



INTERIM REPORT



Q1 Report 2022

Q1 2022

Floatel International Ltd

Oslo – May 25, 2022 – Floatel International Ltd (“Floatel”) presents its consolidated financial statements for the first quarter of the financial year 2022.

Highlights:

- Events during the quarter:
 - Floatel Endurance started its charter for Equinor at the Johan Sverdrup field in Norway on February 24, 2022.
 - Floatel Superior commenced its charter for Equinor at the Grane field in Norway on March 28, 2022.
 - Floatel Triumph in operations for Oersted in Taiwan during the quarter.
 - Floatel Victory continued its charter for Equinor in Brazil to provide Maintenance and Safety Unit (MSU) services. Equinor has exercised all options, so the firm period now ends on June 27, 2022.
- Status update as of the reporting date:
 - Floatel Endurance in operation for Equinor at the Johan Sverdrup field in Norway. Equinor has extended the charter with one month.
 - Floatel Reliance is idle in Tenerife in the Canary Islands awaiting the next assignment.
 - Floatel Superior in operation for Equinor at the Grane field (Breidablikk Project) in Norway.
 - Floatel Triumph is idle in Kemaman, Malaysia preparing for the Inpex charter which commences mid-June 2022.
 - Floatel Victory is in operation for Equinor Brazil providing MSU services at Peregrino FPSO.
- A Vessel Option Agreement for the Floatel Triumph has been signed with Woodside Burrup Pty Ltd for a charter during March-June 2023, to support the Pluto project in Western Australia.
- The first quarter fleet utilization was 50% (23% for the comparable period last year). Total firm contract backlog (excluding options) was approximately USD 99 million as of March 31, 2022, and it was USD 82 million as of March 31, 2021.
- Revenues for the first quarter were USD 24.6 million (USD 15.4 million for the comparable period in 2021).
- EBITDA for the first quarter amounted to USD -0.3 million (USD -3.1 million)
- Total assets as of March 31, 2022, amounted to USD 699 million (USD 706 million as of December 31, 2021).
- Cash and cash equivalents as of March 31, 2022, were USD 11.2 million (USD 14.4 million).
- Total book equity as of March 31, 2022, amounted to USD 361 million (USD 376 million).

Summary of business activities during the first quarter of 2022

Floatel Superior

Floatel Superior started the assignment for Equinor at the Grane field on the Norwegian continental shelf on March 28, 2022, and the charter runs until August 31, 2022, with further options thereafter.



Floatel Superior commenced charter for Breidablikk Project on March 28, 2022.

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 idle in Tenerife, Canary Islands.

Floatel Victory

Floatel Victory was in operations to provide Maintenance and Safety Unit services for Equinor at the Peregrino field in Brazil during the quarter. Equinor has exercised all options, so the firm period now ends on June 27, 2022.



Floatel Victory in operation alongside Peregrino FPSO.

Floatel Endurance

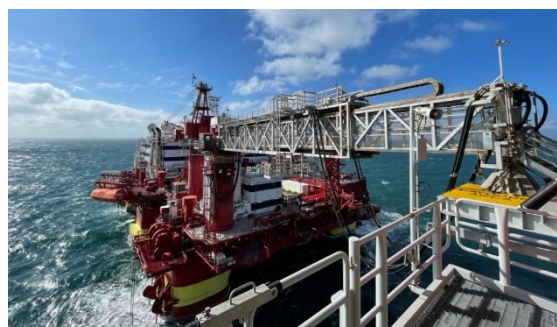
Floatel Endurance commenced the charter for Equinor at Johan Sverdrup in the Norwegian Continental Shelf on February 24, 2022. Equinor has extended the contract with one month, so the firm period now ends August 31, 2022, with further options thereafter.



Floatel Endurance in operations for Equinor at Johan Sverdrup, Phase II project.

