FLOATEL INTERNATIONAL

ANNUAL REPORT 2021

FLOATEL INTERNATIONAL LTD

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DIRECTORS' REPORT 2021

GENERAL INFORMATION ABOUT THE BUSINESS

The Floatel International Group ("Floatel" or "Group") was established in 2006. Floatel operates a fleet of five modern semi-submersible accommodation and construction support vessels providing the oil and gas industry as well as offshore windfarm installations with high quality offshore accommodation, catering, and ancillary services. The parent company, Floatel International Ltd ("FIL" or the "Company") is incorporated in Bermuda with its principal place of business in Norway at Dronning Eufemias gate 8, 0191 Oslo.

The Vessels are owned by group companies with the same principal place of business as FIL and has local companies and offices in areas where the vessels operate as well as ship and crew management companies in Sweden.

Floatel runs its business and operation on a set of core values which are imbued what we do:

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 within the organization as well as with our partners and clients.*

The mission is *"To be the preferred choice by providing flexible solutions with high quality and the best possible performance – always putting safety first"*. This forms the basis for how we operate and do business and our fleet is therefore designed to meet the challenging projects in deep water and hostile environments so we can provide superior living standard and support services in these locations across the world.

THE YEAR IN BRIEF AND KEY FINANCIAL DATA

Floatel underwent a comprehensive balance sheet restructuring during the year, which was successfully completed on March 24, 2021, and it secured a fully consensual deal among all key stakeholders, including shareholders, bondholders, and bank lenders. This was done after Floatel announced on February 19, 2020, that the Company's and the Group's financial situation was unsustainable as liquidity was under pressure with a further announcement on April 14, 2020, that the Company stopped payment of scheduled amortisation, interest and commitment fees under its credit facilities and bond issuances.

The Coronavirus pandemic continued to impact operations with increased operational expenses during the year due to travel restrictions and quarantine requirements interfering with personnel changes. Measures continue to be in place to safeguard the health and safety of clients, guests, and the workforce.

The fleet have had six charters for five different clients during the year resulting in 44% fleet utilisation compared with 30% in 2020 when there was one normal charter and one contract for inshore accommodation. At year-end, Floatel Endurance and Floatel Superior were idle in Skipavika, Norway, preparing for their next charters with Equinor in Norway with Endurance starting late February 2022 and Superior early April 2022. Floatel Reliance was laid-up in Tenerife, Canary Islands; Floatel Victory was on charter for Equinor in Brazil and Floatel Triumph was on contract for Oersted in Taiwan which is the Group's first offshore windfarm project.

	2021	2020	2019	2018	2017
Revenue	94 131	79 673	159 112	303 380	310 807
EBITDA	173	10 465	68 753	165 856	172 379
Operating result[1)]	–44 348	–524 231	–23 206	104 481	88 589
Result before tax	504 456	–606 662	–80 763	36 823	36 664
Equity	375 970	–153 340	454 757	547 192	523 891
Total assets	705 881	760 263	1 311 618	1 456 010	1 594 913
Operational margin[2)]	–47%	–658%	–15%	34%	29%
Margin[2)]	536%	–761%	–51%	12%	12%
Equity/asset ratio[2)]	53%	–20%	35%	38%	33%

[1)] Operating result 2021 (2020) include 0 (–479.4) USD million impairment charge
[2)] Operational margin; Operating result/Revenue. Margin; Result before tax/Revenue. Equity/asset ratio; Book equity/Total assets

OPERATIONS

The Group's fleet consists of five semi-submersible accommodation and construction support vessels. The fleet had an average utilization of 44% (30% in 2020), compared with an estimated average market utilization of 58% (41% in 2020). All vessels whilst in operation have shown excellent performance with an average commercial uptime (actual received revenues divided by maximum contract revenues) above 99% (99%).

Floatel Superior was on charter for Var Energi from May to October in Norway and was before and after being idle in Skipavika, Norway. Thruster overhaul was initiated in December and will be completed at the yard in Hanøytangen in Norway during quarter 1 2022 and she will commence her next assignment for Equinor, the Breidablikk project, on the Norwegian continental-shelf late March 2022.

Floatel Reliance has been idle on Tenerife in the Canary Islands during the year awaiting a new charter assignment.

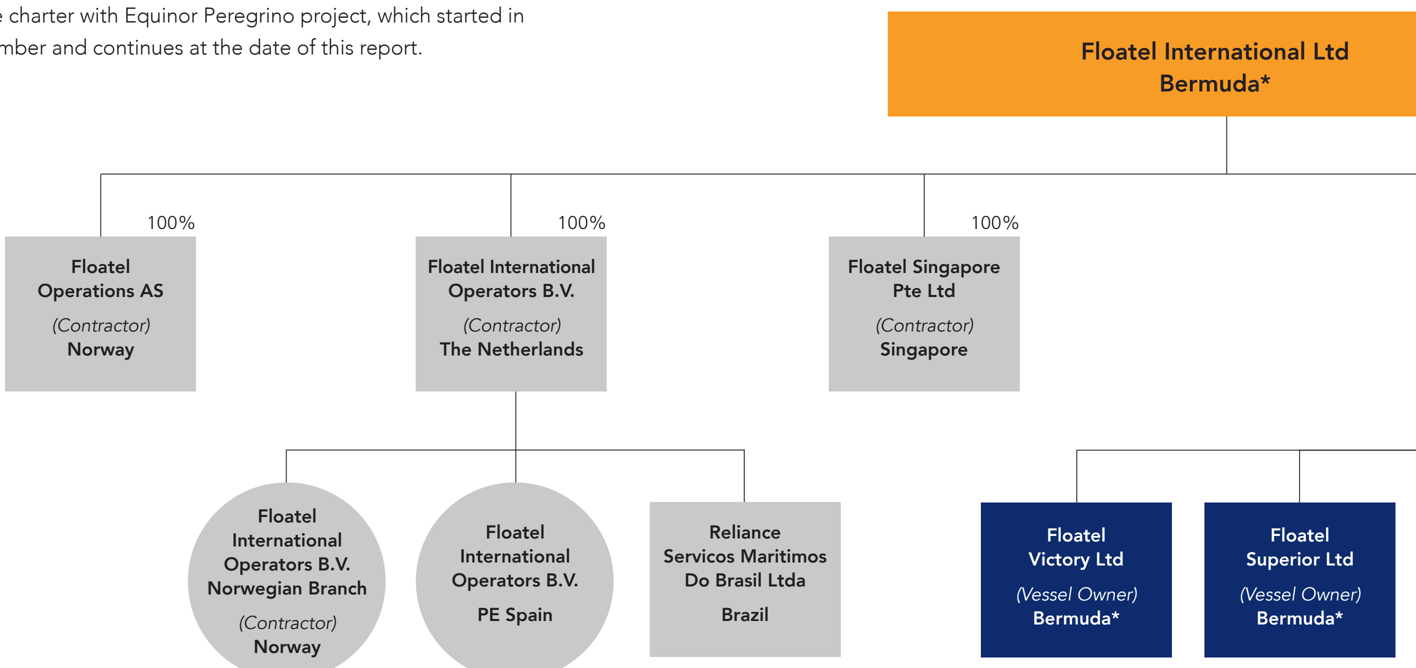
Floatel Victory was idle during the beginning of year in Skipavika, Norway. The assignment for Ineos on the Unity platform (UK sector), which was suspended from 2020 due to the pandemic commenced in March and ended in July 2021. Floatel Victory started immediately the transit to Brazil with a short stop in the Canary Islands to prepare for the charter with Equinor Peregrino project, which started in September and continues at the date of this report.

Floatel Endurance replaced Floatel Superior at Equinor Martin Linge field on the Norwegian continental shelf early November 2019 and the charter continued until end of August 2021. Floatel Endurance was idle in Skipavika, Norway the remainder of the year awaiting her next assignment for Equinor Johan Sverdrup phase II project, which commences in February 2022.

Floatel Triumph was contracted by Shell in the Philippines from September to November 2021 at Malampaya whereafter she immediately transferred to Taiwan where the assignment for Oersted at the Greater Changhua windfarm project started early December 2021. Next assignment after Oersted is for Inpex in Australia at the Ichthys field which is expected to commence in June 2022.

The Group has an onshore organization supporting its marine activities with approximately 50 people working onshore and offices in Oslo (Norway), Gothenburg (Sweden), Macaé (Brazil), Perth (Australia) and Singapore.

