the end of the perio	**143 477**	**69 605**

Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and generally accepted accounting practice in Norway.

Use of estimates
In the preparation of the annual accounts estimates and assumptions have been made that have affected the income statement and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Foreign currency
Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to USD at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to USD using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to USD using the exchange rate on the measurement date. Exchange rate fluctuations are posted to the profit and loss account as they arise under other financial items.

Revenues
Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered.

Tax
The tax charge in the income statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. A net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of current assets
Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Receivables
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Comparable numbers
The Company was founded 27.08.2021, and extended its first financial year to 31.12.2022. As a consequence the comparable numbers covers the extended period.

Note 2 Sales income

	2023	27.08.21-31.12.22
By business area		
Charter income	38 527 633	83 395 865
Catering and rechargeble income	6 681 141	18 656 378
Other income	17 081 666	6 053 758
Total	**62 290 440**	**108 106 001**
Geographic breakdown		
Norway	62 290 440	108 106 002
Total	**62 290 440**	**108 106 002**

Note 3 Debt and collateral to related parties

Transactions with related parties is part of the daily operations of the company, and is considered to be consistent with the requirements of the arm's length principle. The most significant transactions are:

Floatel Crew AS
Crew cost 17 006 367 USD

Floatel Superior Ltd.
Bareboat costs 13 109 977 USD
Technical management income 4 750 395 USD

Floatel Endurance Ltd.
Bareboat costs 3 629 443 USD
Technical management income 11 951 798 USD

Floatel International AB
Consultant income 30 501 USD
Service fees 4 459 432 USD
Interest expense 100 000 USD

Floatel International Ltd.
Service fees 564 590 USD
Interest income 13 408 USD
Interest expense 259 894 USD

Inter-company items are presented in note 9.

Floatel Operations AS has put up first priority collateral of bank deposits and accounts receivable for external debt to Floatel International Ltd. For further information regarding the external debt to Floatel International Ltd. Please refer to the Company's website, www.floatel.no.

Note 4 - Intangible assets and depreciation

Intangible assets	Contract asset
As at 01.01.23	442 500
Additions	0
Disposals	0
Depreciation	-442 500
As at 31.12.23	0

Note 5 Salary costs and benefits, remuneration to the chief executive, board and auditor

The company had zero (0) employees during the year.

Salary, pension and other remuneration to the General Manager is paid by Floatel International Ltd and is disclosed in its annual report. The Company has not lent any money or provided guarantees to the Board members or related persons.

Auditor fee	**2023**	**27.08.21-31.12.22**
Statutory audit (incl. technical assistance with annual report)	11 754	4 000
Other assistance (related to reorganization)	21 283	0
Sum	**33 036**	**4 000**

Note 6 Items that are aggregated in the accounts

Financial income	**2023**	**27.08.21-31.12.22**
Interest income from group companies	13 408	624
Other interest income	13 239	4 814
Other financial income	199 214	428 521
Total financial income	**225 862**	**433 959**

Financial costs	**2023**	**2022**
Interest costs to group companies	-360 044	-403 022
Other interest costs	0	-1 269
Other financial costs	-161 980	-99 063
Total financial costs	**-522 024**	**-503 354**

Note 7 Tax

Temporary differences

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2023	2022	Change
Intangible assets	0	46 592	46 592
Total	**0**	**46 592**	**46 592**
Basis for calculation of deferred tax	**0**	**46 592**	**46 592**
Deferred tax recognised in the balance sheet	0	10 250	

This year's tax expense	2023	2022
Ordinary profit/loss before tax	1 526 428	9 239 357
Permanent differences	-22 135	-2 835
Changes temporary differences	46 592	-46 592
Provided Group contribution with tax effect	-1 607 553	-9 189 930
Currency effect	56 668	0
Taxable income	**0**	**0**

This year's tax expense	2023	2022
Payable tax on profit/loss	353 662	2 022 354
Deferred tax	-10 250	10 250
Tax expense on ordinary profit/loss	**343 412**	**2 032 604**

This year's tax expense	2023	2022
Payable tax on this year's result	353 662	2 022 354
Payable tax on provided Group contribution	-353 662	-2 021 785
Total payable tax in the balance	**0**	**569**

Calculation of effective tax rate		
Profit before tax	1 526 428	9 239 357
Calculated tax on profit before tax	335 814	2 032 658
Tax effect of permanent differences	-4 870	-569
Currency effect	12 468	515
Total	**343 412**	**2 032 604**
Effective tax rate	22,5 %	22,0 %

Note 8 Equity capital

	Share capital	Retained Earnings	Total equity capital
Equity 01.01.2023	**3 336**	**1 050 006**	**1 053 342**
Result for the year	0	1 183 016	1 183 016
Group contributions received (No tax effect)		3 000 000	3 000 000
Group contributions made (Tax effect)		-1 253 891	-1 253 891
As at 31.12.2023	**3 336**	**3 979 131**	**3 982 467**

Note 9 Receivables and liabilities to companies within the same group

	2023	2022
Accounts receivable	8 870 663	670 997
Receivables from group companies	5 745 270	3 966 592
Total	**14 615 933**	**4 637 589**

	2023	2022
Trade payables	2 868 676	9 486 104
Liabilities to group companies	5 485 047	9 975 066
Total	**8 353 723**	**19 461 171**

Note 10 Receivables and liabilities

	2023	2022
Receivables		
Accounts receivables	8 870 663	10 394 818
Provision for loss on accounts receivable	0	0
Total	**8 870 663**	**10 394 818**
Receivables with a maturity later than one year		
Other long-term receivables	0	0
Total	**0**	**0**
Long-term debt with a maturity later than 5 years		
Debt to credit institutions	0	0
Other long-term debt	0	0
Total	**0**	**0**

Floatel Operations AS does not hold any restricted bank deposits, any overdraft facilities or other lines of credit.

Note 11 Total shares, shareholders etc

The share capital consists of 30 000 shares worth 0.11 USD. The entirety of the Company's shares are owned by Floatel International Ltd.

Floatel Operations AS is included in the consolidated financial statement of Floatel International Ltd. Group accounts can be obtained at Dronning Eufemias gate 8 and on the parent company's website.

Årsregnskap - Floatel Operations

Signers:

Name	*Method*	*Date*
Hjelmstierna, Björn Tomas	BANKID	2024-07-02 14:25
PETER JACOBSSON	BANKID	2024-07-02 14:28

To the General Meeting of Floatel Operations AS

Independent Auditor’s Report

Opinion

We have audited the financial statements of Floatel Operations AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 30 June 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Heggelund, Roy Henrik	BANKID	2024-07-08 08:12

Annual Report 2022
Floatel Operations AS

Org.no.: 927 672 863

Board of Directors Report Floatel Operations AS

Floatel Operations AS ("The Company"), with organization number 927 672 863, is a Norwegian private limited liability company wholly owned by Floatel International Ltd ("FIL"). The Company has its office and principal place of business in Oslo, Norway. The Company acquired two charter contracts to provide services to the oil and gas industry on the Norwegian Continental Shelf in December 2021 from a fellow Group Company, and the business and services commenced in February 2022.

For more information about the Group and the Consolidated Financial Statements, please refer to FIL's 2022 Annual Report at our website, www.floatel.no/investors.

Business

The Company's primary business is to operate and charter out accommodation and support vessels («ASV») predominantly for the offshore oil and gas industry, focusing on the Norwegian Continental Shelf. The ASVs are bareboat chartered from fellow Group Companies, which also have their principal place of business in Norway.

The business consists of daily operations of the ASVs the Company has on charter, including inter alia crew management and repair and maintenance of the ASVs. The Company has chartered and operated the Floatel Superior and Floatel Endurance during the year.

Outlook

The Company's business prospects are closely linked to the outlook for the Group and FIL's ability to secure new assignments for the Company to operate.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been limited for the Group. The Group's and, therefore, the Company's business prospects are stable since the energy demand, including oil and gas, is expected to increase in future years. Even if continued improvements were visible in 2022, the market remains partly oversupplied, resulting in modest near-term price increases. It is estimated to be a soft year in 2023, especially in the North Sea, with opportunities moving to 2024 and beyond.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to a renewable world is likely to take time.

As of today, the Company has secured two contracts, which will commence in 2024, one that will commence in 2025 and two, which will begin in 2026, in addition to the one currently performed in 2023 for Var Energi on the Norwegian Continental Shelf.

Organization, employees, and environment

The Company has no direct employees. The fellow Norwegian Group Company, Floatel Crew AS, employs the crew onboard the ASVs. The Swedish sister company, Floatel International AB, provides ship management, administrative, and IT services, while FIL undertakes sales and corporate services, including management of the Company.

The Company's 2022 safety records show no reported accidents or incidents. The work environment is deemed to be good.

The Company's activities are deemed not to pollute the environment. The Company operates well inside prevailing international and Norwegian rules and regulations. Policies and procedures are in place to reduce the risk of spills and pollution.

An unfortunate oil spill occurred on one of the ASVs operated by the Company during the reporting year. This was the first ever in the Group's history. Relevant authorities and the client were informed immediately. As a result of the event, an internal investigation took place, which resulted in several actions being implemented fleetwide to prevent a recurrence.

For more information, please refer to the Group's ESG Report found in the FIL Annual Report, www.floatel.no/investors

Transparency act

The Floatel Group, including the Company, has started the work with due diligence assessments in accordance with the Norwegian Transparency Act. A joint report for the Group and its Norwegian entities and business is published on FIL's website, www.floatel.no.

Financial Risk Factors

The Company's functional and reporting currency is US Dollars. To a certain extent, the Company is exposed to foreign exchange risk as expenses predominately are in Euros, Norwegian, and Swedish kroner. Furthermore, internal lending, including cash management balances and borrowings, are all in US dollars.

For more information about Financial Risk Management, please refer to note 3 to the Consolidated Financial Statements in FIL 2022 Annual Report.

Financial situation

The Company's Revenues amounted to USD 108 million in 2021-2022, the Company's first financial year. Operating expenses were USD 98,79 million, and the Operating result was USD 9,31 million. Profit(+)/loss(–) for the period was USD 7,20 million

The Company's Total Assets on 31 December 2022 were USD 24,60 million, and the Equity amounted to USD 1,05 million.

The financial statements are prepared on a going-concern basis.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflict in Ukraine, has been and is expected to have limited, if any, negative impact on the Group going forward.

FIL refinanced its revolving credit facility in March 2023, and the board considers the financial position and liquidity of the Company and the Group sound. Cash flow from operations, combined with the total available liquidity, including cash management support from FIL if necessary, is expected to be more than sufficient to finance the Company and the Group in 2023 and 2024.

In our opinion, these financial statements present fairly, in all material respects, the Company's financial position as of 31 December 2022,

Annual results and disbursements

Management proposed that the accumulated undistributed profits of USD 1,05 million after paid group contributions be allocated to retained earnings.