Floatel Triumph

Floatel Triumph ended the Greater Changhua windfarm project for Ørsted in Taiwan on March 25, 2022, and is currently quayside in Kemaman, Malaysia preparing for Australia with the Inpex charter starting mid-June 2022. A Vessel Option Agreement has been signed with Woodside Burrup Pty Ltd for a charter during March-June 2023, to support the Pluto project in Western Australia.



Floatel Triumph in operation for Ørsted offshore Taiwan

Financial development

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 note 22 in the 2021 Annual Report for further details.

Revenue and operating result for the first quarter 2022

USD 24.6 million (USD 15.4 million) in total consolidated Revenues and USD -24.9 million (USD -22.6 million) in total Operating and Administrative expenses before depreciation resulted in an EBITDA for the quarter of USD -0.3 million (USD -7.2 million).

USD -10.6 million (USD -11.2 million) in total Depreciation included in the Cost of providing services and Administrative expenses resulted in USD -10.9 million quarterly Operating result (USD -18.4 million).

Net Finance income and costs were USD -4.2 million (USD 568.7 million).

The net result for the fourth quarter was USD -15.3 million (USD 550.5. million).

The current backlog based on committed work was at the end of reporting period approximately USD 99 million excluding options (USD 82 million).

Financial position as per March 31, 2022

Total assets were USD 698 million (USD 706 million as of December 31, 2021). Total non-current assets were USD 635 million (USD 640 million) whilst Net working capital totalled USD 15.3 million (USD 9.9 million).

The Group's Cash and cash equivalents totalled USD 11.2 million (USD 14.4 million). Total equity at the end of the period was USD 361 million (USD 376 million).

Interest-bearing debt totalled USD 296 million (USD 285 million) whereof USD 0 million is reported as the current portion (USD 0 million). In the reported Total interest-

bearing debt, prepaid borrowing expenses of USD 2.4 million (USD 2.7 million) are included. The expenses amortize over the life of the facilities. Net interest-bearing debt totalled USD 285 million (USD 831 million).

Market outlook

Utilisation for the worldwide semi-submersible accommodation (ASV) fleet was 68% in Q1 2022 (36% in Q1 2021). In comparison, Floatel International's utilisation in Q1 was 50% (23%). The global ASV fleets' utilisation in 2021 was 58% (41%) whilst the Group's utilization for the year was 44% (30%).

The outlook has improved because oil production has been kept under control by the producing countries after previously agreed cuts and the development of vaccines meaning an increased activity level offshore. It is uncertain how the geopolitical situation including Ukraine may affect Floatel. There are no imminent visible effects, but there may be knock-on effects including increased demand for our services.

The market continues to be oversupplied even if further improvements have been visible early 2022 resulting in prices continuing to be under pressure. Additionally, the shift in the energy discussion towards renewable sources has created a discussion about energy composition for the future, however the transition to a renewable world is likely to take time.

The worldwide operating purpose-built semi-submersible accommodation fleet presently comprises 18 vessels following recent announcements by competitors to scrap older vessels plus two vessels yet to be delivered. 17 vessels are built since 2005 (including the two new buildings mentioned) and it is expected that the remaining older vessels will exit the market in the coming years.

We believe that the demand for offshore accommodation services will increase based on predicted higher activity level amongst customers. This together with the reduced supply will result in the utilization of the accommodation fleet to gradually improve.

Significant event after the end of the reporting period

Equinor has extended the Johan Sverdrup contract with one month, so the firm period now ends August 31, 2022.

A Vessel Option Agreement for the Floatel Triumph has been signed with Woodside Burrup Pty Ltd for a charter during March-June 2023, to support the Pluto project in Western Australia.

