

Interim report third quarter 2024

Floatel International Ltd



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

Q3 2024

Status update as of reporting date

Floatel Endurance is quayside at Semco Hanøytangen shipyard in Norway preparing for the 2025 assignments.

Floatel Reliance is idle in Tenerife in the Canary Islands, awaiting completion of the announced intended sale.

Floatel Superior is moored at the CCB Ågotnes shipyard in Norway where it will undergo its fifth special periodic survey.

Floatel Triumph is quayside at the Zamakona yard in Las Palmas, Spain preparing ahead of the transit for the 2025-206 assignments in Australia.

Floatel Victory in operation providing maintenance and safety unit support to Equinor at the Peregrino FPSO.

Significant events during the quarter:

- Entire active fleet on charter during the quarter with 97% utilisation excluding Floatel Reliance.
- Changes to the Group's contract portfolio
 - An optional contract, to be declared no later than May 28, 2025, has been secured with Aker BP ASA for a potential new tie back to Hugin A in the Yggdrasil area. If exercised, the hire period for Floatel Endurance will be extended 3-6 months, bringing the duration to 10-19 months. The charter will start immediately after Hugin A project in 2027.
 - Inpex has extended the firm period for Floatel Triumph's charter at the Ichthys field offshore Australia commencing in March 2025 to seven months with unchanged number of options.
 - Aker BP ASA did not exercise any options for Floatel Endurance on the Skarv project in Norway, so the charter ended November 1.
 - Vår Energi cancelled the last two months of the Floatel Superior charter at Ringhorne on the Norwegian continental shelf against a fee, so the charter ended October 25. This was due to the delayed tow-out of the Jotun FPSO.
 - Shell U.K. Ltd did not exercise any options for Floatel Triumph at the Shearwater field, so the assignment ended September 28.
 - Equinor Energy AS will not exercise the optional contract for Floatel Superior to provide services at the Oseberg Field. The intention was for the charter to start immediately after the completion of the project at Åsgard in early Q4 2025.

July - September

- Fleet utilization was 78% (57% in Q3 2023).
- Revenues were USD 66.5 million in the quarter (USD 43.2 million in the same period last year).
- Recurring EBITDA amounted to USD 35.2 million (15.6).

January - September

- Fleet utilization was 58% (55% in Jan-Sep 2023).
- Revenues were USD 125.2 million in the period (USD 112.5 million in the same period last year).
- Recurring EBITDA amounted to USD 40.6 million (32.7).

Position September 30, 2024

- The firm orderbook (excluding options and letter of intents) was approximately USD 364 million as of September 30, 2024, compared with USD 313 million as of September 30, 2023.
- Total assets amounted to USD 712 million (711).
- Cash and cash equivalents were USD 32.8 million (63.7).
- Total book equity amounted to USD 321 million (352).



Market outlook

Utilisation for the worldwide fleet of semi-submersible accommodation support vessels (ASV) was 74% in Q3 2024 (72% in Q3 2023). In comparison, Floatel International's utilisation was 78% (57%). The global ASV fleets' full-year utilisation in 2023 was 64%, while the Group's 2023 full-year utilisation was 51%.

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

While 2024 will be a better year following a soft 2023, however not as good as previously envisaged after clients did not exercise options and cancelled contract and additional demand for execution will be limited. We will see increased demand for offshore accommodation services starting in 2025. This belief is based on visible and predicted higher customer activity levels, evidenced by current client discussions and tender activity. This, coupled with reduced supply, will likely result in higher utilisation and rates.

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

Significant events after the end of the reporting period

Equinor Energy AS has informed the Group that they will not exercise the optional contract for providing accommodation and support services at the Oseberg Field. The original intention was for the engagement to commence immediately after the completion of the project at Åsgard in early Q4 2025.

CEO comment

It was unexpected that three clients either cancelled early or did not exercise options for execution in Q4 2024. However, current tender activity, combined with previously secured contracts and letters of intent, ensures strong contract coverage and performance from 2025 through 2027.

The active fleet is now assigned for most of 2025, ensuring solid financial outcomes. Additionally, three out of four active units have strong coverage in 2026, with several leads and tenders in progress for the fourth unit, Floatel Victory.

This quarter focused on operational performance, achieving 97% commercial uptime. Disappointingly with one minor lost-time injury - the first in many years.