Oslo, 09.11.2023
The board of directors of Floatel Operations AS

Claes Peter Gunnar Jacobsson
Chairman

Johan Christoffer Rutgersson
Board member

Björn Tomas Hjelmstierna
Board Member and General Manager

Income statement

Floatel Operations AS

(All amounts in USD)

Operating income and operating expenses	Note	27.08.21-31.12.22
Revenue		102 052 243
Other income		6 053 758
Total income	**2**	**108 106 001**
Cost of sales		23 046 451
Depreciation		3 627 500
Crew cost		23 996 800
Bareboat cost		41 310 176
Other operating expenses		6 816 324
Total expenses		**98 797 251**
Operating profit		**9 308 751**
Other financial income		433 578
Net interest expense to group companies		402 398
Other financial expenses		100 573
Net financial items	**4**	**-69 394**
Net profit before tax		**9 239 357**
Income tax expense	5	2 032 604
Net profit after tax		**7 206 753**
Net profit or loss	**6**	**7 206 753**
Intra-group contribution received		1 014 477
Intra-group contribution given		7 168 145
Transferred to other equity		**1 053 085**

Balance sheet

Floatel Operations AS

(All amounts in USD)

Assets	Note	2022
Non-current assets		
Intangible assets		
Intangible assets	7	442 500
Total intangible assets		**442 500**
Total non-current assets		**442 500**
Accounts receivables	8, 9	10 394 818
Other short-term receivables		9 732 230
Receivables from group companies	8	3 966 592
Total receivables		**24 093 641**
Cash and cash equivalents		69 605
Total current assets		**24 163 247**
Total assets		**24 605 747**

Balance sheet

Floatel Operations AS

(All amounts in USD)

Equity and liabilities		
Equity		
Paid-in capital		
Share capital	10	3 336
Total paid-up equity		**3 336**
Other equity	6	1 050 006
Total retained earnings		**1 050 006**
Total equity		**1 053 342**
Liabilities		
Deferred tax	5	10 250
Total provisions		**10 250**
Current liabilities		
Trade payables	8	11 814 864
Tax payable	5	569
Liabilities to group companies	8	9 189 930
Other current liabilities	8	2 536 791
Total current liabilities		**23 542 155**
Total liabilities		**23 552 405**
Total equity and liabilities		**24 605 747**

09.11.2023
The board of Floatel Operations AS

Claes Peter Gunnar Jacobsson	Björn Tomas Hjelmstierna	Johan Christoffer Rutgersson
Chairman of the board	Member of the board/General Manager	Member of the board

Cash Flow Statement

Floatel Operations AS

(All amounts in USD)	27.08.2021-31.12.2022
Cash flows from operating activities	
Profit/loss before tax	9 239 357
Ordinary depreciation	3 627 500
Change in accounts receivable	-23 075 829
Change in short term liabilities	14 351 413
Net cash flows from operating activities	**4 142 441**
Cash flows from investment activities	
Investments	4 070 000
Paid expenses directly to equity	2 835
Net cash flows from investment activities	**-4 072 835**
Net change in cash and cash equivalents	**69 605**
Cash and cash equivalents at the end of the period	**69 605**

Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and generally accepted accounting practice in Norway.

Use of estimates
In the preparation of the annual accounts estimates and assumptions have been made that have affected the income statement and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Foreign currency
Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to USD at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to USD using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to USD using the exchange rate on the measurement date. Exchange rate fluctuations are posted to the profit and loss account as they arise under other financial items.

Revenues
Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered.

Tax
The tax charge in the income statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. A net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of current assets
Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Receivables
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Comparable numbers
The Company was founded 27.08.2021, and extended its first financial year to 31.12.2022 whereby there are no comparable numbers for the previous financial year.

Note 2 Sales income

	27.08.21-31.12.22
By business area	
Charter income	83 395 865
Catering and rechargeble income	18 656 378
Other income	6 053 758
Total	**108 106 001**
Geographic breakdown	
Norway	108 106 001
Total	**108 106 001**

Note 3 Note Salary costs and benefits, remuneration to the chief executive, board and auditor

The company had zero (0) employees during the year.

Salary, pension and other remuneration to the General Manager is paid by Floatel International Ltd NUF and is disclosed in its annual report. The Company has not lent any money or provided guarantees to the Board members or related persons.

Auditor fee	**27.08.21-31.12.22**
Statutory audit (incl. technical assistance with annual report)	4 000
Sum	**4 000**

Note 4 Items that are aggregated in the accounts

Financial income	**27.08.21-31.12.22**
Interest income from group companies	624
Other interest income	4 814
Other financial income	428 521
Total financial income	**433 959**
Financial costs	
Interest costs to companies in the same group	403 022
Other interest costs	1 269
Other financial costs	99 063
Total financial costs	**503 354**

Note 5 Tax

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

Intangible assets	46 592
Total	**46 592**
Basis for calculation of deferred tax	**46 592**

Taxable income	
Ordinary profit/loss before tax	9 239 357
Temporary differences	-46 592
Permanent differences	-2 835
Given group contribution	-9 189 930
SUM	**0**

Tax cost		Tax 22%
Temporary differences	-46 592	-10 250
Permanent differences	-2 835	-569
Given group contribution	-9 189 930	-2 021 785
SUM	**-9 239 357**	**-2 032 604**

Payable tax in the balance	569
Payable tax on this year's result	2 021 785
Payable tax on provided Group contribution	-2 021 785
Total payable tax in the balance	**569**
Deferred tax liability (22%)	**10 250**

Note 6 Equity capital

	Share capital	**Retained Earnings**	**Total equity capital**
As at 27.08.2021	**3 336**	**0**	**3 336**
Cost directly to equity	0	-3 079	-3 079
Group contribution received	0	1 014 477	1 014 477
Group contribution given	0	-7 168 145	-7 168 145
Result for the year	0	7 206 753	7 206 753
As at 31.12.2022	**3 336**	**1 050 006**	**1 053 342**

Note 7 - Intangible assets and depreciation

Intangible assets	**Contract asset**
As at 27.08.21	0
Additions	4 070 000
Disposals	0
Depreciation	3 627 500
As at 31.12.22	442 500

Note 8 Receivables and liabilities to companies within the same group

	2022
Accounts receivable	670 997
Receivables from group companies	3 966 592
Total	**4 637 590**

	2022
Trade payables	9 486 104
Other current liabilities	785 136
Liabilities to group companies	9 189 930
Total	**19 461 171**

Note 9 Receivables and liabilities

	27.08.21-31.12.22
Receivables	
Accounts receivables	10 394 818
Provision for loss on accounts receivable	0
Total	**10 394 818**
Receivables with a maturity later than one year	
Other long-term receivables	0
Total	**0**
Long-term debt with a maturity later than 5 years	
Debt to credit institutions	0
Other long-term debt	0
Total	**0**
Debt secured by charges	
Charged assets	0
Customer receivables	0
Goods	0
Total	**0**

Note 10 Total shares, shareholders etc

The share capital consists of 30 000 shares worth 0.11 USD. The entirety of the Company's shares are owned by Floatel International Ltd.

Note 11 Debt and collateral to related parties

Transactions with related parties is part of the daily operations of the company, and is considered to be consistent with the requirements of the arm's length principle. The most significant transactions are:

Floatel Crew AS
Crew cost 21 924 622 USD

Floatel Superior Ltd.
Bareboat costs 22 879 337 USD
Technical management income 3 719 625 USD

Floatel Endurance Ltd.
Bareboat costs 18 430 839 USD
Technical management income 2 334 133 USD

Inter-company items are presented in note 8.

Floatel Operations AS has put up first priority collateral of bank deposits and accounts receivable for external debt to Floatel International Ltd. In addition the company has put up remaining assets as collateral for Floatel International Ltd.'s creditors. For further information regarding the external debt to Floatel International Ltd. is available at the Company's website, www.floatel.no.

Årsberetning og Årsregnskap

Signers:

Name	*Method*	*Date*
CHRISTOFFER RUTGERSSON	BANKID	2023-11-09 12:13
Hjelmstierna, Björn Tomas	BANKID	2023-11-09 12:03
PETER JACOBSSON	BANKID	2023-11-09 11:37

To the General Meeting of Floatel Operations AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Operations AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 9 November 2023
PricewaterhouseCoopers AS

Per Arvid Gimre
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
GIMRE, PER ARVID	BANKID	2023-11-09 14:13

ANNUAL REPORT

FLOATEL RIGS LTD

2023

Table of contents

Directors' Report

General overview

Floatel Rigs Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on 6 August 2021 with registration number 202100256, and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel International Ltd.

The vision of the Company is to own shares in companies that operates a modern and cost-effective accommodation and construction vessels. The vessels are designed to service oil and gas projects in deep water and harsh environment and to provide superior living standard and support services.

The Company owns the special purpose companies Floatel Superior Ltd, Floatel Reliance Ltd, Floatel Victory Ltd, Floatel Endurance Ltd and Floatel Triumph Ltd. These companies are the registered owners of the accommodation and construction support vessels ("ASV") with the same name.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 000 000 bond.

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company has no revenues for 2023 or 2022. The generated operating result (EBIT) was USD 0 million (USD 0 million). Net result for the year came to USD -1. million (USD -1.4 million).

Cash flow

Cash flow from operating activities for 2023 were 0.0 million (USD 0.0 million).

Financial position

Total assets as of December 31, 2023, amounted to USD 474.9 million (USD 385.5 million). Total non-current assets amounted to USD 474.9 million (USD 385.5 million).

Total book equity as of December 31, 2023, amounted to USD 367.1 million (USD 368.1 million).

Operations

The Company is an intermediate holding company within the Group with the single purpose of owning the shares in the ASV owning special purpose companies

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL RIGS LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues		0	0
Cost of providing services		0	0
Gross profit		**0**	**0**
Administrative expenses		-33	-19
Operating result		**-33**	**-19**
Financial income	11	50	0
Financial expenses	11	-4 165	-1 367
Financial income - net	7	**-4 115**	**-1 367**
Result after financial items		**-4 148**	**-1 386**
Income taxes	9	0	0
Result for the period		**-4 148**	**-1 386**
Result attributable to owners of Floatel Rigs Ltd		**-4 148**	**-1 386**

Statement of comprehensive income

All numbers in USD thousands

	Note	2023	2022
Result for the period		**-4 148**	**-1 386**
Total comprehensive income for the period		**-4 148**	**-1 386**

Statement of financial position

All numbers in USD thousands

	Note	2023-12-31	2022-12-31	2022-01-01
Assets				
Non-current assets				
Shares in subsidiaries	8	474 859	385 518	385 518
Total non-current assets		**474 859**	**385 518**	**385 518**
Current assets				
Trade and other receivables		14	9	0
Cash and cash equivalents		1	0	0
Total current assets		**15**	**9**	**0**
Total assets		**474 874**	**385 527**	**385 518**
Shareholders' equity and liabilities				
Shareholders' equity	10			
Share capital		0	0	0
Retained earnings		371 202	369 453	369 453
Profit for the period		-4 148	-1 386	0
Total shareholders' equity		**367 054**	**368 067**	**369 453**
Liabilities				
Non-current liabilities				
Liabilities to group companies	11.12	101 661	17 419	16 000
Total non-current liabilities		**101 661**	**17 419**	**16 000**
Current liabilities				
Liabilities to group companies	11	6 149	38	65
Other current liabilities		10	3	0
Total current liabilities	**12**	**6 159**	**41**	**65**
Total shareholders' equity and liabilities		**474 874**	**385 527**	**385 518**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

	Attributable to shareholders of the company		
	Share capital	Retained earnings & profit for the period	Total shareholders' equity
Shareholders' equity at January 1, 2022	**0**	**369 453**	**369 453**
Profit for the period	-	-1 386	**-1 386**
Shareholders' equity at December 31, 2022	**0**	**368 067**	**368 067**
Group contribution	**0**	3 135	3 135
Profit for the period	0	-4 148	**-4 148**
Shareholders' equity at December 31, 2023	**0**	**367 054**	**367 054**

Floatel RIGS Ltd, 2023

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating profit		-33	-19
Result from group companies	11	0	0
Interest recived	11	0	0
Interest paid	11	-2	0
Change in trade and other receivables		-5	-9
Change in trade payables		7	3
Change in group receivables and liabilities	11	34	25
Cash flow from operating activities		**1**	**0**
Cash flow from investing activities			
Investments in subsidiaries	8.11	0	0
Net cash flow from investing activities		**0**	**0**
Cash flow from financing activities			
Loan from Group companies	11	0	0
Net cash flow from financing activities		**0**	**0**
Cash flow for the period		**1**	**0**
Cash and cash equivalents, January 1		0	0
Cash and cash equivalents, December 31		**1**	**0**

Notes to the financial statements

1 General information

Floatel Rigs Ltd. ('the Company') is a holding company owning shares in special purpose companies that owns and operates five modern and cost-effective accommodation and construction vessels. The vessel is designed to service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel International Ltd (FIL), which is the ultimate parent company of the Group FIL has its principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on October 7, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time. The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

For further information please refer to Floatel International Ltd. 2023 Annual Report and half year 2024 Interim report.