Oslo – May 25, 2022
The Board of Directors of Floatel International Ltd

Condensed consolidated Income Statement

Figures in USD thousands	Notes	Q1 - 2022	Q1- 2021	2021
Revenues	6	24 607	15 386	94 131
Cost of providing services	5,8	-31 466	-26 474	-119 587
Gross result		-6 859	-11 088	-25 456
Administrative expenses *	5,8	-4 069	-7 361	-18 892
Operating result	5	-10 928	-18 449	-44 348
Net restructuring financial result	4,7	0	581 883	581 883
Finance income	7	505	754	1 081
Finance cost	7	-4 724	-13 924	-34 160
Finance income and costs - net	7	-4 219	568 713	548 804
Result before income taxes		-15 147	550 264	504 456
Income tax expense		-190	216	-792
Result attributable to owners of Floatel International Ltd		-15 337	550 480	503 664
Earnings per share, basic (USD)		-0,14	5,14	4,70
Earnings per share, diluted (USD)		-0,14	5,14	4,70

* Includes cost related to the restructuring of -4.1 million in Q1 2021

Condensed consolidated Statement of Comprehensive Income

Figures in USD thousands	Q1 - 2022	Q1- 2021	2021
Net result	-15 337	550 480	503 664
Items that are or may be reclassified as profit or loss			
Foreign currency translation - foreign operations	106	-695	-1 077
Other comprehensive income	106	-695	-1 077
Total comprehensive income	-15 231	549 785	502 587

Condensed consolidated Statements of Changes in Equity

Figures in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity
Equity 2020-12-31	2 144	325 568	2 241	-483 293	-153 340
Total comprehensive income					
Net result for the period	0	0	0	503 663	503 663
Other comprehensive income	0	-5	-1 072	0	-1 077
Share subscriptions and warrants	0	22 539	0	4 185	26 724
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	-15 337	-15 337
Other comprehensive income	0	0	106	0	106
Equity 2022-03-31	2 144	348 102	1 275	9 218	360 739

Condensed consolidated Statement of Financial Position

Figures in USD thousands	Notes	2022-03-31	2021-03-31	2021-12-31
Assets				
Non-current assets				
Property, plant and equipment	8	628 422	663 468	634 070
Right-of-use assets	8.1	827	1 285	946
Intangible assets	8.2	2 138	2 349	2 144
Financial investments	12	3 300	3 300	3 300
Deferred tax asset		<u>0</u>	<u>78</u>	<u>0</u>
Total non-current assets		634 687	670 480	640 460
Current assets				
Inventory		26 826	23 329	24 672
Trade receivables		8 710	5 533	12 375
Tax receivables		1 900	1 819	1 623
Other current receivables		15 172	15 060	12 318
Cash and cash equivalents		<u>11 237</u>	<u>32 670</u>	<u>14 433</u>
Total current assets		63 845	78 411	65 421
Total assets		<u>698 532</u>	<u>748 891</u>	<u>705 881</u>
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional Paid in capital		348 102	348 088	348 102
Other reserves		1 275	1 565	1 169
Retained earnings incl. Result of the year		<u>9 218</u>	<u>71 372</u>	<u>24 555</u>
Total equity		360 739	423 169	375 970
Liabilities				
Non-current liabilities				
Other long term liabilities		414	819	520
Interest-bearing debt	9	295 999	291 813	284 615
Provisions	10	<u>3 873</u>	<u>0</u>	<u>3 232</u>
Total non-current liabilities		300 286	292 632	288 367
Current liabilities				
Trade payables		8 829	6 017	6 065
Current portion of interest-bearing debt	9	0	0	0
Tax liabilities		2 055	2 414	2 060
Other current liabilities		<u>26 623</u>	<u>24 659</u>	<u>33 419</u>
Total current liabilities		37 507	33 090	41 544
Total equity and liabilities		<u>698 532</u>	<u>748 891</u>	<u>705 881</u>