All subsidiaries within the Group are wholly owned and the Group has no joint-ventures or similar arrangements. The corporate structure as of December 31, 2021, is set out below



OUTLOOK

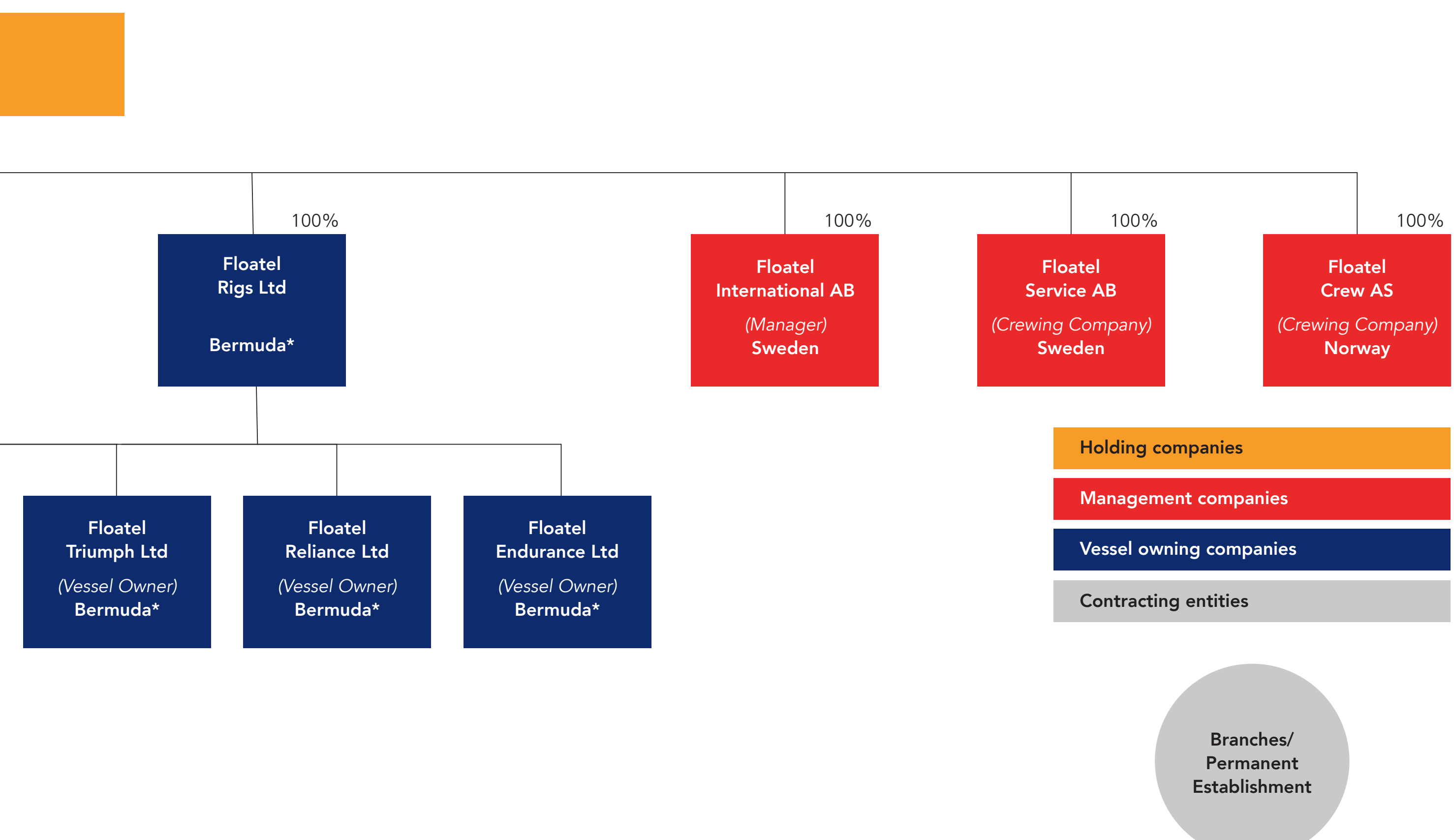
The outlook has improved because oil production has been kept under control by the producing countries after previously agreed cuts and the development of vaccines meaning an increased activity level offshore. Utilisation remain below those levels reached in late 2019 before the COVID-19 pandemic even if further improvements are visible early 2022 as the market continues to be oversupplied resulting in prices continuing to be under pressure.

Although the oil price has recently recovered to over USD 100 per barrel, we note that the oil companies globally have adjusted their activities for the short to medium term. 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.

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.

The worldwide operating purpose-built semi-submersible accommodation fleet presently comprises 19 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 2 new buildings mentioned) and it is expected that the remaining older vessels will exit the market in the coming years.

We consequently expect the overall utilization of the accommodation fleet to remain at modest levels in the near term, particularly for those areas with high overcapacity, however, we still believe that the market will gradually improve based on a predicted higher activity level and reduced supply.



* Principal place of business; Norway
Non-trading/dormant entities excluded from this chart.

CORPORATE GOVERNANCE

Floatel's corporate governance is embedded in the running of the business through FIMS ("Floatel International Management System"). The Company supports and operates in accordance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The Group's corporate governance documents and FIMS reflect these international standards.

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 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.

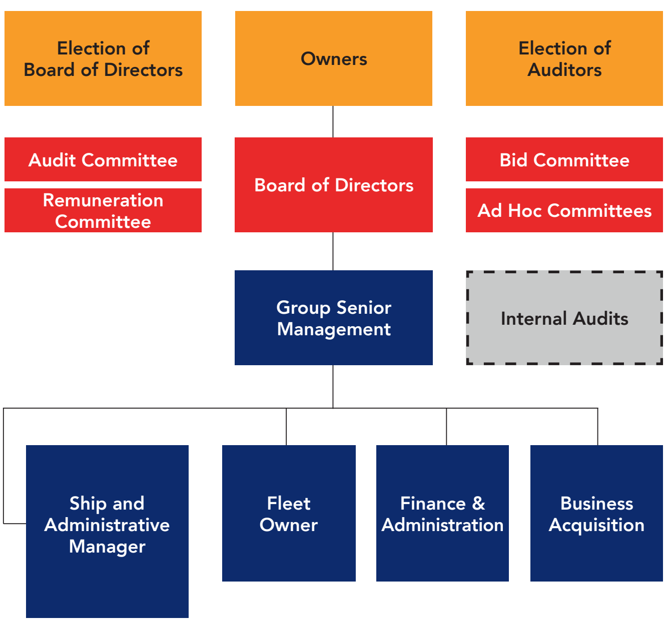


Figure 1: Floatel Corporate Governance Structure

Main internal rules and regulations for corporate governance at Floatel International

- The Byelaws
- The Code of Conduct
- Rules of Procedure for the Board of Directors,
- Terms of References for the Board 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

The Board of Directors are responsible for overall corporate governance as well as 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 and risk as well as financial processes and disclosures and reviews the effectiveness of Floatel's internal control framework. The Board of Directors has delegated to the senior management team through written policies and procedures the day-to-day responsibility for the conducting, implementation, and evaluation of FIMS including corporate governance, risk management and internal control.

The CEO has overall responsibility for strategic management and business direction, policies, procedures, and guidelines for the development of the business, and the implementation of strategies and services which promote sound corporate culture. In respect of contract opportunities, the CEO shall provide to the Bid Committee of the Board of Directors 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 the 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 as such (such as tax, currency, and expropriation risks).

In addition, the CEO shall report strategic risks and other significant risks connected to the business, operations, and important projects to the Board of Directors if the potential consequence is material. Strategic opportunities shall also be communicated. When suggested measures are presented to the Board of Directors, they should be accompanied by a cost-benefit analysis including 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 HSEQ Manager ("Health, Safety, Environment and Quality") is responsible for establishing, communicating, and monitoring FIMS, risk management and Management System Audits apart from the Financial Reporting and Internal Control over Financial Reporting. HSEQ Manager coordinates internal audits in accordance with 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 BOARD OF DIRECTORS AND ITS COMMITTEES

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

The Board of Directors shall appoint, evaluate and if necessary, dismiss the General Manager and the CEO as well as ensure that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations. The Board of Directors will also ensure there is a satisfactory process for monitoring Floatel's compliance with laws and other regulations relevant to the Group's operations, as well as the application of internal guidelines.

The Board of Directors in Floatel International Ltd consist of five members: two representing Keppel Corporation, the largest shareholder, the CEO, one independent director and one representing all non-Keppel shareholders. There are no deputy or alternate members, or members appointed by employee organisations. In addition, the Board is supported by a corporate secretary and administrator.

The Board of Directors shall have at least four regular meetings each year, however the Board of Directors had one physical and five digital meetings during 2021 due to the restructuring and imposed government COVID-19 travel restrictions. The Chairman of the Board is responsible for ensuring that the Board's work is well organised and conducted in an efficient manner. Senior management also attended Board meetings during the year to present and report on specific questions, and a monthly operational report was circulated to the Board.

To maximise the efficiency of the Board's work and to ensure a thorough review of specific matters, the Board has established a Remuneration Committee, an Audit Committee, and a Bid Committee. In addition, the Board may convene ad hoc committees for specific purposes. The Board of Directors established an ad hoc Restructuring Committee in2020, which remained in place until the restructuring was completed March 24, 2021. The tasks and responsibilities of the Committees are detailed in the terms of reference of each Committee, which are annually adopted as part of the Rules of Procedure of the Board.

The Restructuring Committee's core objective was to support the Company's restructuring strategy. The role of the Committee was to assist the Board with the envisaged debt restructuring of the Company and its subsidiaries. The Restructuring Committee had oversight of the debt restructuring and carried out all duties for the Group as appropriate in connection with the debt restructuring (unless required otherwise by regulation) subject to Board approval of the final solution. In addition, to ensure that the operations of the Group may be progressed alongside the restructuring, the Restructuring Committee shall also (unless required otherwise by regulation) carry out the duties and approvals of the Board as appropriate including but not limited to approval of investments and financial reports, consider market and operational updated, corporate governance matters as well receive litigation and tax reports.