3 Significant events after the end of the reporting period

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

Several new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023. None of these has had a significant effect on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Company's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(b) Subsidiaries

Subsidiaries are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such writedown must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present. Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet.

4.4 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.6 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.7 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.9 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.10 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled.

(a) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(b) Dividend income

Dividend income is recognized when the right to receive payment is established.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure. As by year end the net currency exposure is considered unsignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2020, all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives are always to ensure a sound financial position. The Company continuously monitors the cash position and capital structure to meet current funding requirements and to fund future growth opportunities. As the Company matures, its capital structure will be optimised to meet evolving conditions, including liquidity, investment opportunities, and financing capabilities.

To maintain or adjust the capital structure, the Company may change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No dividend has been paid during the year.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the Company relate to the measurement of the value of the subsidiaries and thereby the vessel values such as estimated useful life and need for impairments.

7 Financial income and expenses

	2023	**2022**
Interest income	50	0
Interest expense	-4 165	-1 367
Financial items - net	**-4 115**	**-1 367**

8 Shares in subsidiaries

	2023	**2022**
Opening balance acquisition cost, January 1	385 518	385 518
Investments	89 341	0
Acquisition cost as of December 31	**474 859**	**385 518**

Floatel Superior Ltd	87 000	87 000
Floatel Reliance Ltd	34 049	18 808
Floatel Victory Ltd	147 600	83 500
Floatel Endurance Ltd	118 210	108 210
Floatel Triumph Ltd	88 000	88 000
	474 859	**385 518**

All subsidiaries are registered in Bermuda, with principal place of business in Norway. The investments in subsidiaries are made by take over the responsibility of long-term and short- term liabilities to group companies.

9 Taxes

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.

The company is tax residence in Norway for all its operations. The Norwegian income tax rate is 22%.

	2023	2022
Result before tax	-4 148	-1 386
Tax calculated at tax rate 22%	913	305
Tax related to special tax regulations	97	-305
Deferred tax asset not recognized	-1 010	0
Presented tax cost	0	0
Deferred tax assets on taxable deficit, not recognized	1 010	0

10 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel International Ltd.

Share capital

The Company's shares are common shares.

11 Intra-group transactions

	2023-12-31	2022-12-31	2022-01-01
Transactions with related parties			
Revenues			
Cost of providing services			
Interest income	50	0	
Interest expense	-4 163	-1 367	
Group contribution to equity	3 135	0	
Interest bearing loan	101 661	17 419	16 000
Short term Liabilities to Group companies			
Accrued expenses	0	0	54
Other liabilities	6 149	38	11
	6 149	**38**	**65**
Long-term loan from Group companies			
Open balance	17 419	16 000	
Balanced interest	0	1 419	
Increased by investment in subsidiaries	84 242	0	
Closing balance	101 661	17 419	

The investments in subsidiaries are made by take over the responsibility of long-term and short-term liabilities to group companies.

In order to have access to capital, the Company have (i) guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company and (ii) entered into a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due.

The Interest-bearing loan from the Parent Company (se also note 14) and balances under the cash management (cash pool) agreement are interest-bearing. Intra-group interest income and expenses have during 2023 been capitalized and added to outstanding balances. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital. The Company is a net debtor to the Parent Company as of 31 December 2023 and do not expect any loss on its intra-group receivables.

12 Maturities of financial liabilities

	2023-12-31	2022-12-31	2022-01-01
Within 2-5 years			
Long-term liabilities to group companies	101 661	17 419	16 000
Within six month			
Liabilities to group companies	6 149	38	65
Other current liabilities	10	3	0
	6 159	41	65

The long-term loan has a maturity date of 31 December 2025, with 8.25% interest rate.

13 Legal issues

The Company has currently no legal issues pending.

14 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, any internal contracts and the shares in subsidiaries are held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Securely signed with Brevio

Årsregnskap

Signers:

Name	*Method*	*Date*
PETER JACOBSSON	BANKID	2024-10-07 16:45
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46

To the Board of Directors of Floatel Rigs Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Rigs Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statements for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund

Roy Henrik Heggelund
State Authorised Public Accountant

ANNUAL REPORT

FLOATEL SUPERIOR LTD

2023

FLOATEL
INTERNATIONAL

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Directors' Report 2023

General Overview

Floatel Superior Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on October 26, 2007, with registration number 40891, and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel Rigs Ltd, and part of the Floatel Group.

The vision of the Company is to own and operate the most modern and cost-effective accommodation and construction vessel. The vessel is designed to service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is the registered owner of the vessel Floatel Superior. The vessel "Floatel Superior" was delivered from Keppel FELS shipyard in Singapore in 2010.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 000 000 bond.

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company's revenues for 2023 amounted to USD 13.1 million (USD 22.9 million). The generated operating profit (EBIT) was USD -4.8 million (USD 4.6 million). Net income for the year came to USD -7.8 million (USD -4.2 million).

Cash flow

Cash flow from operating activities for 2023 were 1.6 million (USD 4.3 million).

Financial position

Total assets as of 31 December 2023 amounted to USD 146.9 million (USD 145.8 million). Total non-current assets amount to USD 124.7 million (USD 135.3 million).

The company's cash and bank reserves by the end of the period amounted to USD 0.1 million (USD 0.0 million).

Total book equity as of 31 December 2023 amounts to USD 77.3 million (USD 79.2 million).

Operations

The Company´s vessel Floatel Superior operated in Norway during the year through Floatel Operations AS. For a part of the year the vessel was at keyside performing periodic survey. In 2022 the vessel operated in Norway at Equinor Briedablikk for most part of the year.

The Group and the Company have as of December 2023 secured the following assignment for Floatel Superior:

1. With Ineos Unity offshore UK during 2024
2. With Vår Energi Ringhorne on the Norwegian Continental Shelf during 2024
3. With Equinor at the Åsgard field in Norway during 2025
4. With Equinor at the Oseberg Field Centre in 2026, conditional on Equinor confirming the assignment before November 1, 2024
5. Undisclosed client in the Norway sea during 2026
6. With Aker BP for the Yggdrasil project in Norway during 2026 and 2027

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL SUPERIOR LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues	7.13	13 110	22 879
Cost of providing services	8.13	-17 245	-17 396
Gross profit		**-4 135**	**5 483**
Administrative expenses	13	-702	-897
Operating profit		**-4 837**	**4 586**
Financial income		651	22
Financial expenses		-5 131	-5 508
Fincancial items - net	9.13	**-4 480**	**-5 486**
Result after financial items		**-9 317**	**-900**
Income taxes	11	1 517	-3 299
Result for the period		**-7 800**	**-4 199**
Result attributable to owners of Floatel Superior Ltd		**-7 800**	**-4 199**

Statement of comprehensive income

All numbers in USD thousands

	Note	2023	2022
Result for the period		**-7 800**	**-4 199**
Total comprehensive income for the period		**-7 800**	**-4 199**

Statement of financial position

All numbers in USD thousands

	Note	2023-12-31	2022-12-31	2022-01-01
Assets				
Non-current assets				
Vessel and vessel upgrade	10	124 720	135 340	143 048
Total non-current assets		**124 720**	**135 340**	**143 048**
Current assets				
Inventories		6 397	6 192	5 382
Receivables from group companies	13	15 552	3 990	406
Trade and other receivables		185	307	65
Cash		52	1	1
Total current assets		**22 186**	**10 490**	**5 854**
Total Assets		**146 906**	**145 830**	**148 902**
Shareholders' equity and liabilities				
Shareholders' equity	12			
Share capital		0	0	0
Retained earnings		85 128	83 359	94 304
Profit for the period		-7 800	-4 199	-10 945
Total shareholders' equity		**77 328**	**79 160**	**83 359**
Liabilities				
Non-current liabilities				
Deferred tax liability	11	1 727	3 300	0
Interest-bearing debt	13.14	62 000	62 000	62 000
Total non-current liabilities		**63 727**	**65 300**	**62 000**
Current liabilities				
Trade payables		168	287	76
Liabilities to group companies	13	5 663	989	2 912
Other current liabilities		20	94	555
Total current liabilities	**14**	**5 851**	**1 370**	**3 543**
Total shareholders' equity and liabilities		**146 906**	**145 830**	**148 902**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

	Attributable to shareholders of the company		
	Share capital	Retained earnings & profit for the period	Total shareholders' equity
Shareholders' equity at Janury 1, 2022	**0**	**83 359**	**83 359**
Profit for the period	-	-4 199	**-4 199**
Shareholders' equity at December 31, 2022	**0**	**79 160**	**79 160**
Net received group contribution		5 968	**5 968**
Profit for the period	-	-7 800	**-7 800**
Shareholders' equity at December 31, 2023	**0**	**77 328**	**77 328**

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating profit		-4 837	4 586
Interest received	13	1	1
Interest paid	13	-2	1
Change in inventories		-205	-810
Change in trade and other receivables		122	-242
Change in trade payables and other liabilities		-193	-250
Change in group receivables and liabilities	13	2 905	7 053
Adjustment for depreciation and impairment	10	12 154	12 035
Adjustment for other non-cash related items	13	-8 360	-18 047
Cash flow from operating activities		**1 585**	**4 327**
Cash flow from investing activities			
Investments in property, plant and equipment	10	-1 534	-4 327
Net cash flow from investing activities		**-1 534**	**-4 327**
Net cash flow from financing activities	**13**	**0**	**0**
Cash flow for the period		**51**	**0**
Cash and cash equivalents, January 1		1	1
Cash and cash equivalents, December 31		**52**	**1**

Notes to the financial statements

1 General information

Floatel Superior Ltd. ('the Company') owns and operates a modern and cost-effective accommodation and construction support vessel. The vessel is designed to service challenging projects in deep water and hostile environments and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is a special purpose vehicle owning and chartering (leasing) out the vessel Floatel Superior, normally on a bareboat agreement to other Group companies. The Company outsource operations to a Group company and incur operating costs during periods without a charterer (lessee)

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address are at Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel Rigs Ltd, incorporated in Bermuda. Floatel International Ltd (FIL) is the ultimate parent company. Both companies have their principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on October 7, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time. The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

For further information please refer to Floatel International Ltd. 2023 Annual Report and half year 2024 Interim report.

3 Significant events after the end of the reporting period

The Company´s Vessel Floatel Superior started the assignment at the Ineos Unity FSPO on the UK Continental Shelf on April 15, 2024. The contract ended in July 2024

In July the vessel started operations on a contract with Vår Energi ASA for the provision of accommodation and support services at the Ringhorne and Jotun facilities on the Norwegian Continental Shelf, for a firm duration of eight months. The Group has the right to substitute the Floatel Superior with Floatel Endurance around the turn of the year 2024/2025 to allow Floatel Superior to prepare for her next assignment and undergo special periodic survey.

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

There are no new standards or amendments to standards and interpretations that are effective on or after 1 January 2023 that have a significant impact on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Property, plant, and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels in accordance with IAS 23.

Depreciation on other property, plant, and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. For the vessel useful life of the components are as follows:

- Superstructure, 30 years
- Living Quarter (exterior), 16 years
- Living Quarter (interior), 10 years
- IT related equipment, 5 years
- Periodic maintenance, 5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

4.4 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has carried out an impairment test of its vessel according to IAS 36. The test has been based on reasonable and supportable cash flow projections including extrapolation for periods beyond budgeted projections. Management have assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Group and thereby the Company. See note 10 for outcome.

4.5 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumables used in operations of the vessel and not gods for sale. Cost is determined by using FIFO (first in – first out) method.

4.6 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.8 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.9 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.12 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognized over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Company provides offshore services to internal or external customers in the form of time charter or bareboat charter contracts with contract terms generally ranging from less than one year to five years. The charter income is recognized over time according to the terms of the agreement and in the period, work is performed, and the performance obligations are fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

ii. Mobilization revenue

Mobilization income is usually allocated over time in the firm contract period for the charter revenue since the obligation to perform mobilization activities are highly interdependent on the charter activities. Thus, the mobilization revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilization activities are recognized together with the performance obligations to provide charter services.

iii. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Insurance and warranty revenue

Insurance and warranty revenues are recognized when they can be reliably measured and confirmation is received from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure.