Condensed consolidated Cash Flow Statement

Figures in USD thousands	Q1 - 2022	Q1 - 2021	2021
Cash flow from operating activities			
Operating result	-10 928	-18 449	-44 348
Interest received	1	2	35
Interest paid	-7 633	0	-5 046
Income tax paid	-410	387	-642
Adjustment for depreciation and impairment	10 675	11 221	44 522
Adjustments for other non-cash related items	1 850	1 231	4 019
Total cash flow from operations before changes in working	-6 445	-5 608	-1 460
Changes in inventories	-2 154	-325	-1 668
Changes in trade receivables	3 665	892	-5 950
Changes in trade payables	2 764	1 734	1 782
Other changes in working capital	1 789	5 516	4 354
Cash flow from operating activities	-381	2 209	-2 942
Cash flow from investing activities			
Payments for property, plant and equipment	-4 978	-1 129	-4 596
Net cash flow from investing activities	-4 978	-1 129	-4 596
Net cash flow from operations	-5 359	1 080	-7 538
Cash flow from financing activities			
Repayment of debt	0	-76 805	-76 805
Proceeds from debt	2 670	95 000	87 330
Other financial items paid	-593	-22 698	-25 364
Net cash flow from financing activities	2 077	-4 503	-14 839
Cash flow for the period	-3 282	-3 423	-22 377
Cash and cash equivalents, beginning of period	14 433	36 662	36 662
Currency effect on cash	86	-569	148
Cash and cash equivalents, end of Period	11 237	32 670	14 433

Key Financials

Figures in USD thousands	Q1 - 2022	Q1 - 2021	2021
EBITDA excluding restructuring effects	-253	-3 139	4 263
EBITDA margin	Neg	Neg	4,5%
Equity ratio	51,6%	60,7%	53,4%
Net working capital *	15 256	13 246	9 881
Net interest-bearing debt	284 762	259 143	270 182
Total number of ordinary shares	107 165 289	107 165 289	107 165 289
Average number of ordinary shares	107 165 289	107 165 289	107 165 289
Average number of ordinary shares (diluted)	107 165 289	107 165 289	107 165 289

* Income tax receivables and liabilities 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 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 respectively. 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 situation has stabilised with improving demand and development of COVID-19 vaccines whilst there are no imminent visible effects from the geopolitical situation including Ukraine, so the company has as a result prepared its financial statements on a going concern basis

These interim financial statements should be read in conjunction with the Company’s Audited Consolidated Financial Statements as of 31 December 2021. 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 the preparation of the interim financial statements are consistent with those followed in the preparation of the Company’s Audited Consolidated Financial Statements and accompanying notes for the financial year ended 31 December 2021.

New and updated accounting standards

There are no IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Group.

4. Restructuring

Please refer to note 22 in the 2021 Annual Report

5. Operating result

Figures in USD thousands	Q1 - 2022	Q1 - 2021	2021
Revenue	24 607	15 386	94 131
Operating expenses	-20 930	-15 565	-76 155
Administrative expenses - normal	<u>-3 930</u>	<u>-2 960</u>	<u>-13 713</u>
EBITDA before restructuring effect	-253	-3 139	4 263
Administrative expenses - related to restructuring	<u>0</u>	-4 089	<u>-4 089</u>
EBITDA after restructuring effect	-253	-7 228	174
Depreciation	-10 675	-11 221	-44 522
Impairment charge	<u>0</u>	<u>0</u>	<u>0</u>
Operating result	-10 928	-18 449	-44 348

6. Revenues

Figures in USD thousands	Q1- 2022	Q1- 2021	2021
Charter revenues	18 919	11 144	71 282
Other revenues	14	1	57
Catering and rechargeable expenses	3 261	4 361	17 698
Mobilisation/demobilisation fees	<u>2 413</u>	<u>-120</u>	<u>5 094</u>
Revenues	24 607	15 386	94 131

In the North Sea operators normally plan their offshore maintenance and modification activities in the period April to October due to weather, especially for shorter contracts less than six months such as planned shutdowns. This means higher utilisation of the accommodation fleet in the said period.