The Remuneration Committee assists the Board in Senior Management remuneration matters, receives information, and recommends to the Board's decisions on matters relating to the principles of remuneration, remunerations, 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 Board decide prices and other commercial terms not regulated by the company's contracting principles that should be offered in a client bid and/or tender process and review management's price and return calculations. Furthermore, review the contracting principles and recommend changes, if any, to the board on an annual basis.

The Audit Committee assists the Board 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 and proposals and the annual and quarterly financial statements and reports before they are submitted to the Board.

The Audit Committee furthermore supervises the efficiency of the financial internal controls, internal audit, and risk management and provides support to the Board in the decision-making processes regarding such matters. The Audit Committee monitors the audit of the financial reports and reports thereon to the Board. 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 review 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

According to the Bermuda Companies Act, the Board of Directors is responsible for the Group's internal control and risk management. The Board of Directors has delegated through written policies to the Senior Management the day-to-day responsibility for the identification, evaluation and management of risks and the implementation and maintenance of 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 the management and maintenance of the processes required to design implement and assess internal controls. The Group's system of internal controls encompasses documents applicable to all Group operations and companies, which promote:

- The effective and efficient operations of the Group by enabling it to respond appropriately to significant risks that it faces in carrying out its business
- The consistency and reliability of financial reporting
- The safeguard of assets
- The 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 the way 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. Strong risk management disciplines, combined with a culture that emphasizes 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 Board through the Audit Committee.

The Group's control activities are performed to help ensure that the company's policies, procedures, and guidelines are implemented. 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 established and communicated throughout the Group, resulting in management directives being carried out.

Management shall consider internally generated and externally generated data that enables them to make informed business decisions about financial reports and disclosures. Management shall ensure that relevant information is identified, captured, processed, and reported adequately. As communication is an important part of an effective control environment, management shall ensure relevant, 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 the assessment of risks and the effectiveness of on-going monitoring processes. The key components of the Group's monitoring process include: (i) The processes used by the Board 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 discuss external audit plans; monitor communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations, and (vi) Senior management and Board review of performance through a comprehensive system of reporting based on an annual budget, with 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 that the Company can experience while conducting its business. This will also include response and recovery activities. The Group Board of Directors have the overall risk management responsibility and delegate it to the CEO, under the supervision of the Audit Committee, to manage risk on a day-to-day basis together with Senior Management and the rest of the organisation.

Risks on system level shall include but not be 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 change of 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 framework set and approved by the Board unless significance in accordance with any procedure result in that the matter requires board approval based
- tactical risks, managed by the Department Managers within framework set and approved by Senior Management based on the Company's Policies and Procedures unless significance in accordance with any procedure requires board and/or senior management approval
- operational execution, managed by the Operations and Project Management in accordance with the Company's Policies and Procedures unless significance in accordance with any procedure requires board and/or senior management approval

Each individual 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 minimising the commercial consequences of an incident and providing resources for response and recovery activities.

SUSTAINABILITY AND HEALTH, SAFETY, ENVIRONMENT AND QUALITY ASSURANCE (HSEQ)

Floatel International Group holds certification to following standards:

- ISO 9001:2015 (Quality, certificate issued by Lloyd's Register Quality Assurance)
- ISO 14001:2015 (Environment, certificate issued by Lloyd's Register Quality Assurance)
- ISO 45001:2018 (Occupational Health and Safety Management, certificate issued by Lloyd's Register Quality Assurance)
- International Safety Management Code (Safety, certificate issued by Bermuda Shipping and Maritime Authority)
- International Ship and Port facility Security Code (Security, certificate issued by Bermuda Shipping and Maritime Authority)
- Maritime Labour Convention 2006 (Labour rights, certificate issued by Bermuda Shipping and Maritime Authority)

In addition, Floatel International Group is registered with:

- Achilles Joint Qualification System, which is reviewed on an annual basis.
- Magnet Joint Qualification System (Ex EPIM), which is reviewed on an annual basis.
- FPAL Joint Qualification System, which is reviewed on an annual basis.
- Offshore Vessel Management Self-Assessment (OVMSA) database. Vessels are registered in the Offshore Vessel Inspection Database (OVID). Internal inspections and external audits are conducted regularly.

HSE Statistics 2017–2021

Floatel Internationals KPI:s and targets are set in the annual Management Review meeting and targets are normally benchmarked towards IMCA (International Maritime Contractors Association) statistics. All KPI:s are presented for each month 12 months rolling.

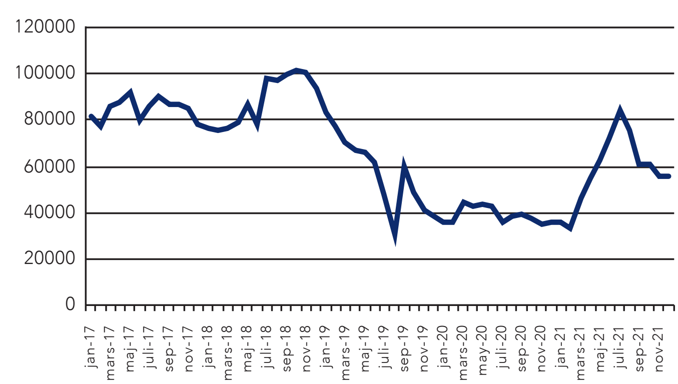
There were two recordable injuries reported during 2021:

- Floatel Superior ACC2021-0003, 30 April 2021: Cut in thumb when dismounting pipes in thruster room #5

Severity rating: 3 (Medical Treatment)

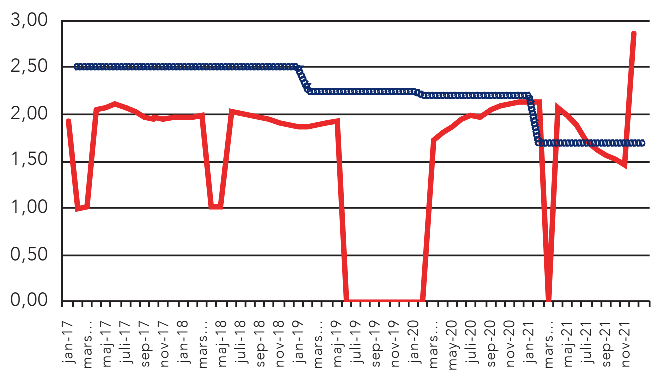
- Floatel Triumph ACC2021-0003, 19 December 2021: IP caught hand when opening door
  Severity rating: 3 (Medical Treatment)

Manhours per month 2017 – 2021:



Manhours: Offshore manhours. Including crew, catering, subcontractors but excluding "guests" (personnel with workplace on client installation).

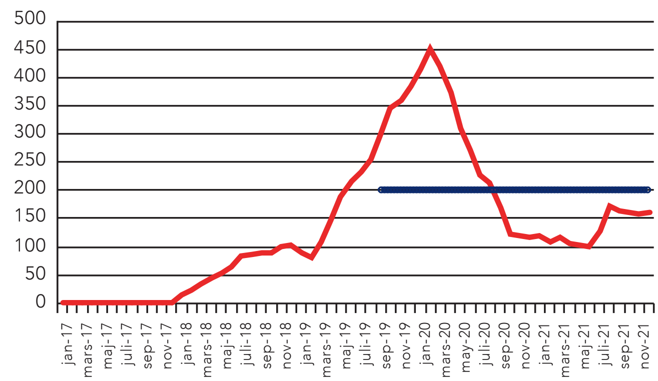
Total Recordable Injury Rate (TRIR) 2017 – 2021:



Target 2017: 2,50 2018: 2,50 2019: 2,25 2020: 2,20 2021: 1,70
Floatel International TRIR 12 months rolling

Work Related Fatalities + Lost Time Injuries + Restricted Work Cases + Medical Treatment Cases)
* 1 000 000 / Working hours
The TRIR in Dec 2021 was 2,86 based on Medical Treatment cases in April and Dec.

Management Visit Rate (MVR) 2017 – 2021:



Target 2019: 100 2020: 200 2021: 200 (no target set before 2019)
Floatel International MVR 12 months rolling

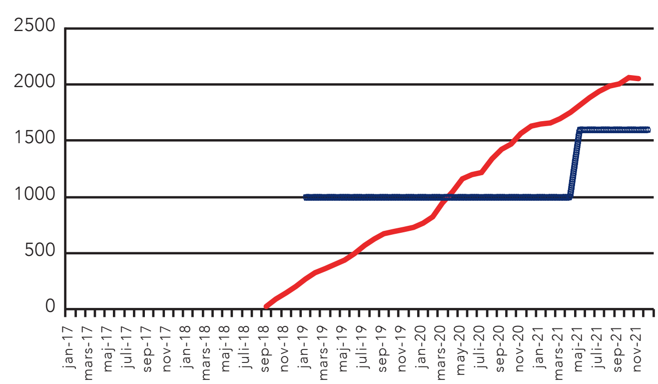
Number of Management Visit Days * 200 000 / Working hours
Target not met for 2021 due to Covid travel restrictions.