As by year end the net currency exposure is considered insignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2023 all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This applies to assessment of fixed assets. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the company relate to the measurement of the vessel value such as estimated useful life and need for impairments.

7 Revenues

	2023	2022
Bareboat income from group companies	13 110	22 879
Total revenue	**13 110**	**22 879**

8 Cost of providing services

	2023	2022
Depreciation	-12 154	-12 035
Other operating expenses	-5 091	-5 361
Total cost of providing services	**-17 245**	**-17 396**

9 Financial income and expenses

	2023	2022
Interest income	596	21
Exchange rate gain	55	1
Interest expense	-5131	-5 508
Financial items - net	**-4 480**	**-5 486**

10 Vessel including vessel upgrades

	2023	2022
Opening balance acquisition cost, January 1	377 412	373 085
Investments	1 534	4 327
Acquisition cost as of December 31	**378 946**	**377 412**
Opening balance accumulated depreciation, January 1	-153 996	-141 961
Depreciation	-12 154	-12 035
Accumulated depreciation as of December 31	**-166 150**	**-153 996**
Opening balance accumulated impairment, January 1	**-88 076**	**-88 076**
Impairment	-	-
Accumulated impairment as of December 31	**-88 076**	**-88 076**
Net book value as of December 31	**124 720**	**135 340**

The vessel is registered in Bermuda. The vessel is mortgaged for the Group's senior secured bonds; see note 16.

The Company has performed an impairment assessment of the recoverable values of its vessel in accordance with IFRS (see 4.4) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts when ViU less than the net book value. The ViU calculation is based on a long-term forecast until the end of the vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.
- The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.
- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for the vessel, which accounts for special

periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.

- 11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Sensitivity:

- 10% decrease in utilization would not lead to impairment.
- 20 000 USD decrease in day-rate would not lead to impairment.
- 1 % increase in discount rate would not lead to impairment.

11 Taxes

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.

The company is tax residence in Norway for all its operations. The Norwegian income tax rate is 22%.

	2023	**2022**
Result before tax	-9 317	-900
Tax calculated at tax rate 22%	2 050	198
Tax related to special tax regulations	-533	-3 497
Presented tax cost	1 517	-3 299
Deferred tax liability		
Deferred tax asset on deficit	7 618	5 057
Deferred tax liability on vessel value	-9 345	-8 357
Total net deferred tax liability	-1 727	-3 300

12 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel Rigs Ltd.

Share capital

The Company's shares are common shares.

Additional paid in capital/share premium

The amount payable for shares in the Company and issued by the Company itself in excess of their nominal value.

13 Intra-group transactions

	2023-12-31	2022-12-31	2022-01-01
Transactions with related parties			
Revenues	13 110	22 879	
Cost of providing services	-4 750	-4 832	
Administrative expenses	-641	-859	
Interest income	595	21	
Interest expense	-5 130	5 508	
Net group contribution to equity	5 968	0	
Interest bearing loan	62 000	62 000	62 000
Receivables from Group companies			
Trade receivables	414	2 745	406
Accrued income	0	197	0
Other receivables	15 138	1 048	0
	15 552	**3 990**	**406**
Liabilities to Group companies			
Trade payables	4 308	525	921
Accrued expenses Group companies	1 355	464	1 991
	5 663	**989**	**2 912**

In order to have access to capital, the Company have (i) guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company and (ii) entered into a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due.

The Interest-bearing loan from the Parent Company (se also note 14) and balances under the cash management (cash pool) agreement are interest-bearing. Intra-group interest income and expenses have during 2023 been capitalized and added to outstanding balances. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital. The Company is a net debtor to the Parent Company as of 31 December 2023 and do not expect any loss on its intra-group receivables.

14 Maturities on financial liabilities

	2023-12-31	2022-12-31	2022-01-01
Within 2-5 years			
Long-term liabilities to group companies	62 000	62 000	62 000
Within six month			
Trade payables	168	287	76
Liabilities to group companies	5 663	989	2 912
Other current liabilities	20	94	555
	5 851	1 370	3 543

The long-term loan has a maturity date of 31 December 2025, with 8.25% interest rate.

15 Legal issues

The Company has currently no legal issues pending.

16 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, all internal contracts and the Vessel is held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Årsregnskap

Signers:

Name	*Method*	*Date*
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30
PETER JACOBSSON	BANKID	2024-10-07 16:45
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46

To the Board of Directors of Floatel Superior Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Superior Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statements for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund

Roy Henrik Heggelund
State Authorised Public Accountant

ANNUAL REPORT

FLOATEL RELIANCE LTD

2023

FLOATEL
INTERNATIONAL

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Directors' Report

General overview

Floatel Reliance Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on 30 November 2007 with registration number 41165 and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel Rigs Ltd and part of the Floatel Group.

The vision of the Company is to own and operate a modern and cost-effective accommodation and construction vessel. The vessel is designed to service projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is the registered owner of the vessel Floatel Reliance. The vessel "Floatel Reliance" was delivered from Keppel FELS shipyard in Singapore in October 2010.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 million senior secured bonds.

Regarding significant events after the end of the reporting period we refer to note 3. 3

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company's revenues for 2023 amounted to USD 0 million (comparable number in 2022 was USD 0 million). The generated operating result (EBIT) was USD -5.9 million (USD -7.6 million). Net result for the year came to USD -8.0 million (USD -8.9 million).

Cash flow

Cash flow from operating activities for 2023 were 0.1 million (USD 0.0 million).

Financial position

Total assets as of 31 December 2023 amounted to USD 29.3 million (USD 31.2 million). Total non-current assets amounted to USD 25.3 million (USD 27.1 million).

The company's cash and bank reserves by the end of the period amounted to USD 0 million (USD 0 million).

Total book equity as of 31 December 2023 amounted to USD 17.3 million (USD 10.1 million).

Operations

The Company owns and lease out the vessel Floatel Reliance as an accommodation and support vessel for offshore operations. The vessel has been idle and laid-up at Tenerife in the Canary Islands awaiting new charter assignments during 2022 and 2023. The vessel was until recently been actively marked for new charters and reactivation was under consideration subject to reasonable prospects to find a reasonable charter in respect of duration and charter rate. However, it has in September been decided to sell the vessel, potentially for recycling, and the Company intend to conclude the sale before year-end. If sold for recycling, Floatel Reliance will be recycled responsibly in accordance with applicable international standards and relevant regulations.

Oslo, October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL RELIANCE LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues		0	0
Cost of providing services	7,12	-5 408	-7 098
Gross result		**-5 408**	**-7 098**
Administrative expenses	12	-541	-506
Operating result		**-5 949**	**-7 604**
Financial income		1	1
Interestl expenses	12	-2 081	-1 347
Financial items - net	8	**-2 080**	**-1 346**
Result after financial items		**-8 029**	**-8 950**
Income taxes	10	0	0
Result for the period		**-8 029**	**-8 950**
Result attributable to owners of Floatel Reliance Ltd		**-8 029**	**-8 950**

Statement of comprehensive income

All numbers in USD thousands

	Note	2023	2022
Result for the period		**-8 029**	**-8 950**
Total comprehensive income for the period		**-8 029**	**-8 950**

Statement of financial position

All numbers in USD thousands

	Note	2023	2022-12-31	2022-01-01
Assets				
Non-current assets				
Vessel and vessel upgrade	9	25 319	27 108	29 896
Total non-current assets		**25 319**	**27 108**	**29 896**
Current assets				
Inventories		3 845	3 893	3 908
Trade and other receivables		112	77	23
Receivables from group companies	12	0	164	457
Cash		9	1	1
Total current assets		**3 966**	**4 135**	**4 389**
Total assets		**29 285**	**31 243**	**34 285**
Shareholders' equity and liabilities				
Shareholders' equity	11			
Share capital		0	0	0
Retained earnings		25 341	19 049	19 049
Result for the period		-8 029	-8 950	-
Total shareholders' equity		**17 312**	**10 099**	**19 049**
Liabilities				
Non-current liabilities				
Liabilities to group companies	12	0	15 242	14 000
Total non-current liabilities		**0**	**15 242**	**14 000**
Current liabilities				
Trade payables		93	56	29
Liabilities to group companies	12	11 862	5 840	1 202
Other current liabilities		18	6	5
Total current liabilities		**11 973**	**5 902**	**1 236**
Total shareholders' equity and liabilities		**29 285**	**31 243**	**34 285**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

	Attributable to shareholders of the company		
	Share capital	Retained earnings & result for the period	Total shareholders' equity
Shareholders' equity at January 1, 2022	**0**	**19 049**	**19 049**
Result for the period		-8 950	**-8 950**
Shareholders' equity at December 31, 2022	**0**	**10 099**	**10 099**
Shareholders contribution		15 242	**15 242**
Result for the period		-8 029	**-8 029**
Shareholders' equity at December 31, 2023	**0**	**17 312**	**17 312**

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating result		-5 949	-7 604
Interest received		1	1
Interest paid	12	-2	0
Change in inventories		48	15
Change in trade and other receivables		-35	-54
Change in trade payables		49	28
Change in group receivables and liabilities	12	695	638
Adjustment for depreciation and impairment	7,9	1 860	2 788
Adjustment for other non-cash related items	12	3 412	4 188
Cash flow from operating activities		**79**	**0**
Cash flow from investing activities			
Investments in vessels	9	-71	0
Net cash flow from investing activities		**-71**	**0**
Cash flow from financing activities			
Other financial items paid	12	0	0
Net cash flow from financing activities		**0**	**0**
Cash flow for the period		**8**	**0**
Cash and cash equivalents, January 1		1	1
Cash and cash equivalents, December 31	12	**9**	**1**

Notes to the financial statements

1 General information

Floatel Reliance Ltd. ('the Company') owns and operates a modern and cost-effective accommodation and construction vessel. The vessel is designed service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is a special purpose vehicle owning and chartering (leasing) out the vessel Floatel Reliance, normally on a bareboat agreement to other Group companies. The Company outsource operations to a Group company and incur operating costs during periods without a charterer (lessee)

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address are at Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel Rigs Ltd, incorporated in Bermuda. Floatel International Ltd (FIL) is the ultimate parent company. Both companies have their principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on September x, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

3 Significant events after the end of the reporting period

The Company decided in September 2024 to sell the vessel. The intention is to conclude the sale before year-end. Floatel Reliance has been in lay-up since April 2016 and will require substantial reactivation before resuming operations, with a predicted lead time of 8-10 months. If a sale is completed, it is expected that the transaction price will be lower than the carrying value as of December 31, 2023.

The reactivation cost has after thorough analysis during summer 2024 turned out to be too high to create value for the Company's shareholder. Floatel Reliance's specification does not align with the Group's strategy to serve tier 1 customers and high-end DP 3 markets. If sold for recycling, Floatel Reliance will be recycled responsibly in accordance with applicable international standards and relevant regulation.

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

There are no new standards or amendments to standards and interpretations that are effective on or after January 1, 2023 that have a significant impact on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Property, plant, and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels in accordance with IAS 23.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Superstructure, 30 years
- Living Quarter (exterior), 16 years
- Living Quarter (interior), 10 years
- IT related equipment, 5 years
- Periodic maintenance, 5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

4.4 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the vessel an impairment test is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has carried out an impairment test of its vessel according to IAS 36. The test has been based on reasonable and supportable cash flow projections including extrapolation for periods beyond budgeted projections. Management have assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Company. See note 9 for outcome.

4.5 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumables used in operations of the vessel and not gods for sale. Cost is determined by using FIFO (first in – first out) method.

