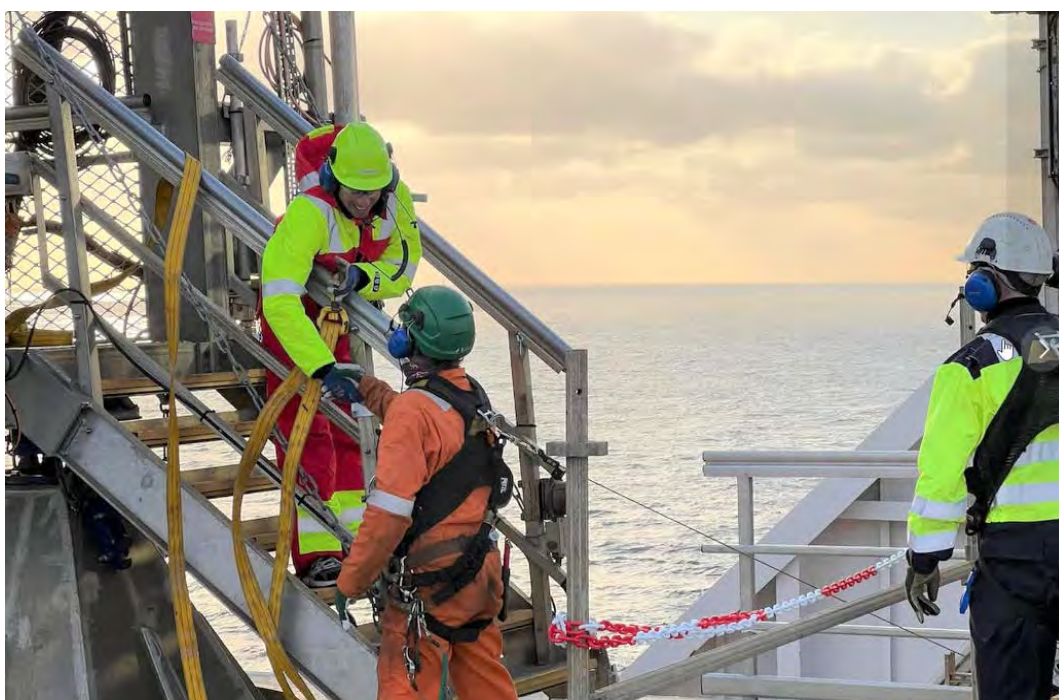


INTERIM REPORT



Q2 Report 2023

Q2 2023

Floatel International Ltd

Oslo – August 22, 2023 – Floatel International Ltd (“Floatel”) presents its consolidated financial statements for the second quarter of the financial year 2023.

Highlights:

- Events during the quarter:
 - Floatel Endurance ended its assignment for Equinor in Norway on April 30, 2023, and has since been idle quayside in Skipavika, Norway.
 - Floatel Superior on charter for Vår Energi at the Balder field in Norway from May 2, 2023, and throughout the quarter.
 - Floatel Triumph on charter for Woodside at the Pluto A Platform during the entire quarter.
 - Floatel Victory ended its charter for Equinor in Brazil on April 28, 2023, and started the transit to the US and the charter for Chevron commencing in July 2023. Floatel Victory completed its second special periodic survey in Curaçao en route to the US.
 - Vår Energi awarded the Group a charter for Floatel Superior to provide accommodation support to Jotun FPSO starting during the summer of 2024.
 - The new USD 100 million super secured senior bond issue, ISIN NO0012862673, was listed on Nordic ABM with Oslo Exchange on May 22, 2023, with ticker FLOAT06 PRO.
- Status update as of the reporting date:
 - Floatel Endurance is idle in Skipavika in Norway, awaiting the next assignment.
 - Floatel Reliance is idle in Tenerife in the Canary Islands, awaiting the next assignment.
 - Floatel Superior operates for Vår Energi on the Norwegian continental shelf, and the contract has been extended to September 12, 2023, with further options for the client to extend.
 - 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.
 - The Group has been awarded the following contracts after the reporting period:
 - 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.
 - A major Australian operator has contracted Floatel Triumph to provide accommodation and related services at its natural gas project located 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 June 2024, with options before and after the firm period.
- The second quarter fleet utilization was 60% (67% for the comparable period last year). The total firm contract backlog (excluding options) was approximately USD 241 million as of June 30, 2023, and USD 119 million as of June 30, 2022.
- Revenues for the second quarter of 2023 were USD 40.0 million (USD 45.9 million for the comparable period in 2022).
- Recurring EBITDA for the second quarter of 2023 amounted to USD 10.9 million (USD 19.6).
- Total assets as of June 30, 2023, amounted to USD 712 million (USD 708 million as of June 30, 2022).
- As of June 30, 2023, cash and cash equivalents were USD 60.4 million (USD 4.8 million), as USD 100 million super senior bonds replaced the revolving credit facility in March 2023.
- As of June 30, 2023, total book equity amounted to USD 354 million (USD 359 million).