Safety Observation Rate (SOR) 2017 – 2021:

Target 2019: 1000 2020: 465 2021: 393
Floatel International SOR 12 months rolling

Number of Safety Observations * 200 000 / Working hours

Toolbox Talk Rate (TBTR) 2017 – 2021:



Target 2020: 1000 2021: 1600
Floatel International TBTR 12 months rolling (no data available before 2018)

Number of Toolbox talks (meetings in operation to pass on relevant information to ensure safe operations) * 200.000 / Working hours

FINANCIAL REVIEW

INCOME STATEMENT

The consolidated revenues for 2021 were USD 94.1 million (USD 79.7 million in 2020). The mobilization 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 were USD –94.0 million (USD –69.2 million). EBITDA for the year was USD 0.2 million (USD 10.5 million). Depreciation and impairment totalled USD –44.5 million (USD –534.7 million) and last year includes an impairment charge of USD –479.4 million. The generated operating result was USD –44.3 million (USD –524.2 million).

Management has performed impairment assessments of its vessels in accordance with IFRS in connection with the preparation of this report as well as in connection with the Q4–2021 interim report. As a result, no further impairment charges have been recorded after the ones done in connection with the release of the 2020 Annual Report. Please refer to note 11 of the Consolidated Financial Statement for further information and assumptions for the assessment.

Net financial items were USD 548.8 million (USD –82.4 million) and the change from previous year depends on both years being affected by the restructuring. The net result for the period was USD 503.7 million (USD –608.3 million).

FINANCIAL POSITION

Total assets as of 31 December 2021 were USD 706 million (USD 760 million). Non-current assets totalled USD 640 million (USD 678 million) whilst net working capital totalled USD 9.9 million (USD 1.8 million). Trade receivables were USD 12.4 million (USD 6.4 million). The Group's cash and cash equivalents by the end of the period amounted to USD 14.4 million (USD 36.7 million).

The book equity at the end of the period totalled USD 376.0 million (USD –153.3 million). Total interest-bearing debt was USD 284.6 million (USD 867.9 million). In the reported total interest-bearing debt, prepaid borrowing expenses of USD 2.7 million are included. The expenses amortize over the life of the facilities. Net interest-bearing debt as of 31 December 2021 totalled USD 270.2 million (USD 831.2 million). This results in a debt (gross interest bearing) / equity ratio of 0.8 times (–5.7) and an equity ratio (total assets) of 53% (–20%).

ORDER BOOK

The total contract order book for the company as of 31 December 2021 was approximately USD 117 million plus options of USD 58 million. The order book as of 31 December 2020 was approximately USD 78 million plus options of USD 51 million.

FINANCING, LIQUIDITY AND GOING CONCERN

The accounts are prepared on the assumption of a going concern. The Company underwent a comprehensive balance sheet restructuring during the year which was successfully completed on March 24, 2021. After ongoing constructive discussions with its key secured creditors during 2020 and 2021 it secured a fully consensual deal among all key stakeholders, including shareholders, bondholders, and bank lenders.

The completed comprehensive balance sheet restructuring means that there is no material uncertainty to whether the Company will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months.

The Corona pandemic situation has stabilised because inter alia the development of vaccines. It is furthermore uncertain how the geopolitical situation including Ukraine may affect Floatel, but there are no imminent visible effects. However, neither has or is expected to give rise to material uncertainty to be able to operate as going concern and the company has as a result prepared its financial statements on a going concern basis.

The Group's term credit facilities were restructured in March 2021 with two series of first lien Norwegian high-yield bonds in an aggregate amount of USD 200 million as well as a new USD 100 million revolving credit facility with maturities in 2026 and 2024, respectively. The bonds were listed on Nordic ABM with Euronext Oslo in August 2021. (FLOAT04 PRO, FLOAT05 PRO).

As of December 31, 2021, the total outstanding interest-bearing debt, excluding prepaid borrowing cost and accrued interest, of the Group amounts therefore to USD 287.3 million (877.1).

For more details, see note 15.

SHARE / SHAREHOLDER INFORMATION AND DIVIDEND POLICY

Floatel International Ltd has 107,165,289 common shares with nominal value USD 0.02.

Floatel International Ltd have 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 expires at the earlier a so-called Exit Event and March 2031.

The principal shareholders are Keppel Group through FELS offshore Pte Ltd. with 49.9% Management holds 10.0% of the common shares through Floatel Interessenter AS with several financial institutions holding remaining shares.

No dividends have been paid during the year or in recent years nor expected to be paid in the foreseeable future given 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 premises of Wikborg Rein Advokatfirma AS, Dronning Mauds gate 11, 0250 Oslo, Norway on May 25, 2022.

[1] *Exit Event* means a change of control of FIL, a sale of all or substantially all the assets of Floatel or an IPO of the common shares of FIL.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

ANNUAL RESULT AND DISBURSEMENTS

Retained earnings of the Company:

	2021
Retained earnings	–548 845
Net profit for the year	**586 583**
	37 738

The Board of directors has decided not to declare and pay dividends for the fiscal year ending 31 December 2021 and proposes that the accumulated undistributed profit be allocated to the retained earnings account.

Oslo April 29, 2022

Marlin Khiew
Chairman

Paul Aronzon
Director

Kjell Erik Jacobsen
Director

Soon Wee Lee
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 2021. The consolidated financial statements and the parent company financial statements are included on pages 18 – 50 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, 2021, 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. The other information comprises the Directors report on pages 5 to 15.

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 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, 29 April 2022
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Auditor in charge

Consolidated Financial Statements of Floatel International Group 2021

CONSOLIDATED INCOME STATEMENT

1 JANUARY–31 DECEMBER	Notes	2021	2020
Revenue	5	94 131	79 673
Cost of providing services	6,7	–119 587	–591 791
Gross profit(+)/loss (–)		**–25 456**	**–512 118**
Administrative expenses	7,22	–18 892	–12 113
Other gains / losses – net		0	0
Operating profit(+)/loss(–)		**–44 348**	**–524 231**
Net restructuring financial result	22	581 883	0
Finance income	8	1 081	193
Finance cost	8	–34 160	–82 624
Finance income and costs – net		**548 804**	**–82 431**
Profit(+)/loss(–) before income tax		**504 456**	**–606 662**
Income tax expense	9	–792	–1 626
Profit(+)/loss(–) for the period		**503 664**	**–608 288**
Profit(+)/loss(–) attributable to owners of Floatel International Ltd		503 664	–608 288
Earnings per share, basic (USD)	10	4,70	–5,70
Earnings per share, diluted (USD)	10	4,70	–5,70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY–31 DECEMBER	Notes	2021	2020
Net profit(+)/loss(–)		**503 664**	**–608 288**
Items that are or may be reclassified as profit or loss			
Foreign currency translations – foreign operations		–1 077	1 002
Other comprehensive income		**–1 077**	**1 002**
Total comprehensive income		**502 587**	**–607 286**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	11.1	634 070	673 430
Right-of-use assets	11.2	946	1 476
Intangible assets	11.3	2 144	2 540
Financial assets		3 300	0
Deferred tax assets	9	0	68
		640 460	**677 514**
Current assets			
Inventory		24 672	23 004
Trade receivables	12	12 375	6 425
Income tax receivables	9	1 623	2 024
Other current receivables	13	12 318	14 634
Cash and cash equivalents		14 433	36 662
		65 421	**82 749**
Total Assets		**705 881**	**760 263**
Equity and liabilities			
Equity			
Share capital	14	2 144	2 144
Additional Paid in capital	22	348 102	325 568
Other reserves		1 169	2 241
Retained earnings incl. Profit/Loss of the year		24 555	–483 293
Total equity		**375 970**	**–153 340**
Liabilities			
Non-current liabilities			
Interest-bearing debt	15	284 615	0
Other long term liabilities		520	972
Provisions		3 232	0
Total non-current liabilities		**288 367**	**972**
Current liabilities			
Trade payables		6 065	5 996
Current portion of interest-bearing debt	15	0	867 894
Income tax liabilities	9	2 060	2 438
Other current liabilities	17	33 419	36 303
Total current liabilities		**41 544**	**912 631**
Total Equity and Liabilities		**705 881**	**760 263**

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 2020-01-01	**2 144**	**325 563**	**1 244**	**125 806**	**454 757**
Net loss for the year	–	–	–	–608 288	–608 288
Other comprehensive income	–	5	997		1 002
Merger expenses				–811	–811
Equity 2020-12-31	**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
Total comprehensive income	**–**	**–5**	**–1 072**	**503 663**	**502 586**
Share subsciptions and warrants	–	22 539	–	4 185	26 724
Equity 2021-12-31	**2 144**	**348 102**	**1 169**	**24 555**	**375 970**

CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY–31 DECEMBER	Notes	2021	2020
Cash flow from operating activities			
Operating result		–44 348	–524 231
Interest received		35	193
Interest paid		–5 046	–1 771
Income tax paid		–642	–5 217
Adjustment for depreciation and impairment	11	44 522	534 696
Adjustments for other non-cash related items		4 019	–440
Total cash flow from operations before changes in working capital		**–1 460**	**3 230**
Changes in inventories		–1 668	968
Changes in trade receivables		–5 950	347
Changes in trade payables		1 782	–5 115
Other changes in working capital		4 354	7 966
Cash flow from operating activities		**–2 942**	**7 396**
Cash flow from investing activities			
Payments for property, plant and equipment	11	–4 596	–4 798
Net cash flow from investing activities		**–4 596**	**–4 798**
Cash flow from financing activities			
Repayment of debt	15	–76 805	0
Proceeds from debt	15	87 330	0
Other financial items paid		–25 364	–17 215
Payments related to owners		0	–811
Net cash flow from financing activities		**–14 839**	**–18 026**
Cash flow for the year		**–22 377**	**–15 428**
Cash and cash equivalents, January 1		36 662	53 733
Currency effect on cash		148	–1 643
Cash and cash equivalents, 31 December		**14 433**	**36 662**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Floatel International Ltd. ('the Company') is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place 5th floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (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 eight and a half year. The fleet is designed to meet the requirements of offshore oil and gas activity and offshore windfarm installations in challenging deep water and/or hostile environments and to provide superior living standard and support services.