4.6 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e. the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.8 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.9 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.12 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognized over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Company provides offshore services to internal or external customers in the form of time charter or bareboat charter contracts with contract terms generally ranging from less than one year to five years. The charter income is recognized over time according to the terms of the agreement and in the period work is performed and the performance obligations are fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

ii. Mobilization revenue

Mobilization income is usually allocated over time in the firm contract period for the charter revenue since the obligation to perform mobilization activities are highly interdependent on the charter activities. Thus, the mobilization revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilization activities are recognized together with the performance obligations to provide charter services.

iii. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Insurance and warranty revenue

Insurance and warranty revenues are recognized when they can be reliably measured, and confirmation is received from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure.

As by year end the net currency exposure is considered insignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2023 all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This applies to assessment of fixed assets. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the company relate to the measurement of the vessel value such as estimated useful life and need for impairments.

7 Cost of providing services

	2023	2022
Depreciation	-1 860	-1 860
Impairment	-	-928
Other operating expenses	-3 548	-4 310
Total cost of providing services	**-5 408**	**-7 098**

8 Financial income and expenses

	2023	2022
Financial income		
Interest income	1	0
Exchange rate gains / losses	-	1
Financial expenses		
Interest expense	-2 081	-1 347
Financial items - net	**-2 080**	**-1 346**

9 Vessel including vessel upgrades

	2023	2022
Opening balance acquisition cost, January 1	235 730	236 658
Investments	71	0
Disposal	0	-928
Acquisition cost as of December 31	**235 801**	**235 730**
Opening balance accumulated depreciation, January 1	-82 653	-80 793
Depreciation	-1 860	-1 860
Accumulated depreciation as of December 31	**-84 513**	**-82 653**
Opening balance accumulated impairment, January 1	-125 969	-125 969
Impairment*	0	-928
Disposal *	0	928
Accumulated impairment as of December 31	**-125 969**	**-125 969**
Net book value as of December 31	**25 319**	**27 108**

*Disposal and Impariment in 2022 of USD 928 thousands related to the retirement of previous year´s purchases made but not used for a special periodic survey.

The vessel is registered in Bermuda. The vessel is mortgaged for the Group's senior secured bonds; see note 15.

The Company has performed an impairment assessment of the recoverable values of its vessel in accordance with IFRS (see 2.6) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts when ViU less than the net book value. The ViU calculation is based on a long-term forecast until the end of the vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.
- The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.

- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for the vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.
- 11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Sensitivity.

- 10% decrease in utilization would lead to a 7.6 million impairment.
- 20 000 USD decrease in day-rate would lead to a 13.5 million impairment.
- 1 % increase in discount rate would not impact the impairment.

For further information see note 3 – Significant events after the reporting period.

10 Taxes

At the date of this report, there is no Bermuda income, corporation or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.
The company is tax resident in Norway for all its operations.

The Norwegian income tax rate is 22%

	2023	2022
Result before tax	-8 029	-8 950
Tax calculated at tax rate 22%	1 766	1 969
Tax related to special tax regulations	-202	-858
Deferred tax assets not recognised	-1 564	-1 111
Presented tax cost	0	0
Deferred tax asset, not recognized		
Related to taxable deficit	9 891	6 809
Related to tax value on vessel	5 779	7 355
Total deferred tax asset, not recognized	15 670	14 164

11 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel Rigs Ltd.

Share capital
The Company's shares are common shares.

Additional paid in capital/share premium
The amount payable for shares in the Company and issued by the Company itself in excess of their nominal value.

12 Intra-group transactions

The vessel Reliance has until the end of 2023 been managed by Floatel International Operators B.V whilst awaiting new charter assignment, thereby most of the other operating expenses related to management of the vessel are transactions with related parties. The vessel will from January 1, 2024 be managed by Floatel Operations AS.

	2023-12-31	**2022-12-31**	**2022-01-01**
Transactions with related parties			
Cost of providing services	-3 412	-4 188	
Administrative expenses	-482	-467	
Interest expense	-2 079	-1 347	
Trade receivables	0	164	457
Long term loan	0	-15 242	-14 000
Current liabilities			
Trade payables	-943	-1 358	-161
Accrued expenses	-216	-474	-1 041
Other liabilities	-10 703	-4 008	0
	-11 862	**-5 840**	-1 202

Long term loan to group companies	**2023**	**2022**
Open balance	15 242	14 000
Balanced interest	0	1 242
Reduced by shareholders contribution	-15 242	0
Closing balance	**0**	**15 242**

In order to have access to capital, the Company have (i) guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company and (ii) entered into a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due.

The Interest-bearing loan from the Parent Company (se also note 14) and balances under the cash management (cash pool) agreement are interest-bearing. Intra-group interest income and expenses have during 2023 been capitalized and added to outstanding balances. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital. The Company is a net debtor to the Parent Company as of 31 December 2023 and do not expect any loss on its intra-group receivables.

13 Maturities of financial liabilities

	2023-12-31	2022-12-31	2022-01-01
Within 2-5 years			
Long-term liabilities to group companies	0	15 242	14 000
Within six month			
Trade payables	93	56	29
Liabilities to group companies	11 862	5 840	1 202
Other current liabilities	18	6	5
	11 973	5 902	1 236

14 Legal issues

The Company has currently no legal issues pending.

15 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, all internal contracts and the Vessel is held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Securely signed with Brevio

Årsregnskap

Signers:

Name	*Method*	*Date*
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30
PETER JACOBSSON	BANKID	2024-10-07 16:45
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46

To the Board of Directors of Floatel Reliance Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Reliance Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statements for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund
State Authorised Public Accountant

ANNUAL REPORT

FLOATEL VICTORY LTD

2023

FLOATEL
INTERNATIONAL

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Directors' Report

General Overview

Floatel Victory Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on July 21, 2011 with registration number 45615, and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel Rigs Ltd, and part of the Floatel Group.

The vision of the Company is to own and operate the most modern and cost-effective accommodation and construction vessel. The vessel is designed to service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is the registered owner of the vessel Floatel Victory. The vessel "Floatel Victory" was delivered from Keppel FELS shipyard in Singapore in November 2013.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 000 000 bond.

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company's revenues for 2023 amounted to USD 27.3 million (USD 13.6 million). The generated operating profit (EBIT) was USD 0.8 million (USD 3.3 million). Net result for the year came to USD -0.9 million (USD -2.2 million).

Cash flow

Cash flow from operating activities for 2023 were 15.9 million (USD 0.1 million).

Financial position

Total assets as of 31 December 2023 amounted to USD 146.9 million (USD 138.6 million). Total non-current assets amount to USD 123.0 million (USD 123.4 million).

The company's cash and bank reserves by the end of the period amounted to USD 7.0 million (USD 0.0 million).

Total book equity as of 31 December 2023 amounts to USD 141.0 million (USD 77.8 million).

Operations

The Company´s vessel Floatel Victory operated in Brazil through Floatel International Operators B.V in 2022 and until i April 2023, and thereafter transit to USA. Operations in USA started 1 July and continued until March 2024, whereafter the vessel returned to Brazil, for operations at Equinor – Peregrino through Floatel Operations AS.

The Group and the Company have as of December 2023 secured the following assignment for Floatel Triumph:

1. Continues operations with Chevron Anchor, USA until March 2024
2. With Equinor at Peregrino field in Brazil during 2024 and 2025

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL VICTORY LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues	7.13	27 380	13 567
Cost of providing services	8.13	-24 597	-9 428
Gross result		**2 783**	**4 139**
Administrative expenses	13	-2 046	-811
Operating result		**737**	**3 328**
Financial income		248	111
Financial expenses		-2 497	-5 034
Financial items - net	9.13	**-2 249**	**-4 923**
Result after financial items		**-1 512**	**-1 595**
Income taxes	11	639	-639
Result for the period		**-873**	**-2 234**
Result attributable to owners of Floatel Victory Ltd		**-873**	**-2 234**

Statement of comprehensive income

All numbers in USD thousands

	2023	2022
Result for the period	**-873**	**-2 234**
Total comprehensive income for the period	**-873**	**-2 234**

Statement of financial position

All numbers in USD thousands

	Note	2023-12-31	2022-12-31	2022-01-01
Assets				
Non-current assets				
Vessel including vessel upgrade	10	123 004	123 417	132 257
Total non-current assets		**123 004**	**123 417**	**132 257**
Current assets				
Inventories		7 090	7 113	6 275
Trade and other receivables		9 918	381	100
Receivables from group companies	13	0	7 680	1 773
Cash		6 955	5	2
Total current assets		**23 963**	**15 179**	**8 150**
Total assets		**146 967**	**138 596**	**140 407**
Shareholders' equity and liabilities				
Shareholders' equity	12			
Share capital		0	0	0
Retained earnings		141 856	79 990	79 990
Result for the period		-873	-2 234	0
Total shareholders' equity		**140 983**	**77 756**	**79 990**
Liabilities				
Long term loan				
Deferred tax	11	0	639	0
Liabilities from group companites	13.14	0	59 000	59 000
		0	59 639	59 000
Current liabilities				
Trade payables		1 791	274	149
Liabilities to group companies	13	2 096	916	1 263
Other current liabilities		2 097	11	5
Total current liabilities	**14**	**5 984**	**1 201**	**1 417**
Total shareholders' equity and liabilities		**146 967**	**138 596**	**140 407**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

		Attributable to shareholders of the company		
		Share capital	Retained earnings & result for the period	Total shareholders'equity
Shareholders' equity at January 1, 2022		**0**	**79 990**	**79 990**
Result for the period		-	-2 234	**-2 234**
Shareholders' equity at December 31, 2022		**0**	**77 756**	**77 756**
Shareholders contribution	13		64 100	64 100
Result for the period		-	-873	**-873**
Shareholders' equity at December 31, 2023		**0**	**140 983**	**140 983**

Floatel Victory Ltd, 2023

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating result		737	3 328
Interest received	13	72	1
Interest paid	13	-32	-1
Change in inventories		23	-838
Change in trade and other receivables		-9 537	-281
Change in trade payables		3 603	131
Changes in group receivables and liabilities	13	11 216	2 390
Adjustment for depreciation	8.10	9 151	8 902
Adjustment for other non-cash related items	13	678	-13 567
Cash flow from operating activities		**15 911**	**65**
Cash flow from investing activities			
Investments in property, plant and	10	-8 961	-62
Net cash flow from investing activities		**-8 961**	**-62**
Cash flow from financing activities			
Loan to group companies	13	0	0
Net cash flow from financing activities		**0**	**0**
Cash flow for the period		**6 950**	**3**
Cash and cash equivalents, January 1		5	2
Cash and cash equivalents, December 31		**6 955**	**5**

Notes to the financial statements

1 General information

Floatel Victory Ltd. ('the Company') owns and operates a modern and cost-effective accommodation and construction vessel. The vessel is designed to service challenging projects in deep water and hostile environments and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is a special purpose vehicle owning and chartering (leasing) out the vessel Floatel Victory, normally on a bareboat agreement to other Group companies. The Company outsource operations to a Group company and incur operating costs during periods without a charterer (lessee)

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address are at Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel Rigs Ltd, incorporated in Bermuda. Floatel International Ltd (FIL) is the ultimate parent company. Both companies have their principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on October 7, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time. The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

For further information please refer to Floatel International Ltd. 2023 Annual Report and half year 2024 Interim report.

3 Significant events after the end of the reporting period

The Company´s Vessel Floatel Victory continued its operations in Brazil until April 2023, and thereafter transit to USA via Curacao where it underwent its second special periodic survey. Operations in USA started in July 2023 and continued until March 31, 2024, whereafter the vessel returned to Brazil, for operations at Equinor – Peregrino through Floatel Operations AS.

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

There are no new standards or amendments to standards and interpretations that are effective on or after 1 January 2023 that have a significant impact on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Property, plant, and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels in accordance with IAS 23.

Depreciation on other property, plant, and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. For the vessel useful life of the components are as follows:

- Superstructure, 30 years
- Living Quarter (exterior), 16 years
- Living Quarter (interior), 10 years
- IT related equipment, 5 years
- Periodic maintenance, 5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

4.4 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has carried out an impairment test of its vessel according to IAS 36. The test has been based on reasonable and supportable cash flow projections including extrapolation for periods beyond budgeted projections. Management have assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Group and thereby the Company. See note 10 for outcome.