Summary of business activities during the first 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. The charter's firm period has been extended to September 12, 2023, with the right for Vår Energi to extend the charter further.

Vår Energi awarded Floatel Superior a charter during the quarter to provide accommodation support to Jotun FPSO. The contract has a firm period of 5 months with options to extend and will commence during Summer 2024.



Floatel Superior started its charter for Vår Energi on May 2, 2023

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 was in operation to provide Maintenance and Safety Unit services for Equinor at the Peregrino field in Brazil until April 28, 2023.

Floatel Victory then transited to Curacao for its second special period survey, completed on June 22, 2023. She immediately started the transit to Chevron Anchor in the US Gulf of Mexico, where the charter commenced on July 7, 2023. The contracted firm period is five months, with options for Chevron to extend.



Floatel Victory alongside Peregrino FPSO.

Floatel Endurance

Floatel Endurance took over the assignment for Equinor at the Grane field from Floatel Superior on March 19, 2023. The charter ended on April 30, 2023, and the vessel is currently idle in Skipavika, Norway



Floatel Endurance at the Johan Sverdrup, Phase II project.

Floatel Triumph

The charter for Woodside at the Pluto A Platform started on March 18, 2023, and ended on July 30, 2023.

Shell Prelude charter began August 9, 2023, and the charter period is 80 days, with options for Shell to extend after that.



Floatel Triumph commenced operation for Woodside, Pluto, offshore Australia, on March 18, 2023.

Financial development

On March 23, 2023, the Company raised a new 11.25% per annum super senior secured USD 100,000,000 bonds ISIN NO0012862673 maturing March 2026. The bonds were listed on Nordic ABM with Oslo Exchange on May 22, 2023, with ticker FLOAT06 PRO.

Revenue and operating results for the second quarter of 2023

USD 40.0 million (USD 45.9 million) in total consolidated Revenues and USD -27.1 million (USD -28.8 million) in total Operating and Administrative expenses before depreciation resulted in quarterly EBITDA of USD 12.8 million (USD 17.1 million), USD +2 million (USD -2.5 million) refer to non-recurring items.

USD -10.8 million (USD -10.8 million) in total Depreciation, included in the Cost of providing services and Administrative expenses, resulted in USD 2.0 million quarterly Operating result (USD 6.3 million).

Net Finance income and costs were in the quarter USD -6.5 million (USD -6.9 million). The net result for the second quarter was USD -5.6 million (USD -1.0 million).

The backlog based on committed work, excluding options, was, at the end of the reporting period, approximately USD 249 million (USD 119 million). The backlog on the reporting date, including the awards announced after the reporting period, is USD 298 million.

Financial position as of June 30, 2023

Total assets were USD 712 million (USD 708 million as of June 30, 2022). Total non-current assets were USD 590 million (USD 624 million), while Net working capital totalled USD 25 million (USD 30 million).

The Group's Cash and cash equivalents totalled USD 60 million (USD 5 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 354 million (USD 359 million).

Interest-bearing debt totalled USD 316 million (USD 293 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 3.6 million (USD 2.2 million) are included. The expenses amortize over the life of the facilities. The Net interest-bearing debt totalled USD 256 million (USD 289 million).

The Group complies with all its financial covenants as of June 30, 2023, and on the reporting date.

Market outlook

Utilisation for the worldwide fleet of semi-submersible accommodation support vessels (ASV) was 65% in Q2 2023 (78% in Q2 2022). In comparison, Floatel International's utilisation in Q2 was 60% (67%). The global ASV fleets' utilisation in 2022 was 78%, while the Group's utilisation in 2022 was 63%.