These Group Consolidated Financial Statements were authorised for issue by the Board of Directors on April 29, 2022.

All numbers in USD thousands, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 which have been measured at fair value. The consolidated financial statements are presented in US dollars (USD), which is the functional currency for most of the companies in the group.

The accounts are prepared on the assumption of a going concern. The Company underwent a comprehensive balance sheet restructuring during the year which was successfully completed on March 24, 2021. After ongoing constructive discussions with its key secured creditors during 2020 and 2021 it secured a fully consensual deal among all key stakeholders, including shareholders, bondholders, and bank lenders.

The Corona pandemic situation has stabilised because inter alia the development of vaccines. It is furthermore uncertain how the geopolitical situation including Ukraine may affect Floatel, but there are no imminent visible effects. However, neither has or is expected to give rise to material uncertainty to be able to operate as going concern and the company has as a result prepared its financial statements on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of 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 2021
Several new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021. None of these has had a significant effect on the consolidated financial statements of the Group.

(b) New accounting principles for 2022 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 at December 31,2021. 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 and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, the non-controlling interest are 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:

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

2.3 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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, which is the Group's presentation currency. The parent company's and most of the subsidiaries functional currency is USD.

(b) Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in 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 recognized 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 recognized in other comprehensive income and presented as a separate component of equity.

On consolidation, exchange differences arising from the translation of 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 the acquisition of 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 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 Group 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 assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Vessel, 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

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 (note 2.6). 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.

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 amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 tests of each of its vessels in connection with the preparation of this report according to IAS 36. The tests have been based on reasonable and supportable cash flow projections including extrapolation for periods beyond budgeted projections. 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 Company.

The impairment tests concluded in no impairment losses of USD 0 million (USD 479.4 million) for the vessels. For further details regarding impairments tests see note 11.

2.7 FINANCIAL ASSETS

Floatel's financial assets are classified in two categories and are 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 income statement (FVPL).

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flow from the financial assets has expired or has 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income statement.

Financial assets at amortized cost
Assets held with the sole purpose of collecting contractual cash flows, and where these cash flows comprise only principal and interest, are valued at amortized cost. The carrying value of these assets are adjusted for any expected credit losses that have been recognized (refer to impairment below). Interest income from these financial assets is recognized in accordance with the effective interest method and are included in financial income. The Group's financial assets valued at amortized cost comprise the items trade receivables, other receivables, accrued income and cash and cash equivalents.

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

Financial assets at fair value through income statement
Assets that do not meet the criteria for amortised cost are measured at fair value through income statement. A gain or loss on an investment that is subsequently measured at fair value through income statement is recognized in income statement and presented net within other gains/(losses) in the period in which it arises. Dividend income from financial assets at fair value through income statement is recognized 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 it is acquired principally for the purpose of selling in the short-term.

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

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

2.8 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing 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 and thus all derivatives are recorded at fair value through the income statement.

2.9 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. 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 recognized 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 amortized cost using the effective interest method, less provision for impairment. For trade receivables, the Group 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. 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 recognized 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.14 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 recognized in income statement 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. The Company 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 consolidated 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 neither 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 in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable 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.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

No share-based compensations are in place. Key employees indirectly hold shares in the Company through a joint investment company, Floatel Interessenter AS. The investment was made at fair market value.

(c) Bonus plans

The Group typically has bonus schemes for executives, managers and employees which normally are based on the Groups operating profit and management objectives. A liability and an expense are recognized based on expected outcome for the year. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. No bonus schemes were in place for 2021 due to the Group's financial difficulties.

2.17 PROVISIONS

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

- the Group has a present legal or constructive obligation because of past events;
- it is probable that an outflow of resources will 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 recognized for future operating losses.

Where there 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 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.

2.18 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 Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when control is transferred to the customer, that is 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 Group 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 Group provides offshore services to oil and gas industry and to offshore windfarm installations in the form of time charter contracts with contract terms generally ranging from less than one year to over two years. The charter income is recognized over time according to the terms of the agreement and in the period the work is performed, and the performance obligations is fulfilled. Booking fee is recognized when performance obligations according to contract is fulfilled.

b. Mobilisation revenue

Mobilisation and demobilisation income is usually allocated over time in the contract period for the charter revenue since the obligation to perform mobilisation activities are highly interdependent on the charter activities. Thus, the mobilisation and demobilisation revenue is normally not a distinct performance obligation in itself. Instead, the performance obligation related to mobilisation and demobilisation activities are recognized together with the performance obligation to provide charter services.

c. Catering and rechargeable revenue

The Group provides services regarding catering and hotel services 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.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. 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 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 revenues

Insurance and warranty revenues are recognized when they can be reliably measured and confirmed from the counterparty. Expenditures regarding insurance and warranty are capitalized to the extent it is expected to be compensated.

2.19 PHASING OF MOBILISATION ACTIVITIES

The Group has assessed that the costs to perform mobilisation and demobilisation activities are costs that has incurred in fulfilling a contract with the 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 capitalized as costs to fulfil a contract and amortized on a systematic basis over the contract period.

2.20 LEASES

The Group's leases mainly comprise the right-of-use regarding premises. The leases are recognised as a right-of-use asset 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 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 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 recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

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 ordinary shares, such as any options that are "in the money".

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it 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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group normally uses to the extent relevant derivative financial instruments to hedge certain 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 of the Group companies have USD as their functional currency, foreign currency risks arise 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 other currencies 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 GBP, NOK, SEK, and USD. AUD is a main expenses currency in years when a vessel operates in Australian waters. Capital expenditures are mainly denominated in EUR, NOK, SEK, SGD, and USD. Tax liabilities largely consist of BRL, EUR, NOK, SEK, and SGD. Cash and cash equivalents are mainly denominated in USD.

Net currency exposure as of December 31, 2021, major local currency, thousands

	Local Currency	USD	Closing rate
EUR	–2 444	–2 764	1,1308
SEK	–26 583	–2 940	0,1106
NOK	–74 484	–8 446	0,1134

The Group normally hedge most of the operating expenditures in other currencies than USD using derivative instruments. Material capital expenditures including special periodic surveys in other currencies than USD are normally hedged independent of the time horizon. The Group deviated from its principles during 2021 because of the financial restructuring completed during the year which prevents the Group from entering derivatives contracts.

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 realized if the contract had been closed out at the balance sheet date.

(ii) Cash flow and fair value interest rate risk
The Group's revenues and cash flow from operations are, in all material respects, independent of changes in market interest rate levels. The Group sometimes raises loans at floating interest rates and utilises interest derivatives as cash flow hedges of future interest payments, which has 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 that are at a lower rate than if the borrowing had taken place 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 with respect to the agreed notional amount.

As of December 31, 2021, there are no interest rate derivatives agreements. USD 200 million out of USD 287.3 million carries fixed interest rate. The Group's risk related to interest rate risk is therefore considered to be limited. The below table demonstrates the sensitivity to change in interest rates, with all other variables unchanged, of the Group´s result before tax (Loan amount as of December 31, 2021):

Loan (USD 1.000)	Interest rate basis points –/+*	Effect on profit before tax (USD 1.000)
287 330	–200	–1 771
287 330	–150	–1 328
287 330	–100	–885
287 330	100	885
287 330	150	1 328
287 330	200	1 771

* *If Libor is negative then Libor is set equal to 0% as per the terms of relevant credit facilities.*

(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 exposure towards clients, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' are accepted. If there is no independent rating, the Group assesses the credit quality of the client, 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, 2021 was USD 14.4 million (36.7). On December 31, 2021 most of the current accounts were held with SEB, Skandinaviska Enskilda Banken AB (publ).

In line with industry practice, the Group's charter contracts normally contain clauses which give the client a possibility for early cancellation or cancellation for convenience under certain conditions. However, the effect on the result in such cases will normally 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 normally have to pay Floatel all or a substantial part of the remaining contract value.

The counterparty risk is in general limited in respect of clients since these are typically major oil companies and national oil companies with high credit ratings and strong balance sheets.

With respect to 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 default of the counterparty, 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 the fall due as well as the ability to refinance credit facilities when they mature and ability to close out market positions. The Companymonitors 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 optimized to meet evolving conditions including liquidity, investment opportunities and financing capabilities.

To maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No dividends have been paid during the year and is not expected to be paid in the foreseeable future. The Company's secured credit facilities (bond terms and revolving credit facility) have provisions requiring secured creditors consent for dividends and other return 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 quoted market price used for any financial assets held by the Group is the current bid price. 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 that is 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 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 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 judgment for the Group relates 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

	2021	2020
Revenue		
Charter revenues	71 282	64 288
Catering and rechargeble expenses	17 698	13 745
Other	57	81
Mobilisation/demobilisation fees	5 094	1 559
	94 131	**79 673**
Revenues by geographical location:		
Europe	71 613	77 226
Americas	11 499	
Asia-Pacific	11 019	2 447
	94 131	**79 673**

6 COST OF PROVIDING SERVICES

	2021	2020
Cost of sales		
Repair and maintenance	–14 465	–11 198
Depreciation of vessels	–43 432	–54 024
Impairment of vessels	0	–479 389
Crew cost	–39 726	–25 779
Rechargeble and catering expenses	–16 573	–13 635
Mobilisation/demobilisation expenses	–3 816	–6 419
Other operating expenses	–1 575	–1 347
	–119 587	**–591 791**

7 EMPLOYMENT BENEFIT EXPENSES

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 a period of up to two years.

Executives and managers were awarded an ex gratia payment used for the investment in the joint investment company, Floatel Interessenter AS, who owns 10% of the common shares of the Company.

	2021	2020
Salaries including remuneration to the board of directors	–22 890	–18 443
Gratia payment/Bonus	–3 244	–175
Statutory and contractual social security contributions	–5 707	–2 948
Pension cost	–3 364	–2 451
Total employee benefits	**–35 205**	**–24 017**
Whereoff management		
Salaries including remuneration board	–1 339	–1 025
Gratia payment	–2 474	0
Statutory and contractual social security contributions	–842	–237
Pension cost	–275	–273
Total employee benefits	**–4 930**	**–1 535**

8 FINANCIAL INCOME AND EXPENSES

	2021	2020
Financial income		
Interest	35	193
Currency gain	1 046	0
Total financial income	**1 081**	**193**
Financial cost		
Currency gain/loss	0	–1 627
Interest cost	–30 480	–56 666
Borrowing expenses	–3 680	–24 331
Total financial expenses	**–34 160**	**–82 624**

9 TAXES

	2021	2020
The Company is since September 9, 2021, tax residence in Norway, with a tax rate of 22%. The company was prior to September 9, 2021, tax resident in Bermuda with a corporate tax rate of 0%.		
Result before tax	504 456	–606 662
Tax calculated at tax rate of parent company (0% 1 Jan-8 Sept, 22% 9 Sept – 31 Dec)	4 419	0
Tax calculated at domestic tax rates appl to resp country	–647	298
Tax effect of:		
Expenses not deductable for tax	0	31
Not balanced tax losses	–4 419	–1 682
Tax related to previous years	–145	–273
Tax cost for the year	**–792**	**–1 626**
Effective tax rate	0,2%	n/a
Tax reconciliation per country		
The Netherlands corporation tax	–478	–311
Norwegian corporation tax	0	–936
Singapore corporation tax	0	–12
Swedish corporation tax	–162	–94
UK corporation tax	–7	0
Adj. in respect of current tax previous years	–145	–273
	–792	**–1 626**

The balanced amount for income tax receivables amounts to 1,623 USD thousands (2,024) and mainly relates to Norway and Sweden. The balanced amount for income tax liabilities is 2,060 USD thousands (2 438) and mainly relates to the Netherlands.

10 EARNINGS PER SHARE

	2021	2020
Earnings per share are calculated by dividing the net profit by the weighted average number of common shares outstanding during the year.		
Net income of the year	503 664	–608 288
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)	4,70	–5,70
Earnings per common share, diluted (USD)	4,70	–5,70

11.1 PROPERTY, PLANT AND EQUIPMENT

	2021	2020
Vessel incl. vessel upgrade		
Opening acquisition costs, January 1	1 621 095	1 627 319
Purchases during the year	4 266	4 192
Disposal	0	–10 416
Closing acquisition costs, December 31	1 625 361	1 621 095
Accumulated depreciation, January 1	–404 051	–360 443
Disposal	0	10 416
Depreciation for the year	–43 432	–54 024
Closing accumulated depreciation, December 31	–447 483	–404 051
Accumulated impairment, January 1	–543 825	–64 436
Impairment loss for the year	0	–479 389
Closing accumulated impairment, December 31	–543 825	–543 825
Net book value as per 31 December	**634 053**	**673 219**
Other equipment		
Opening acquisition costs, January 1	2 105	1 863
Translation difference	–198	246
Disposal	–93	–4
Closing acquisition costs, December 31	1 814	2 105
Accumulated depreciation, January 1	–1 894	–1 340
Translation difference	187	–214
Disposal	93	0
Depreciation for the year	–183	–340
Closing accumulated depreciation, December 31	–1 797	–1 894
Net book value as per 31 December	**17**	**211**
Total book value Property, plant and equipment	**634 070**	**673 430**

The Company has performed impairment assessments of its vessels in accordance with IFRS (see 2.6) in connection with the preparation of these consolidated financial statements.

Each vessel is a cash generating unit. No impairment charges were recorded in 2021 (USD 479.4 million in 2020)

The recoverable amounts have been determined by calculating the valuation-in-use (ViU). Impairments have been 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 used 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 65% from 2026.
- The revenues until 2025 are based on current contracts and estimated new contracts reflecting present market conditions for each vessel and has been updated to reflect estimated consequences from the geopolitical situation, the Coronavirus pandemic and expected oil price development. Assumptions reflect gradual improvement and return to stabilised market conditions from year 2026 and onwards.
- Operating expenses reflect present market conditions and capital expenditure is based on special periodic survey, thruster overhaul and current activity plans and expected mid-life upgrades and refurbishments of each vessel as well as normal maintenance expenditure.
- 10.5% (10.5% in 2020) discount rate equal to weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation).

Sensitivity

- A 1.0% decrease in the discount rate would lead to USD 56 million increase of the ViU and a 1.0% increase would lead to USD 50 million decrease in ViU and USD 35 million aggregate impairment.
- A 10% increase in the long-term utilization from 65% to 75% would lead to an increase of the ViU with USD 127 million whilst a 10% decrease from 65% to 55% would lead to USD 143 million decrease in ViU and USD 128 million aggregate impairment.
- An increase with USD 15 thousand of the long-term day rates would lead to an increase of the ViU with USD 105 million and a USD 15 thousand decrease would lead to USD 118 reduction of ViU and USD 103 million aggregate impairment.

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

11.2 RIGHT-OF-USE ASSETS	2021	2020
Opening acquisition costs, January 1	1 512	1 035
Translation difference	–142	143
Purchases during the year	0	1 512
Disposal	0	–1 178
Closing acquisition costs, December 31	1 370	1 512
Accumulated depreciation, January 1	–36	–428
Translation difference	23	–106
Disposal	0	934
Depreciation for the year	–411	–436
Closing accumulated depreciation, December 31	–424	–36
Net book value as per 31 December	**946**	**1 476**

11.3 INTANGIBLE ASSETS	2021	2020
Opening acquisition costs, January 1	4 500	3 356
Translation difference	–440	534
Purchases during the year	330	610
Closing acquisition costs, December 31	4 390	4 500
Accumulated depreciation, January 1	–1 960	–1 225
Translation difference	210	–228
Depreciation for the year	–496	–507
Closing accumulated depreciation, December 31	–2 246	–1 960
Net book value as per 31 December	**2 144**	**2 540**

12 TRADE RECEIVABLES	NEITHER PAST DUE NOR IMPAIRED	< 30 DAYS	30–60 DAYS	> 60 DAYS
2021	12 375	0	0	0
2020	6 425	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	2021	2020
Other current receivables		
Accrued income	2 854	6 630
Prepaid expenses	1 885	2 057
Capitalized mobilisation cost	5 165	389
Other current receivables	2 414	5 558
	12 318	**14 634**

Accrued income relates to contract assets and consist of; charter revenues 2,006 (4,364), demobilisation revenue 0 (1,127) and catering and rechargeable income 848 (1,139).

14 CAPITAL AND RESERVES

Share capital

The Company's shares are common shares. Common shares 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.

Additional paid in capital/share premium

The amount payable for shares in the Company and issued by the Company itself more than 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	2021	2020
Authorized		
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	17 834 711	17 834 711

Shareholders

The principal shareholders as of December 31, 2021, are Keppel Corporation through FELS offshore Pte Ltd. with 49.9% and a company controlled by management with 10%. Remaining 40.1% are held by several financial institutions.