4.5 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumables used in operations of the vessel and not gods for sale. Cost is determined by using FIFO (first in – first out) method.

4.6 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.8 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.9 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.12 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognized over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Company provides offshore services to internal or external customers in the form of time charter or bareboat charter contracts with contract terms generally ranging from less than one year to five years. The charter income is recognized over time according to the terms of the agreement and in the period, work is performed, and the performance obligations are fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

ii. Mobilization revenue

Mobilization income is usually allocated over time in the firm contract period for the charter revenue since the obligation to perform mobilization activities are highly interdependent on the charter activities. Thus, the mobilization revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilization activities are recognized together with the performance obligations to provide charter services.

iii. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Insurance and warranty revenue

Insurance and warranty revenues are recognized when they can be reliably measured and confirmation is received from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure.

As by year end the net currency exposure is considered unsignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2023, all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This applies to assessment of fixed assets. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the company relate to the measurement of the vessel value such as estimated useful life and need for impairments.

7 Revenues

	2023	**2022**
Charter revenue	19 956	0
Rechargeble income	303	0
Mobilisation income	2 791	0
Bareboat income	4 330	13 567
Total revenue	**27 380**	**13 567**

8 Cost of providing services

	2023	**2022**
Depreciation	-9 151	-8 902
Crew cost	-4 423	0
Insurance cost	-1 199	-500
Other operating expenses	-9 824	-26
Total cost of providing services	**-24 597**	**-9 428**

9 Financial income and expenses

	2023	**2022**
Financial income		
Interest income	248	111
Financial expenses		
Interest expense	-2 465	-5 033
Exchange rate gains / losses	-32	-1
Financial items - net	**-2 249**	**-4 923**

10 Vessel including vessel upgrades

	2023	2022
Vessel incl vessel upgrade		
Opening balance acquisition cost, January 1	311 878	311 816
Investments	8 961	62
Disposal	-2 558	0
Acquisition cost as of December 31	**318 281**	**311 878**
Opening balance accumulated depreciation, January 1	-91 486	-82 584
Depreciation	-9 151	-8 902
Disposal	2 335	0
Accumulated depreciation as of December 31	**-98 302**	**-91 486**
Opening balance accumulated impairment, January 1	**-96 975**	-96 975
Accumulated impairment as of December 31	**-96 975**	**-96 975**
Net book value as of December 31	**123 004**	**123 417**

The vessel is registered in Bermuda. The vessel is mortgaged for the Group's senior secured bonds; see note 16.

The Company has performed an impairment assessment of the recoverable values of its vessel in accordance with IFRS (see 4.4) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts when ViU less than the net book value. The ViU calculation is based on a long-term forecast until the end of the vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.
- The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.
- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for the vessel, which accounts for special

periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.

- 11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Sensitivity:

- 10% decrease in utilization would not lead to impairment.
- 20 000 USD decrease in day-rate would not lead to impairment.
- 1 % increase in discount rate would not lead to impairment.

11 Taxes

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.

The company is tax residence in Norway for all its operations. The Norwegian income tax rate is 22%.

	2023	**2022**
Result before tax	-1 512	-1 595
Tax calculated at tax rate 22%	333	351
Tax related to special tax regulations	316	-990
Deferred tax assets not recognised	-10	0
Presented tax cost	639	-639
Deferred tax		
Related to taxable deficit	8 915	5 280
Related to tax value on vessel	-8 905	-5 919
NetDeferred tax asset/liability	10	-639

12 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel Rigs Ltd.

Share capital

The Company's shares are common shares.

Additional paid in capital/share premium

The amount payable for shares in the Company and issued by the Company itself in excess of their nominal value.

13 Intra-group transactions

	2023-12-31	2022-12-31	2022-01-01
Transactions with related parties			
Revenues	4 330	13 567	13 567
Cost of providing services	-9 153	0	0
Adminstrative expenses	-1 892	-767	-767
Interest income	176	110	110
Interest cost	-2 465	-5 033	-5 033
Receivables from Group companies			
Trade receivables	0	1 198	0
Accrued income	0	0	0
Other receivables	0	6 482	1 773
	0	**7 680**	**1 773**
Long-term loan from Group Companies	0	59 000	59 000
Liabilities to Group companies			
Trade payables	-2 027	-452	-485
Accrued expenses	-69	-464	-778
	-2 096	**-916**	**-1 263**
Long-term loan from Group companies			
Open balance	59 000	59 000	
Reduced by shareholders contribution	-59 000	0	
Closing balance	0	59 000	

To have access to capital, the Company has guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital.

The Company had until June 30, 2023, a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due. The balances under the cash management (cash pool) agreement were interest-bearing with interest income and expenses capitalized and added to outstanding balances.

14 Legal issues

The Company has currently no legal issues pending.

15 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, all internal and external contracts and the Vessel is held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Årsregnskap

Signers:

Name	*Method*	*Date*
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46
PETER JACOBSSON	BANKID	2024-10-07 16:45

pwc

To the Board of Directors of Floatel Victory Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Victory Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statements for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund
State Authorised Public Accountant

ANNUAL REPORT

FLOATEL ENDURANCE LTD

2023

FLOATEL INTERNATIONAL

Table of contents

Directors' Report

General overview

Floatel Endurance Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on 28 August 2012 with registration number 46839, and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel Rigs Ltd, a subsidiary to Floatel International Ltd.

The vision of the Company is to own and operate a modern and cost-effective accommodation and construction vessel. The vessel is service projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

On 16 April 2015 the Company took delivery of its vessel Floatel Endurance from the shipyard Keppel FELS in Singapore.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 000 000 bond. For further information see Interim report January-March 2024. www.floatel.no

Regarding recent contract awards for the vessel please refer to note 3 Significant events after the end of the reporting period.

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company's revenues for 2023 amounted to USD 3.6 million (comparable number in 2022 was USD 18.4 million). The generated operating result (EBIT) was USD -20.8 million (USD 1.7 million). Net result for the year came to USD -27.8 million (USD -5.1 million).

Cash flow

Cash flow from operating activities for 2023 were 3.2 million (USD 0.2 million).

Financial position

Total assets as of December 31, 2023, amounted to USD 170.5 million (USD 181.9 million). Total non-current assets amounted to USD 163.7 million (USD 172.3 million).

Total book equity as of December 31, 2023, amounted to USD 82.8 million (USD 100.6 million).

Operations

The Company's vessel, Floatel Endurance, performed periodic maintenance and was in lay up during 2023, with a short operation for Equinor at the Breidablikk field. During 2022 it operated for Equinor at the Johan Svedrup field, through Floatel Operations AS.

The Group and the Company have as of December 2023 secured the following assignment for Floatel Endurance:

1. with AkerBP at Skarv field on the Norwegian continental -shelf in 2024 for eight months with options for the client to extend.
2. with Cenovus in 2025 at the White Rose field offshore Canada for 95 days plus options for the client to extend the charter.
3. with AkerBP for the Yggdrasil project offshore Norway starting 2026 for seven months with the right for the client to extend the assignment.
4. a letter of intent with an undisclosed North Sea client to provide service in 2025 and 2026.

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL ENDURANCE LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues	7.13	3 629	18 431
Cost of providing services	8	-23 901	-15 862
Gross profit		**-20 272**	**2 569**
Administrative expenses	13	-544	-905
Operating profit		**-20 816**	**1 664**
Financial income		25	59
Financial expenses		-6 999	-6 831
Financial income - net	9.13	**-6 974**	**-6 772**
Profit after financial items		**-27 790**	**-5 108**
Income taxes	11	0	0
Profit for the period		**-27 790**	**-5 108**
Profit attributable to owners of Floatel Endurance Ltd		**-27 790**	**-5 108**

Statement of comprehensive income

All numbers in USD thousands

	Note	2023	2022
Profit for the period		**-27 790**	**-5 108**
Total comprehensive income for the period		**-27 790**	**-5 108**

Statement of financial position

All numbers in USD thousands	Note	2023-12-31	2022-12-31	2022-01-01
Assets				
Non-current assets				
Vessel incl. Vessel upgrade	10	163 746	172 268	183 812
Total non-current assets		**163 746**	**172 268**	**183 812**
Current assets				
Inventories		6 166	6 040	5 471
Reciviables from group companies	13	379	3 342	3 828
Trade and other receivables		177	297	1 495
Cash and cash equivalents		71	1	1
Total current assets		**6 793**	**9 680**	**10 795**
Total assets		**170 539**	**181 948**	**194 607**
Shareholders' equity and liabilities				
Shareholders' equity	12			
Share capital		0	0	0
Retained earnings		110 607	105 715	106 016
Profit for the period		-27 790	-5 108	-301
Total shareholders' equity		**82 817**	**100 607**	**105 715**
Liabilities				
Non-current liabilities				
Liabilities to group companies	13	70 000	80 000	80 000
Total non-current liabilities	**14**	**70 000**	**80 000**	**80 000**
Current liabilities				
Trade payables		162	277	5 616
Liabilities to group companies	13	17 540	1 058	2 695
Other current liabilities		20	6	581
Total current liabilities	**14**	**17 722**	**1 341**	**8 892**
Total shareholders' equity and liabilities		**170 539**	**181 948**	**194 607**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

	Attributable to shareholders of the company		
	Share capital	Retained earnings & profit for the period	Total shareholders' equity
Shareholders' equity at January 1, 2022	**0**	**105 715**	**105 715**
Profit for the period	0	-5 108	**-5 108**
Shareholders' equity at December 31, 2022	**0**	**100 607**	**100 607**
Profit for the period	0	-27 790	**-27 790**
Shareholders contribution received	0	10 000	**10 000**
Shareholders' equity at December 31, 2023	**0**	**82 817**	**82 817**

Floatel Endurance Ltd, 2023

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating profit		-20 816	1 664
Interest received	13	3	1
Interest paid	13	-2	0
Change in inventories		-126	-569
Change in trade and other receivables		120	1 198
Change in trade payables		-101	-5 914
Change in group receivables and liabilities	13	4 147	6 900
Adjustment for depreciation and impairment	10	11 693	11 758
Adjustment for other non cash items	13	8 323	-14 824
Cash flow from operating activities		**3 241**	**214**
Cash flow from investing activities			
Investments in property, plant and equipment	10	-3 171	-214
Net cash flow from investing activities		**-3 171**	**-214**
Cash flow from financing activities			
Other financial items paid	13	0	0
Net cash flow from financing activities		**0**	**0**
Cash flow for the period		**70**	**0**
Cash and cash equivalents, January 1		1	1
Cash and cash equivalents, December 31		**71**	**1**

Notes to the financial statements

1 General information

Floatel Endurance Ltd. ('the Company') owns and operates one of the most modern and cost-effective accommodation and construction vessel in the world. The vessel is designed to service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is a special purpose vehicle owning and chartering (leasing) out the vessel Floatel Endurance, normally on a bareboat agreement to other Group companies. The Company outsource operations to a Group company and incur operating costs during periods without a charterer (lessee)

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address is Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel Rigs Ltd, incorporated in Bermuda. Floatel International Ltd (FIL) is the ultimate parent company. Both companies have their principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on October 7, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time. The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

3 Significant events after the end of the reporting period

The Company's vessel, Floatel Endurance, completed its second special periodic survey in February 2024 and started the assignment at the Aker BP Skarv FPSO on the Norwegian Continental-shelf on March 2, 2024.

Cenovus has extended the firm period for the Company's at the White Rose field in Canada to 95 days plus options for the client to extend the charter.

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

Several new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023. None of these has had a significant effect on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Property, plant, and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels in accordance with IAS 23.

Depreciation on other property, plant, and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. For the vessel useful life of the components are as follows:

- Superstructure, 30 years
- Living Quarter (exterior), 16 years
- Living Quarter (interior), 10 years
- IT related equipment, 5 years
- Periodic maintenance, 5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

4.4 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has carried out impairment tests of its vessel according to IAS 36. The test has been based on reasonable and supportable cash flow projections including extrapolation for periods beyond primary forecast period. The company has assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Floatel Group. See note 10 for outcome.