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.

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.

The oil price has been volatile but resilient during the year. The oil price ultimately drives the demand for offshore accommodation services, so a resilient oil price supports our belief in an improving accommodations services market.

We believe the demand for offshore accommodation services will increase from 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 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.

Significant events after the end of the reporting period

After the reporting period, the Group has been awarded three new charters.

INEOS FPS LTD 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 and run until mid-July before commencing the Vår Energi Jotun project charter.

A major Australian operator has awarded Floatel Triumph a contract to provide accommodation and related services at its natural gas project outside Australia's northwest coast. The charter will commence in early 2025, with a six-month firm period plus options for the client to extend the charter.

The Group has been awarded a 4-month charter to provide accommodation support to Shell U.K. Ltd ("Shell") at the Shearwater field, UK sector, Central North Sea. The assignment will start in June 2024, with Shell having the option to extend the charter before and after the firm period.

Oslo – August 22, 2023
The Board of Directors of Floatel International Ltd

Condensed consolidated Income Statement

Figures in USD thousands	Notes	Q2 - 2023	Q2- 2022	YTD 2023	YTD 2022	2022
Revenues	5	39 950	45 872	69 292	70 479	177 606
Cost of providing services*	4,7	-34 527	-37 282	-65 933	-68 748	-141 019
Gross result		5 423	8 590	3 359	1 731	36 587
Administrative expenses*	7,7	-4 291	-4 223	-7 579	-8 292	-16 376
Other gains/losses	4	863	1 886	1 603	2 590	2 153
Operating result	4	1 995	6 253	-2 617	-3 971	22 364
Finance income	6	662	8	898	9	162
Finance cost	6	-7 107	-6 863	-14 570	-11 787	-23 662
Finance income and costs - net	6	-6 445	-6 855	-13 672	-11 778	-23 500
Result before income taxes		-4 450	-602	-16 289	-15 749	-1 136
Income tax expense		-1 186	-441	-1 679	-631	-2 095
Result attributable to owners of Floatel International Ltd		-5 636	-1 043	-17 968	-16 380	-3 231
Earnings per share, basic (USD)		-0,05	-0,01	-0,17	-0,15	-0,03
Earnings per share, diluted (USD)		-0,05	-0,01	-0,17	-0,15	-0,03

* Includes effects related to non-recurring items of USD million +2 (-2.2) in YTD numbers and -4.6 in full year 2022, see note 4

Condensed consolidated Statement of Comprehensive Income

Figures in USD thousands	Q2 - 2023	Q2- 2022	YTD 2023	YTD 2022	2022
Net result	-5 636	-1 043	-17 968	-16 380	-3 231
Items that are or may be reclassified as profit or loss					
Foreign currency translation - foreign operations	-315	-394	-304	-288	-462
Other comprehensive income	-315	-394	-304	-288	-462
Total comprehensive income	-5 951	-1 437	-18 272	-16 668	-3 693

Condensed consolidated Statement of Financial Position

Figures in USD thousands	Notes	2023-06-30	2022-06-30	2022-12-31
Assets				
Non-current assets				
Property, plant and equipment	7,1	583 171	617 365	595 490
Right-of-use assets	7,2	298	664	480
Intangible assets	7,3	2 191	2 220	2 206
Financial investments	11	<u>4 368</u>	<u>3 314</u>	<u>3 827</u>
Total non-current assets		590 028	623 563	602 003
Current assets				
Inventory		26 455	29 606	27 858
Trade receivables		12 175	16 843	17 405
Tax receivables		1 077	1 783	1 382
Other current receivables		21 599	31 303	19 404
Cash and cash equivalents		<u>60 374</u>	<u>4 781</u>	<u>16 428</u>
Total current assets		121 680	84 316	82 477
Total assets		<u>711 708</u>	<u>707 879</u>	<u>684 480</u>
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional Paid in capital		348 102	348 102	348 102
Other reserves		403	881	707
Retained earnings incl. Result of the year		<u>3 356</u>	<u>8 175</u>	<u>21 324</u>
Total equity		354 005	359 302	372 277
Liabilities				
Non-current liabilities				
Other long term liabilities		0	290	118
Interest-bearing debt	8	316 218	293 437	268 494
Provisions	9	<u>3 018</u>	<u>4 670</u>	<u>5 167</u>
Total non-current liabilities		319 236	298 397	273 779
Current liabilities				
Trade payables		11 902	13 097	7 611
Tax liabilities		3 580	2 139	2 923
Other current liabilities		<u>22 985</u>	<u>34 944</u>	<u>27 890</u>
Total current liabilities		38 467	50 180	38 424
Total equity and liabilities		<u>711 708</u>	<u>707 879</u>	<u>684 480</u>