Shareholders as of April 22, 2022 are:

SHAREHOLDERS (COMMON SHARES)	# of shares	% of shares
FELS Offshore Pte Ltd	53 501 857	49,92%
Euroclear Bank S.A./N.V. (Nominee)	37 660 672	35,14%
Floatel Interessenter AS	10 715 542	10,00%
CLEARSTREAM BANKING S.A. (Nominee)	3 757 746	3,51%
Others	1 529 472	1,43%
Total	**107 165 289**	**100,00%**

Warrants

- 14,613,449 freely tradable warrants with strike price USD 3.96 expiring March 24, 2031, and exercisable at any time until expiry. Warrants were originally awarded in exchanged for the 2nd lien bonds as port of the restructuring
- 6,409,407 freely tradable warrants with strike price USD 5.13 expiring March 24, 2031, and exercisable at any time until expiry. Warrants were originally awarded in exchanged for common shares held by other shareholders than FELS offshore Pte Ltd as port of the restructuring

15 INTEREST-BEARING DEBTS

	2021	2020
1st lien bond	0	436 000
2nd lien bond	0	84 562
Bank Vessel facility	0	112 564
Keppel loan	0	243 956
1st lien cash pay bonds	100 000	0
1st lien pik pay bonds	100 000	0
Revolving Credit facility	87 330	0
Less borrowing expenses	–2 715	–9 188
	284 615	**867 894**
The long-term debt is repayable as follows:		
Within one year	0	877 082
Between one and two years	0	0
Between two and five years	287 330	0
After five years	0	0
	287 330	**877 082**

GROUP FINANCING

The Company completed a comprehensive balance sheet restructuring on 24 March 2021 whereby existing credit facilities were partly repaid and partly written of or exchanged for warrants, common shares and/or replacement credit facilities including a new $100 million Revolving Credit Facility.

The Company's credit facilities consist after the restructuring of the following instruments

- 6% Senior Secured USD 115 million 1st Lien Cash Pay Bonds ("Cash Bonds") (ISIN NO 001 0950868) maturing 24 September 2026 and with USD 100 million outstanding listed on listed on Nordic ABM (Euronext Oslo) under ticker FLOAT05.
- 10% Senior Secured USD 115 million 1st Lien PIK Pay Bonds ("PIK Bonds") (ISIN NO 001 0950884) maturing 24 September 2026 with USD 100 million outstanding listed on Nordic ABM (Euronext Oslo) under ticker FLOAT04.
- USD 100 million super senior revolving credit facility ("RCF") maturing 24 March 2024 with 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 with USD 10 million on 24 March 2023 and 24 September 2023, respectively.

FINANCIAL MAINTENANCE COVENANTS AND EXCESS CASH

Each of the credit facilities 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 January 1, 2024. Liquidity is defined as unrestricted cash of the Group plus any undrawn RCF commitments.

Each of the credit facilities are subject to an excess cash mechanism whereby any cash above USD 25 million at 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 the financial instruments in assessing the extent of risk related to financial instruments.

All financial instruments are presented at amortized cost.

FINANCIAL INSTRUMENTS	2021	2020
Financial assets		
Trade receivables	12 375	6 425
Other current receivables	5 268	11 061
Cash and cash equivalents	14 433	36 662
	32 076	**54 148**
Financial liabilities		
Trade payables	6 065	5 996
Other current liabilities	0	0
Interest bearing debt	284 615	867 894
	290 680	**873 890**

The FX forwards and interest rate derivatives are value based on current exchange rates and forward curves. The Group held no such derivatives as of December 31, 2021. 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 which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

17 OTHER CURRENT LIABILITIES	2021	2020
Deferred income	3 240	1 500
Accrued interest	12 461	14 858
Debt related to leasing	460	508
Accrued personel cost	8 815	7 061
Accrued mobilization cost	2 068	1 812
Other current liabilities	6 375	10 564
	33 419	**36 303**

Deferred income refers to contract liabilities and consist of prepaid charter revenues 0 (1 500), Mobilisation revenue 3 240 (0) and catering and rechargeable income 0 (0).

18 RELATED PARTY TRANSACTIONS

The Group had during 2021 and during 2020 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.

19 MORTGAGES AND GUARANTEES

As of December 31, 2021, the Group's total interest-bearing debt secured by mortgages amounted to USD 287 million (USD 633 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 634.1 million (USD 673.2 million). In addition, USD 13.5 million (USD 36.7 million) cash was pledged on behalf of the secured creditors. The secured creditors also have security in;

- internal contracts;
- insurance compensations;
- shares in subsidiaries;
- factoring charge, charge on equipment, charge 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. 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.

21 COMMITMENTS

The group leases office 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

Financial situation – Completed 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, including shareholders, First Lien Bondholders, Second Lien Bondholders, and the Bank Vessel Facility lenders. The Group retained its existing fleet of five operating vessels while substantially reducing its debt by USD 610 million.

The Group enhanced its liquidity position by securing a new USD 100 million revolving credit facility and reducing its debt service. The Company exited its restructuring process well positioned to tender for new business as the market recovers, thanks to its significantly deleveraged balance sheet.

The comprehensive balance sheet restructuring covered all credit facilities and included the following main components)

- First Lien Bonds converted into two new USD 115 million bonds issuances, both partly repaid so USD 100 million outstanding under each, as well as 40.1% of the Company's common shares.
- Second Lien Bonds exchanged for 10-year warrants which will convert into 12% of the equity with a strike price based on USD 424 million equity value.
- Bank Vessel Facility cancelled for USD 46 million settlement whereby the Group retained Floatel Endurance and cash in blocked bank accounts.
- Keppel loan fully forgiven, and Keppel retained 49.9% of the Company's common shares in return for providing credit support for the new revolving credit facility.
- Other shareholders exchanged their shares for 10-year warrants which will convert into 5% of the equity with a strike price based on USD 625 million equity value.
- Existing preference shares and warrants repurchased on their respective terms.
- An investment company, Floatel Interessenter AS, own by management subscribed for 10% of Company's common shares as part of a new incentive program.

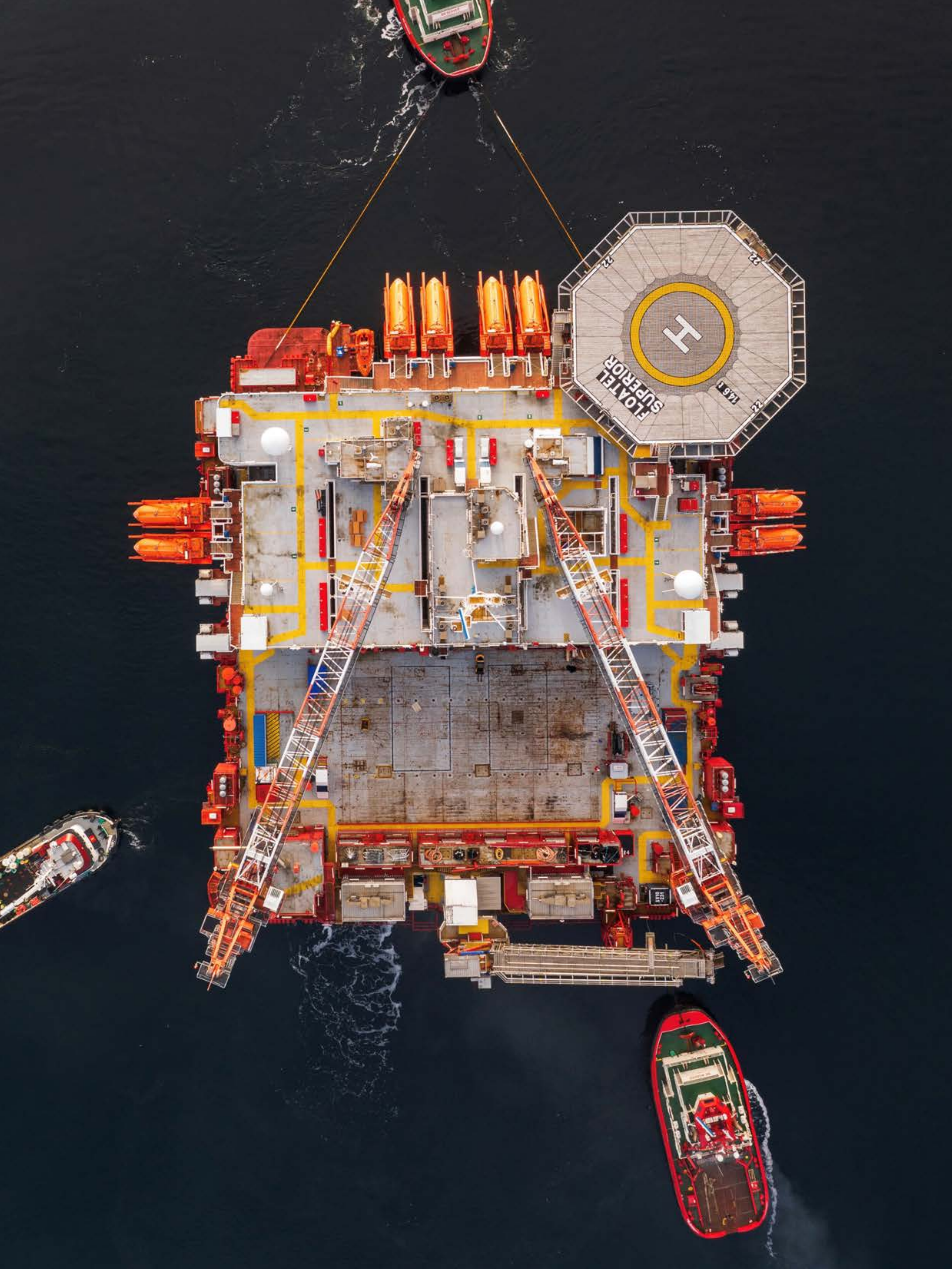
Restructuring effects
The effect to the income statement related forgiveness of indebtedness and accrued interest net of advisory fees amount to USD 581.9 million. The Group incurred, in addition to the financial effects, USD 4.1 million in administrative expenses related to the restructuring.