4.5 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumables used in operations of the vessel and not gods for sale. Cost is determined by using FIFO (first in – first out) method.

4.6 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.8 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.9 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.12 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognized over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Company provides offshore services to internal or external customers in the form of time charter or bareboat charter contracts with contract terms generally ranging from less than one year to five years. The charter income is recognized over time according to the terms of the agreement and in the period when the work is performed, and the performance obligations are fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

ii. Mobilization revenue

Mobilization income is usually allocated over time in the firm contract period for the charter revenue since the obligation to perform mobilization activities are highly interdependent on the charter activities. Thus, the mobilization revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilization activities are recognized together with the performance obligations to provide charter services.

iii. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Insurance and warranty revenue

Insurance and warranty revenues are recognized when they can be reliably measured, and confirmation is received from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure.

As by year end the net currency exposure is considered insignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2023, all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. This applies to assessment of fixed. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the company relate to the measurement of the vessel value such as estimated useful life and need for impairments.

7 Revenue

	2023	2022
Bareboat income from group companies	3 629	18 431
Revenue	**3 629**	**18 431**

8 Cost of providing services

	2023	2022
Depreciation	-11 693	-11 758
Technical management	-11 952	-3 607
Other operating expenses	-256	-498
Total cost of providing services	**-23 901**	**-15 863**

9 Financial income and expenses

	2023	2022
Financial income		
Interest income, group companies	22	58
Interest income, other	3	0
Currency revaluation	-1	1
Interest expense, group companies	-6 997	-6 831
Interest expense, other	-1	0
Financial income - net	**-6 974**	**-6 772**

10 Vessel incl vessel upgrade

	2023	2022
Opening balance acquisition cost, January 1	387 863	387 649
Investments	3 171	214
Acquisition cost as of December 31	**391 034**	**387 863**
Opening balance accumulated depreciation, January 1	-96 995	-85 237
Depreciation	-11 693	-11 758
Accumulated depreciation as of December 31	**-108 688**	**-96 995**
Opening balance accumulated impairment, January 1	-118 600	-118 600
Impairment	0	0
Accumulated impairment as of December 31	**-118 600**	**-118 600**
Net book value as of December 31	**163 746**	**172 268**

Also see note 4.4

The vessel is registered in Bermuda. The vessel is mortgaged for the Group's senior secured bonds; see note 16.

The Company has performed an impairment assessment of the recoverable values of its vessel in accordance with IFRS (see 4.4) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts when ViU less than the net book value. The ViU calculation is based on a long-term forecast until the end of the vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.
- The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.
- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for the vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.
- 11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Sensitivity:

- 10% decrease in utilization would not lead to impairment.
- 20 000 USD decrease in day-rate would not lead to impairment.
- 1 % increase in discount rate would not lead to impairment.

11 Taxes

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.

The company is tax residence in Norway for all its operations. The Norwegian income tax rate is 22%.

	2023	2022
Result before tax	-27 790	-5 108
Tax calculated at tax rate 22%	6 114	1 124
Tax related to special tax regulations	-953	-3 426
Deferred tax asset, not recognized	-5 161	2 302
Presented tax cost	0	0
Deferred tax asset, not recognized		
Related to taxable deficit	21 128	12 886
Related to tax value on vessel	-6 058	-2 255
Total deferred tax asset, not recognized	15 070	10 631

12 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel Rigs Ltd.

Share capital

The Company's shares are common shares.

13 Intra-group transactions

	2023-12-31	2022-12-31	2022-01-01
Transactions with related parties			
Revenues	3 629	18 431	
Cost of providing services	-11 952	-3 607	
Administrative expenses	-484	-866	
Interest income	22	58	
Interest expense	-6 997	-6 831	
Long-term loan from group companies	-70 000	-80 000	-80 000
Receivables from Group companies			
Trade reciviables Group companies	379	2 481	703
Other receivables Group companies	0	861	3 125
	379	**3 342**	**3 828**
Short term Liabilities to Group companies			
Trade payables Group companies	-4 422	-595	-233
Accrued expenses Group companies	-1 821	-464	-2 462
Other liabilities to group companies	-11 297	0	0
	-17 540	**-1 059**	**-2 695**

Long-term loan from Group companies		
Open balance	80 000	80 000
Reduced by shareholders contribution	-10 000	0
Closing balance	70 000	80 000

In order to have access to capital, the Company have (i) guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company and (ii) entered into a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due.

The Interest-bearing loan from the Parent Company (se also note 14) and balances under the cash management (cash pool) agreement are interest-bearing. Intra-group interest income and expenses have during 2023 been capitalized and added to outstanding balances. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital. The Company is a net debtor to the Parent Company as of 31 December 2023 and do not expect any loss on its intra-group receivables.

14 Maturities on financial liabilities

	2023-12-31	2022-12-31	2022-01-01
Within 2-5 years			
Long-term liabilities to group companies	70 000	80 000	80 000
Within six month			
Trade payables	162	277	5 616
Liabilities to group companies	17 540	1 058	2 695
Other current liabilities	20	6	581
	17 722	1 341	8 892

The long-term loan has a maturity date of 31 December 2025, with 8.25% interest rate.

15 Legal issues

The Company has currently no legal issues pending.

16 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, all internal contracts and the Vessel is held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Securely signed with Brevio

Årsregnskap

Signers:

Name	*Method*	*Date*
PETER JACOBSSON	BANKID	2024-10-07 16:45
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46

To the Board of Directors of Floatel Endurance Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Endurance Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statements for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy H Heggelund

Roy Henrik Heggelund
State Authorised Public Accountant

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

ANNUAL REPORT

FLOATEL TRIUMPH LTD

2023

FLOATEL
INTERNATIONAL

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Directors' Report

General Overview

Floatel Triumph Ltd ("the Company") was incorporated under the laws of Bermuda as a private limited liability company on July 12, 2013 with registration number 47937, and has its principal place of business in Norway.

The Company is a wholly owned subsidiary of Floatel Rigs Ltd, and part of the Floatel Group.

The vision of the Company is to own and operate the most modern and cost-effective accommodation and construction vessel. The vessel is designed to service challenging projects in deep water and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is the registered owner of the vessel Floatel Triumph. The vessel "Floatel Triumph" was delivered from Keppel FELS shipyard in Singapore on 28 September 2016.

Financial information

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised a new USD 350 000 000 bond.

Regarding recent contract awards for the vessel please refer to note 3 Significant events after the end of the reporting period.

Functional and presentation currency

The Company uses USD as both functional and presentation currency.

Income statement

The company's revenues for 2023 amounted to USD 25.4 million (USD 10.1 million). The generated operating profit (EBIT) was USD 15.9 million (USD 1.9 million). Net result for the year came to USD 11.1 million (USD -3.4 million).

Cash flow

Cash flow from operating activities for 2023 were 3.3 million (USD 0.1 million).

Financial position

Total assets as of 31 December 2023 amounted to USD 160.8 million (USD 152.2 million). Total non-current assets amount to USD 132.3 million (USD 137.1 million).

The company's cash and bank reserves by the end of the period amounted to USD 0.0 million (USD 0.0 million).

Total book equity as of 31 December 2023 amounts to USD 94.6 million (USD 83.5 million).

Operations

The Company´s vessel Floatel Triumph operated in Australia during the year through Floatel Singapore Pte Ltd until November 2023, and was thereafter under management by Floatel UK Contractor Ltd and in transit to Norway for Periodic Survey and future operations in UK during 2024. In 2022 the vessel was partly laid up.

The Group and the Company have as of December 2023 secured the following assignment for Floatel Triumph:

1. With Shell Shearwater offshore UK during 2024
2. With Inpex at Ichthys field in Australia during 2025

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

FINANCIAL STATEMENTS

OF

FLOATEL TRIUMPH LTD

2023

Income statement

All numbers in USD thousands

	Note	2023	2022
Revenues	7.13	25 440	10 115
Other income		0	907
Cost of providing services	8.13	-8 842	-8 443
Gross result		**16 598**	**2 579**
Adminstrative expenses	13	-688	-713
Operating result		**15 910**	**1 866**
Financial income		430	4
Financial expenses		-5 280	-5 319
Finance items - net	9.13	**-4 850**	**-5 315**
Result after financial items		**11 060**	**-3 449**
Income taxes	11	0	0
Result for the period		**11 060**	**-3 449**
Result atttibutable to owners of Floatel Triumph Ltd		**11 060**	**-3 449**

Statement of comprehensive income

All numbers in USD thousands

	Note	2023	2022
Result for the period		**11 060**	**-3 449**
Total comprehensive income for the period		**11 060**	**-3 449**

Statement of financial position

	Note	December 31 2023	December 31 2022	January 1, 2022
Assets				
Non-current assets				
Vessel including vessel upgrade	10	132 270	137 112	145 041
		132 270	**137 112**	**145 041**
Current assets				
Inventories		5 432	4 620	3 635
Trade and other receivables		462	381	1 282
Receivables from group companies	13	22 581	10 070	1 108
Cash and cash equivalents		7	1	1
Total current assets		**28 482**	**15 072**	**6 026**
Total Assets		**160 752**	**152 184**	**151 067**
Shareholders' equity and liabilities				
Shareholders' equity	12			
Share capital		0	0	0
Retained earnings		83 543	86 992	86 992
Result for the period		11 060	-3 449	0
Total shareholders' equity		**94 603**	**83 543**	**86 992**
Liabilities				
Non-current liabilities				
Liabilities to group companies	13	62 000	62 000	62 000
Total non-current liabilities	**14**	**62 000**	**62 000**	**62 000**
Current liabilities				
Trade payables		437	255	112
Liabilities go group companies	13	3 684	6 380	1 051
Other current liabilities		28	6	912
Total current liabilities	**14**	**4 149**	**6 641**	**2 075**
Total shareholders' equity and liabilities		**160 752**	**152 184**	**151 067**

Oslo October 7, 2024

Christoffer Rutgersson

Peter Jacobsson

Tomas Hjelmstierna

Statement of changes in shareholders' equity

All numbers in USD thousands

	Attributable to shareholders of the company		
	Share capital	Retained earnings & result for the period	Total shareholders' equity
Shareholders' equity at January 1, 2022	**0**	**86 992**	**86 992**
Result for the period	-	-3 449	**-3 449**
Shareholders' equity at December 31, 2022	**0**	**83 543**	**83 543**
Result for the period	-	11 060	**11 060**
Shareholders' equity at December 31, 2023	**0**	**94 603**	**94 603**

Cash flow statement

All numbers in USD thousands

	Note	2023	2022
Cash flow from operating activities			
Operating result		15 910	1 866
Interest received	13	1	2
Interest paid	13	-1	0
Changes in inventories		-812	-985
Changes in trade and other receivables		-81	901
Changes in trade payables		204	-763
Chhanges in group receivables and liabilities	13	5 133	1 166
Adjustment for depreciation and impairment	8.10	8 103	8 065
Adjustment for other non cash items	13	-25 190	-10 115
Cash flow from operating activities		**3 267**	**137**
Cash flow from investing activities			
Investments in property, plant and equipment	10	-3 261	-137
Net cash flow from investing activities		**-3 261**	**-137**
Cash flow from financing activities			
Net cash flow from financing activities		**0**	**0**
Cash flow for the period		**6**	**0**
Cash and cash equivalents, January 1		1	1
Cash and cash equivalents, December 31		**7**	**1**

Notes to the financial statements

1 General information

Floatel Triumph Ltd. ('the Company') owns and operates a modern and cost-effective accommodation and construction vessel. The vessel is designed to service challenging projects in deep water and hostile environments and to provide superior living standard and support services compared to the existing accommodation vessel fleet worldwide.

The company is a special purpose vehicle owning and chartering (leasing) out the vessel Floatel Triumph, normally on a bareboat agreement to other Group companies. The Company outsource operations to a Group company and incur operating costs during periods without a charterer (lessee)

The Company is an exempted limited liability company incorporated in Bermuda, with its principal place of business in Norway. The office and business address are at Dronning Eufemias gate 8, 0191 Oslo, Norway, and the registered address is Canon's Court, 22 Victoria Street, HM 12, Hamilton, Bermuda.