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	-17 968	-17 968
Other comprehensive income	0	0	-304	0	-304
Equity 2023-06-30	2 144	348 102	403	3 356	354 005

Condensed consolidated Cash Flow Statement

Figures in USD thousands	Q2 - 2023	Q2- 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities					
Operating result	1 995	6 253	-2 617	-3 971	22 364
Interest received	662	8	898	9	162
Interest paid	-2 818	-1 924	-10 741	-9 557	-13 220
Income tax paid	-521	-379	-841	-789	-1 007
Adjustment for depreciation and impairment	10 821	10 804	21 646	21 479	44 095
Adjustments for other non-cash related items	-4 961	-915	-5 253	-1 655	1 673
Total cash flow from operations before changes in working	5 178	13 847	3 092	5 516	54 067
Changes in inventories	2	-2 780	-157	-4 934	-3 186
Changes in trade receivables	-350	-8 133	5 230	-4 468	-5 030
Changes in trade payables	4 074	4 268	4 291	7 032	1 546
Other changes in working capital	-1 032	-8 059	-474	-3 762	-5 507
Cash flow from operating activities	7 872	-857	11 982	-616	41 890
Cash flow from investing activities					
Payments for property, plant and equipment	-7 949	30	-9 242	-4 948	-5 586
Net cash flow from investing activities	-7 949	30	-9 242	-4 948	-5 586
Net cash flow from operations	-77	-827	2 740	-5 564	36 304
Cash flow from financing activities					
Repayment of debt	0	-5 000	-55 000	-2 330	-32 330
Proceeds from debt	0	0	100 000	0	0
Other financial items paid	-488	-506	-3 645	-1 099	-1 603
Net cash flow from financing activities	-488	-5 506	41 355	-3 429	-33 933
Cash flow for the period	-565	-6 333	44 095	-8 993	2 371
Cash and cash equivalents, beginning of period	60 974	11 237	16 428	14 433	14 433
Currency effect on cash	-35	-123	-149	-659	-376
Cash and cash equivalents,end of Period	60 374	4 781	60 374	4 781	16 428

Key Financials

Figures in USD thousands	Q2 - 2023	Q2- 2022	YTD 2023	YTD 2022	2022
Recurring (adjusted) EBITDA *	10 859	19 600	17 069	19 707	71 019
Recurring EBITDA margin	27,2%	42,7%	24,6%	28,0%	40,0%
Equity ratio	49,7%	51,6%	49,7%	51,6%	54,4%
Net Working Capital **	25 342	29 711	25 342	29 711	29 166
Net interest-bearing debt ***	255 844	288 656	255 844	288 656	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

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 financial year ending December 31, 2022.

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	Q2 2023	Q2 - 2022	YTD 2023	YTD 2022	2022
Revenue	39 950	45 872	69 292	70 479	177 606
Operating expenses	-26 040	-24 072	-46 749	-45 346	-93 043
Administrative expenses - normal	-3 914	-4 086	-7 077	-8 016	-15 697
Other gains/losses	<u>863</u>	<u>1 886</u>	<u>1 603</u>	<u>2 590</u>	<u>2 153</u>
Recurring (adjusted) EBITDA	10 859	19 600	17 069	19 707	71 019
Non-recurring effects *	<u>1 957</u>	-2 543	<u>1 960</u>	-2 199	<u>-4 560</u>
EBITDA	12 816	17 057	19 029	17 508	66 459
Depreciation	-10 821	-10 804	-21 646	-21 479	-44 095
Operating result	1 995	6 253	-2 617	-3 971	22 364

* 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 9, legal issues.