Equity was in addition increased from the subscription of shares by management's investment company and the First Lien Bond exchange as well the issuance of warrants.

RESTRUCTURING	Equity effect
Effect on Net results for the period	
Forgivness of debt and interest net of Q1 2021 advisory fees	581 883
Restructuring related administrative expenses	–4 089
Effect on the Result in Q1-2021	**577 794**
Subscription for shares	23 612
Warrants	3 112
Other effect on Equity	**26 724**
Total effect on Equity	**604 518**

23 EVENTS AFTER THE BALANCE SHEET DATE

Nothing to report.


FLOATEL
SUPERIOR

Financial Statements of Floatel International Ltd 2021

INCOME STATEMENT

1 JANUARY–31 DECEMBER	Notes	2021	2020
Revenues	11	2 936	0
Cost of providing services		0	0
Gross profit(+)/(–)		**2 936**	**0**
Administrative expenses	5,11	–4 716	–2 332
Other gains / losses – net		0	0
Operating loss		**–1 780**	**–2 332**
Result from group companies	6	64 180	–231 000
Net restructuring financial result		581 883	
Finance income	7	1 288	2 865
Finance cost	7	–58 988	–106 327
Finance costs – net		**588 363**	**–334 462**
Gain/Loss before income tax		**586 583**	**–336 794**
Income tax expense		0	0
Gain/Loss for the period		**586 583**	**–336 794**
Profit/Loss attributable to owners of Floatel International Ltd		586 583	–336 794

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY–31 DECEMBER	Notes	2021	2020
Net Profit/loss		**586 583**	**–336 794**
Other comprehensive income		0	0
Comprehensive income /loss		**586 583**	**–336 794**

STATEMENT OF FINANCIAL POSITION

31 DECEMBER	Notes	2021	2020
Assets			
Non-current assets			
Participation in subsidiaries	8	376 714	1 095 185
Other financial investments		3 300	0
Intercompany loans	11	293 000	0
		673 014	**1 095 185**
Current assets			
Other current receivables	9	105	1 909
Group receivables	11	17 399	51 233
Cash		13 648	8 382
		31 152	**61 524**
Total Assets		**704 166**	**1 156 709**
Equity and liabilities			
Equity			
Share capital		2 144	2 144
Additional Paid in capital		348 102	325 563
Retained earnings incl. Profit/loss of the year		37 738	–553 030
Total equity		**387 984**	**–225 323**
Liabilities			
Non-current liabilities			
Interest-bearing debt	10	284 615	0
Loan from group companies	11	0	408 696
Total non-current liabilities		**284 615**	**408 696**
Current liabilities			
Current portion of interest-bearing debt	10	0	867 894
Trade payables		215	1 717
Group liabilities	11	18 151	86 024
Other current liabilities		13 201	17 701
Total current liabilities		**31 567**	**973 336**
Total Equity and Liabilities		**704 166**	**1 156 709**

STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the parent company	Share capital	Additional paid in capital	Retained earnings incl profit of the year	Total equity
Equity 2020-01-01	**2 144**	**325 563**	**–215 425**	**112 282**
Net income / (loss) for the year	–	–	–336 794	–336 794
Merger expenses	–	–	–811	–811
Equity 2020-12-31	**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**

STATEMENT OF CASH FLOW

1 JANUARY–31 DECEMBER	Notes	2021	2020
Cash flow from operating activities			
Operating result		–1 780	–2 332
Interest received		0	175
Interest paid		–5 015	–1 718
Total cash flow from operations before changes in working capital		**–6 795**	**–3 875**
Change in trade payables		211	–594
Other changes in working capital		26 211	–2 221
Cash flow from operationg activities		**19 627**	**–6 690**
Cash flow from investing activities			
Payment for financial assets	8	–6	0
Net cash flow from investing activities		**–6**	**0**
Cash flow from financing activities			
Merger cost		0	–811
Intercompany loans		0	30 065
Repayment of debt	10	–76 806	0
Proceeds from debt	10	87 330	0
Other financial items paid		–24 879	–16 816
Net cash flow from financing activities		**–14 355**	**12 438**
Cash flow for the year		**5 266**	**5 748**
Cash and cash equivalents, January 1		8 382	3 189
Currency effect on cash		0	–555
Cash and cash equivalents, December 31		**13 648**	**8 382**

NOTES TO THE FINANCIAL STATEMENTS OF FLOATEL INTERNATIONAL LTD

1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated in Bermuda, with principal place of business in Norway at Dronning Eufemias gate 8, 0191 Oslo, Norway.

The Company's financial statements were authorised for issue by the Board of Directors on April 29, 2022.

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. These policies have been consistently applied to all the years presented, unless otherwise stated.

All financial instruments in the Company are recorded at amortized cost for further information regarding financial instruments, see note 16 in the Consolidated financial statements.

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 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 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 recognized in the period in which the changes occur.

5 ADMINISTRATIVE EXPENSES

5 ADMINISTRATIVE EXPENSES	2021	2020
Personel cost	875	269
Service fee from group company	2 584	1 243
Auditor audit fees	271	159
Auditor other fees	108	110
Advisors	425	421
Other administrative expenses	453	130
	4 716	**2 332**
Personel cost		
Remuneration to the members of the board	238	269
Salaries	375	0
Pension cost and social charges	238	0
Other personel cost	24	0
	875	**269**

From September 2021 the company has 4 employees (2020 nil).

6 RESULT FROM GROUP COMPANIES

	2021	2020
Dividend	785 536	0
Forgivness of debt	2 144	0
Write-down of shares in subsidiares	–723 500	–231 000
	64 180	**–231 000**

7 FINANCIAL INCOME AND EXPENSES

	2021	2020
Financial income		
Interest income	1 288	2 865
	1 288	**2 865**
Financial cost		
Interest expenses	–55 598	–81 784
Currency gain/ loss	–194	–552
Financial fees	–3 196	–23 991
	–58 988	**–106 327**

8 PARTICIPATION IN SUBSIDIARIES

	2021	2020
Opening balance	1 095 185	1 326 185
Shares recived as dividend	5 022	
Bought shares	7	0
Write-down of shares in subsidiares	–723 500	–231 000
Closing balance	**376 714**	**1 095 185**

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 UK Ltd	488 695	Scotland	100%
Floatel UK Partners Ltd	595 359	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 UK Ltd	100%	1	37
Floatel UK Partners Ltd	100%	1	0
Floatel Singapore Pte Ltd	100%	100 000	77
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
			376 714

9 OTHER CURRENT RECEIVABLES

	2021	2020
Other current receivables	55	3
Deposits	0	1 789
Prepaid expenses	50	117
	105	**1 909**

10 INTEREST-BEARING DEBTS

	2021	2020
1st lien bond	0	436 000
2nd lien bond	0	84 562
Bank Vessel facility	0	112 564
Keppel loan	0	243 956
1st lien cash pay bonds	100 000	0
1st lien pik pay bonds	100 000	0
Revolving Credit facility	87 330	0
Less borrowing expenses	–2 715	–9 188
	284 615	**867 894**

Regarding maturity dates see note 15 in the Consolidated financial statements.

11 INTRA-GROUP BALANCES

	2021	2020
Transactions with related parties		
Revenue	2 936	0
Operating expenses	–2 823	–1 243
Dividend from associates	785 536	0
Interest income group	1 286	2 690
Interst expense group	–25 245	–25 242
Group receivables		
Accrued income and trade receivables	3 984	0
Other receivables	13 415	51 233
	17 399	**51 233**
Group liabilties		
Accruals and trade payables	–442	–5 810
Other payables	–17 709	–80 214
	–18 151	**–86 024**
Loans to/from group companies		
Loans to group companies	293 000	0
Loan from group companies	0	408 696

12 MORTGAGES AND GUARANTEES

As of 31 December 2021, the Company's total interest-bearing debt secured by pledges and share charges amounted to USD 287 million (USD 633 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
- Floatel UK Ltd
- Floatel UK Partners Ltd

The book value of the above listed subsidiaries was USD 376.7 million (USD 1,095.2 million). In addition, USD 13.5 million (USD 8.3 million) cash was pledged on behalf of the secured creditors. In line with industry practice, the Company has also guaranteed the performance under the charter contracts on behalf of its subsidiaries.

13 APPROPRIATION

	2021
Retained earnings	–548 845
Net loss for the year	**586 583**
	37 738

The Board of directors has decided not to declare and pay dividends for the fiscal year ending 31 December 2021 and proposes that the accumulated undistributed profit be allocated to the retained earnings account.


FLOATEL TRIUMPH

FLOATEL INTERNATIONAL LTD
Dronning Eufemias gate 8
0191 Oslo
Norway
Phone: +47 46 50 01 33
www. floatel.no