The company is a wholly owned subsidiary of Floatel Rigs Ltd, incorporated in Bermuda. Floatel International Ltd (FIL) is the ultimate parent company. Both companies have their principal place of business in Oslo, Norway. The consolidated financial statement of the group is available on www.floatel.no.

The Company prepares and has previously prepared its accounts in accordance with IFRS® Accounting Standard as issued by the International Accounting Standards Board. However, the Company has taken advantage of an exemption, available to exempted limited liability company incorporated in Bermuda, and has not in recent years prepared audited financial statements (Annual Report). Comparative figures have been prepared using the same accounting principles applied consistently as the current financial year. The company has used the exemption in IFRS 1.D16.a). All assets and liabilities are measured at the carrying amount included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS. There are no adjustments in values for consolidation procedures, as the parent has owned the company since inception.

The Company's financial statements were authorised for issue by the Board of Directors on October 7, 2024.

2 Basis of preparation and market outlook

The preparation of these financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The accounts are prepared on the assumption of a going concern.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been limited for the Group. Furthermore, energy demand is expected to remain resilient and continue to drive demand for our services. Oil prices are expected to remain volatile amidst the uncertain economic and geopolitical backdrop.

2024 will be a better year, after the soft 2023, however with limited additional demand for execution in 2024. We see an increase in demand for offshore accommodation services from 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with the reduced supply, will likely result in higher utilisation and rates.

Additionally, the shift in the energy discussion towards renewable sources has created a debate about energy composition for the future; however, the transition to renewable energy is likely to take time. The globally operating, purpose-built, semi-submersible accommodation fleet presently comprises twenty vessels including two vessels yet to be delivered whereof seventeen vessels have been built since 2005. The remaining older vessels are expected to exit the market in the coming years.

For further information please refer to Floatel International Ltd. 2023 Annual Report and half year 2024 Interim report.

3 Significant events after the end of the reporting period

The Company´s Vessel Floatel Triumph underwent a special periodic survey in Norway in the beginning of 2024. The assignment at the Shell Shearwater FSPO commenced on the UK Continental Shelf on May 1, 2024. The contract ends September 28, 2024.

The company is a part of Floatel Group and included in the group cash-pool agreement. In April 2024 Floatel International raised USD 350 million in new senior secured bonds refinancing all existing bonds. As a consequence, the security package was adjusted so not all bank accounts will be pledged going forward

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 New accounting principles

(a) New accounting principles for 2023

There are no new standards or amendments to standards and interpretations that are effective on or after 1 January 2023 that have a significant impact on the financial statements.

(b) New accounting principles for 2024 and later not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency.

4.3 Property, plant, and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Incurred borrowing costs during the construction period are capitalized on the vessels in accordance with IAS 23.

Depreciation on other property, plant, and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. For the vessel useful life of the components are as follows:

- Superstructure, 30 years
- Living Quarter (exterior), 16 years
- Living Quarter (interior), 10 years
- IT related equipment, 5 years
- Periodic maintenance, 5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

4.4 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has carried out an impairment test of its vessel according to IAS 36. The test has been based on reasonable and supportable cash flow projections including extrapolation for periods beyond budgeted projections. Management have assessed the reasonableness of the assumptions by examining the causes of differences between past cash flow projections and actual cash flows. The discount rate used in the tests is the weighted average cost of capital (WACC) for the Group and thereby the Company. See note 10 for outcome.

4.5 Inventories

Inventories are stated at cost as inventories consist of spare parts and consumables used in operations of the vessel and not gods for sale. Cost is determined by using FIFO (first in – first out) method.

4.6 Trade receivables

Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. As the company holds trade receivables solely in order to collect contractual cash flows (principal and interest) they are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the company applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The company applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the statement of comprehensive income in administrative expenses.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.8 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.9 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

4.12 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when control is transferred to the customer when the performance obligations are fulfilled. Revenues regarding service contracts are normally recognized over time and accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. For revenue recognition over time the company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services and other related income

i. Charter revenue

The Company provides offshore services to internal or external customers in the form of time charter or bareboat charter contracts with contract terms generally ranging from less than one year to five years. The charter income is recognized over time according to the terms of the agreement and in the period, work is performed, and the performance obligations are fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

ii. Mobilization revenue

Mobilization income is usually allocated over time in the firm contract period for the charter revenue since the obligation to perform mobilization activities are highly interdependent on the charter activities. Thus, the mobilization revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilization activities are recognized together with the performance obligations to provide charter services.

iii. Catering and rechargeable revenue

The company provides services regarding catering and rechargeable revenue according to terms of the agreement and revenue is recognized over time when performance obligations are met.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Insurance and warranty revenue

Insurance and warranty revenues are recognized when they can be reliably measured and confirmation is received from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

5 Financial risk management

5.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk for the Company is the risk that arises in connection with the operations and investments in foreign currencies. The Company has USD as its functional currency, foreign currency risks arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Company shall strive towards minimising currency exposure.

As by year end the net currency exposure is considered unsignificant.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures towards clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As of December 31, 2023, all current accounts were held by SEB.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high ratings and strong balance sheets.

(c) Liquidity risk

Liquidity is managed at group level. At group level prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and investments needs, tax and other liabilities when the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve based on expected cash flow.

5.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

6 Critical accounting estimates and judgments

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This applies to assessment of fixed assets. The actual outcome may differ from these estimates and assumptions and future events may lead to these estimates being changed. Estimates and the underlying assumptions are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Such changes will be recognized in the period in which the changes occur.

The most critical accounting estimates and judgement for the company relate to the measurement of the vessel value such as estimated useful life and need for impairments.

7 Revenues

	2023	2022
Bareboat from group companies	25 440	10 115
Total Revenue	**25 440**	**10 115**

8 Cost of providing services

	2023	2022
Depreciation	-8 103	-8 065
Other operating expenses	-739	-378
Total cost of providing services	**-8 842**	**-8 443**

9 Financial income and expenses

	2023	2022
Financial income		
Interest income	430	2
Exchange rate gain	0	2
Financial expenses		
Interest expense	-5 279	-5 319
Exchange rate losses	-1	0
Financial items - net	**-4 850**	**-5 315**

10 Vessel including vessel upgrades

	2023	2022
Vessel incl vessel upgrade		
Opening balance acquisition cost, January 1	310 022	312 669
Investments	3 261	137
Disposals	0	-2 784
Acquisition cost as of December 31	**313 283**	**310 022**
Opening balance acc. depreciation, January 1	-60 574	-55 293
Depreciation	-8 103	-8 065
Disposals	0	2 784
Accumulated depreciation as of December 31	**-68 677**	**-60 574**
Opening balance accumulated impairment,	-112 336	-112 336
Impairment	0	0
Accumulated impairment as of December 31	**-112 336**	**-112 336**
Net book value as of December 31	**132 270**	**137 112**

The vessel is registered in Bermuda. The vessel is mortgaged for the Group's senior secured bonds; see note 16.

The Company has performed an impairment assessment of the recoverable values of its vessel in accordance with IFRS (see 4.4) based on the value in use. This is done as a matter of policy also in years, such as 2023, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date. The new assessments resulted in no impairment charges, and no impairment charges were recorded during 2023.

As stated above, the recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments are made in the accounts when ViU less than the net book value. The ViU calculation is based on a long-term forecast until the end of the vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation - Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 65% from 2028.
- The revenues until 2027 are based on current contracts and estimated new agreements reflecting present market conditions. Assumptions reflect gradual improvement and return to stabilised market conditions from the year 2025 and onwards.
- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for the vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.

- 11.0% (10.5% in 2022) discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Sensitivity:

- 10% decrease in utilization would not lead to impairment.
- 20 000 USD decrease in day-rate would not lead to impairment.
- 1 % increase in discount rate would not lead to impairment.

11 Taxes

At the date of this report, there is no Bermuda income, corporation, or profits tax, nor is there any withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable.

The company is tax residence in Norway for all its operations. The Norwegian income tax rate is 22%.

	2023	2022
Result before tax	11 060	-3 449
Tax calucalted at tax rate 22%	-2 433	759
Tax related to special tax regulations	-730	-2 727
Deferred tax asset not recognized	3 163	1 968
Presented tax cost	0	0
Deferred tax asset, not recognized		
Related to taxable deficit	11 171	10 273
Related to tax value on vessel	-1 349	2 867
Total deferred tax asset, not recognized	9 822	13 140

12 Shareholders' equity

The company has 100 number of shares with a par value of 0.01.

All shares are owned by Floatel Rigs Ltd.

Share capital

The Company's shares are common shares.

Additional paid in capital/share premium

The amount payable for shares in the Company and issued by the Company itself in excess of their nominal value.

13 Intra-group transactions

	2023-12-31	2022-12-31	2022-01-01
Transactions with related parties			
Revenues	25 440	10 115	
Cost of providing services	-250	0	
Adminstrative expenses	-635	-672	
Interest income	429	2	
Interest expense	-5 279	-5 319	
Receivables from Group companies			
Trade receivables	408	987	639
Accrued income	0	9 083	0
Other receivables	22 173	0	469
	22 581	**10 070**	**1 108**
Interest bearing loan	-62 000	-62 000	-62 000
Liabilities to Group companies			
Trade payables	-592	-1 418	-278
Accrued expenses	-3 092	-464	-773
Other liabilities	0	-4 498	0
	-3 684	**-6 380**	**-1 051**

In order to have access to capital, the Company have (i) guaranteed the Parent Company's external interest-bearing debt which is predominantly used to finance the Group's fleet of accommodation and construction support vessels, including the one owned by the Company and (ii) entered into a cash management, called cash pool, agreement with the Parent Company under which the Company transfer all liquidity to the Parent Company and the Parent Company fund the Company's payment obligations when they fall due.

The Interest-bearing loan from the Parent Company (se also note 14) and balances under the cash management (cash pool) agreement are interest-bearing. Intra-group interest income and expenses have during 2023 been capitalized and added to outstanding balances. The Company has not received separate compensation for the guarantee and provided security is it is a prerequisite for the access to capital. The Company is a net debtor to the Parent Company as of 31 December 2023 and do not expect any loss on its intra-group receivables.

14 Maturities of financial liabilities

	2023-12-31	2022-12-31	2022-01-01
Within 2-5 years			
Interest bearing loan to group companies	62 000	62 000	62 000
Within six month			
Trade payables	437	255	112
Liabilities to group companies	3 684	6 380	1 051
Other current liabilities	28	6	912
	4 149	6 641	2 075

The long-term loan has a maturity date of 31 December 2025, with 8.25% interest rate.

15 Legal issues

The Company has currently no legal issues pending.

16 Off-balance sheet assets and liabilities

As per 2023-12-31 the bank accounts, all internal contracts and the Vessel is held as security in relation to interest-bearing financing provided to parent company Floatel International Ltd.

Årsregnskap

Signers:

Name	*Method*	*Date*
JOHAN CHRISTOFFER RUTGERSSON	BANKID	2024-10-07 16:46
PETER JACOBSSON	BANKID	2024-10-07 16:45
Hjelmstierna, Björn Tomas	BANKID	2024-10-07 16:30

To the Board of Directors of Floatel Triumph Ltd

Independent Auditor's Report

Opinion

We have audited the financial statements of Floatel Triumph Ltd (the Company), which comprise the statement of financial positions as at 31 December 2022 and 2023, the income statements, statement of comprehensive income, statements of changes in shareholders' equity and cash flow statement for the years ended 31 December 2022 and 2023 respectively, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply and give a true and fair view of the financial positions of the Company as at 31 December 2022 and 2023, and its financial performance and its cash flows for the two years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board..

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 7 October 2024
PricewaterhouseCoopers AS

Roy Henrik Heggelund

Roy Henrik Heggelund
State Authorised Public Accountant