5. Revenues

Figures in USD thousands	Q2 2023	Q2 - 2022	YTD 2023	YTD 2022	2022
Charter revenues	27 882	34 517	51 288	53 436	133 692
Other revenues	123	119	141	133	1 953
Catering and rechargeable expenses	8 486	9 176	13 651	12 437	31 608
Mobilisation/demobilisation fees	<u>3 459</u>	<u>2 060</u>	<u>4 212</u>	<u>4 473</u>	<u>10 353</u>
Revenues	39 950	45 872	69 292	70 479	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	Q2 2023	Q2 - 2022	YTD 2023	YTD 2022	2022
Interest gain	662	8	898	9	162
Exchange rate difference	-38	-459	-272	-659	-241
Interest expense	-6 689	-5 633	-12 565	-9 499	-20 764
Other financial cost	<u>-380</u>	<u>-771</u>	<u>-1 733</u>	<u>-1 629</u>	<u>-2 657</u>
Net finance income and cost	-6 445	-6 855	-13 672	-11 778	-23 500

7. Non-current assets

7.1. Property, plant, and equipment

Figures in USD thousands	2023-06-30	2022-06-30	2022-12-31
Opening balance aquisition cost	1 631 008	1 627 175	1 627 175
Purchases during the year	9 090	4 492	5 012
Disposals	0	0	-927
Currency revaluation	<u>-73</u>	<u>-207</u>	<u>-252</u>
Closing aquisition cost	1 640 025	1 631 460	1 631 008
Opening balance depreciation	-491 693	-449 280	-449 280
Depreciation for the period	-21 398	-21 209	-42 655
Disposals	0	0	0
Currency revaluation	<u>62</u>	<u>219</u>	<u>242</u>
Closing balance depreciation	-513 029	-470 270	-491 693
Opening balance impairment	-543 825	-543 825	-543 825
Disposals	0		927
Impairment loss for the year*	<u>0</u>	<u>0</u>	<u>-927</u>
Closing balance impairment	-543 825	-543 825	-543 825
Net book value end of period	583 171	617 365	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 preparation of 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 considered to be a cash-generating unit. The assessments resulted in no impairment charges, and no impairment charges were recorded during 2022. Please refer to note 11.1 to the consolidated Financial Statement in the 2022 Annual Report for information about the assessment. The Company's views and estimates are in all material respects unchanged as of the reporting date.

7.2. Right to use assets

Figures in USD thousands	2023-06-30	2022-06-30	2022-12-31
Opening balance aquisition cost	1 187	1 370	1 370
Currency revaluation	<u>-48</u>	<u>-157</u>	<u>-183</u>
Closing aquisition cost	1 139	1 213	1 187
Opening balance depreciation	-707	-424	-424
Depreciation for the period	-169	-185	-351
Currency revaluation	<u>35</u>	<u>60</u>	<u>68</u>
Closing balance depreciation	-841	-549	-707
Net book value end of period	298	664	480

7.3. Intangible assets

Figures in USD thousands	2023-06-30	2022-06-30	2022-12-31
Opening balance aquisition cost	4 307	4 390	4 390
Purchases during the year	153	447	523
Currency revaluation	<u>-176</u>	<u>-532</u>	<u>-606</u>
Closing aquisition cost	4 284	4 305	4 307
Opening balance depreciation	-2 101	-2 246	-2 246
Depreciation for the period	-78	-86	-161
Currency revaluation	<u>86</u>	<u>247</u>	<u>306</u>
Closing balance depreciation	-2 093	-2 085	-2 101
Net book value end of period	2 191	2 220	2 206

8. Interest-bearing debt

Figures in USD thousands	2023-06-30	2022-06-30	2022-12-31
1 st lien senior secured cash pay bonds	100 000	100 000	100 000
1 st lien senior secured PIK pay bonds *	100 000	100 000	100 000
1 st lien senior secured PIK interest bonds *	20 000	10 000	10 000
PIK bonds effective interest adjustment *	-214	622	5 150
Super senior secured bonds	100 000	0	0
Revolving credit facility	0	85 000	55 000
Less prepaid financing fees	<u>-3 568</u>	<u>-2 185</u>	<u>-1 656</u>
Interest-bearing debt	316 218	293 437	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. Amounts are included in reported provisions and accruals. The accepted employee compensation and benefits amount was paid during the first quarter of 2023, 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 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.

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 second 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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