7. Finance income and cost

Figures in USD thousands	Q1- 2022	Q1- 2021	2021
Restructuring gain - forgiven debt + interest net expenses	0	581 883	581 883
Interest gain	1	1	35
Exchange rate difference	504	753	1 046
Interest expense	-3 866	-13 383	-30 480
Other financial cost	<u>-858</u>	<u>-541</u>	<u>-3 680</u>
Net finance income and cost	-4 219	568 713	548 804

8. Property, plant, and equipment

Figures in USD thousands	2022-03-31	2021-12-31	2021-03-31
Opening balance aquisition cost	1 627 175	1 623 200	1 623 200
Purchases during the year	4 881	4 266	1 031
Disposals	0	-93	0
Currency revaluation	<u>-44</u>	<u>-198</u>	<u>-128</u>
Closing aquisition cost	1 632 012	1 627 175	1 624 103
Opening balance depreciation	-449 280	-405 945	-405 945
Depreciation for the period	-10 541	-43 615	-10 983
Disposals	0	93	0
Currency revaluation	<u>56</u>	<u>187</u>	<u>118</u>
Closing balance depreciation	-459 765	-449 280	-416 810
Opening balance impairment	-543 825	-543 825	-543 825
Impairment loss for the year	<u>0</u>	<u>0</u>	<u>0</u>
Closing balance impairment	-543 825	-543 825	-543 825
Net book value end of period	628 422	634 070	663 468

The Company performed in connection with the preparation of the 2021 Annual Report, an impairment assessment of the recoverable values of its vessels in accordance with IFRS based on value in use. Please refer to note 11.1 to the Consolidated Financial Statements in the 2021 Annual Report for information about the assessment. The Company's views and assessments are in all material respects unchanged as of the reporting date.

All Vessels are registered in Bermuda. The vessels are security for credit facilities.

8.1. Right to use assets

Figures in USD thousands	2022-03-31	2021-12-31	2021-03-31
Opening balance aquisition cost	1 370	1 512	1 512
Currency revaluation	-34	-142	-92
Closing aquisition cost	<u>1 336</u>	<u>1 370</u>	<u>1 420</u>
Opening balance depreciation	-424	-36	-36
Depreciation for the period	-95	-411	-105
Currency revaluation	10	23	6
Closing balance depreciation	-509	-424	-135
Net book value end of period	827	946	1 285

8.2. Intangible assets

Figures in USD thousands	2022-03-31	2021-12-31	2021-03-31
Opening balance aquisition cost	4 390	4 500	4 500
Purchases during the year	97	330	98
Currency revaluation	-107	-440	-277
Closing aquisition cost	4 380	4 390	4 321
Opening balance depreciation	-2 246	-1 960	-1 960
Depreciation for the period	-40	-496	-133
Currency revaluation	44	210	121
Closing balance depreciation	-2 242	-2 246	-1 972
Net book value end of period	<u>2 138</u>	<u>2 144</u>	<u>2 349</u>

9. Interest-bearing debt

Figures in USD thousands	2022-03-31	2021-12-31	2021-03-31
1st Lien cash pay bonds	100 000	100 000	100 000
1st Lien PIK pay bonds *	100 000	100 000	100 000
1st Lien PIK interest bonds *	10 000	0	0
PIK bonds effective interest adjustment *	-1 551	0	0
RCF	90 000	87 330	95 000
Less prepaid financing fees	<u>-2 450</u>	<u>-2 715</u>	<u>-3 187</u>
Interest-bearing debt	295 999	284 615	291 813

* 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 cash pay bond interest is 6% p.a. and paid annually. 1st Lien PIK pay bond nominal interest rate is 10% p.a. which is converted annually to 1st Lien PIK interest bonds. The PIK interest bonds has 0% interest rate and RCF interest rate is $\text{libor} + 7.25\% \text{ p.a.}$

The RCF is repayable March 24, 2024, and all bonds September 24, 2026.

Please refer to note 22 in the 2021 Annual Report for information about restructuring effects.

10. 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 but no cases are deemed material to be disclosed separately other than that there is an ongoing tax investigation in Norway regarding employee compensation and benefits where it is probable that amounts will be due and estimates are included in reported provisions.

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 are 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.

12. Related party transactions

The Group had during the first quarter of 2022 no transactions with the Keppel Group. Keppel Offshore Pte Limited, which is part of the Keppel Group, owns 49.9 % of the Company.

The Company 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.



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