Summary of business activities Q3 2024 and future contracts



Floatel Endurance

Floatel Endurance was on charter for AkerBP Skarv on the Norwegian continental shelf during the entire third quarter. The charter ended November 1.

Vår Energi has awarded a 4-month contract on the Norwegian continental shelf and Cenovus at the White Rose field offshore Canada have awarded 3-month contract for Floatel Endurance to provide accommodation and construction support in 2025.

Floatel Endurance has also been awarded a letter of intent with an undisclosed North Sea client ahead of the the 10-19-month charter with AkerBP at the Yggdrasil field on the Norwegian continental shelf starting Q3 2026.



Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands.

The sale process is continuing and is expected to be concluded before year end.



Floatel Superior

Floatel Superior was on charter for Ineos at the Unity platform on the UK continental shelf and for Vår Energi at the Ringhorne field in Norway during the quarter. The Ringhorne charter ended October 25 after Vår Energi cancelled the last two months against a fee.

The vessel has been awarded a 6-month charter by Equinor to provide accommodation support at the Åsgard field in Norway starting in the spring of 2025, She also has a 3-month letter of intent with an undisclosed North Sea client ahead of the 10-month charter by AkerBP for the Yggdrasil project in Norway starting in Q3 2026.



Floatel Triumph

Floatel Triumph was on charter at Shell Shearwater during the quarter until September 28.

The vessel is quayside at the Zamakona yard in Las Palmas, Spain en route to Australia.

In the spring of 2025, it will commence an assignment with Inpex at the Ichthys field. She also has a letter of intent and a charter with undisclosed clients in 2025/2026.



Floatel Victory

Floatel Victory provided maintenance and safety services at the Equinor Peregrino FPSO offshore during the quarter.

The assignment is for fifteen months from May 2024 and options to extend the assignment after the firm period have been granted.

FLEET ACTIVITY

Vessel	2024												2025												2026												2027												2028			
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
Floatel SUPERIOR	Ineos Unity UK				Vår Energi Ringhorne Norway				Equinor Åsgard Norway								Undisclosed North Sea				AkerBP Yggdrasil (Munin) Norway																															
Floatel VICTORY	Chevron Anchor USA		Equinor Peregrino Brazil										Undisclosed North Sea				Undisclosed North Sea				Undisclosed North Sea																															
Floatel ENDURANCE	AkerBP Skarv Norway				Vår Energi Jatun Norway				Cenovus WWR Canada				Undisclosed North Sea				AkerBP Yggdrasil (Hugin) Norway								AkerBP Option ext. Contract Norway																											
Floatel TRIUMPH	Shell Shearwater UK				Inpex Ichthys Australia								Undisclosed Australia				Undisclosed Australia																																			

Date:
November-24

■ - FIRM WORK/OPTION ■ - LOI/LOI option



Financial development

The Company placed USD 350 million, 9.75% per annum, in new senior secured bonds with ISIN NO0013188102, maturing in April 2029 and has signed a USD 25 million super senior revolving credit facility with a termination date in December 2027 during the spring. An application will be made to list the bonds on Oslo Børs.

Floatel Reliance and equipment has been reclassified as assets held for sale and the unit's carrying value has been impaired to estimated sales price less expenses to sell. It has been concluded that the market development merit partial reversal of previously made impairments for all four active units which has been recorded at the end of the reporting period.

Third quarter Revenue and Operating results

All four active vessels were in operation for most of the quarter, which resulted in USD 66.5 million (USD 43.2 million) in consolidated Revenues and USD 31.3 million (USD 27.6 million) in Operating and Administrative expenses before depreciation, resulting in quarterly recurring EBITDA of USD 35.2 million (USD 15.6 million), which was slightly better than expectations.

USD 11.5 million (USD 11.0 million) in total Depreciation, USD 15.4 million in impairments (USD 0.0 million), and USD 34.5 million (USD 0.0 million) in reversal of impairments are included in the Cost of providing services and Administrative expenses, resulted in USD 40.3 million (USD 4.6 million) quarterly Operating result.

Cash flow from operating activities amounted to USD 8.7 million (USD 5.6 million), and Cash flow from investing activities (Capex) amounted to USD -0.3 million (USD -1.8 million), resulting in Net cash flow from operations of USD 8.4 million (USD 3.8 million).

Net Finance income and costs were USD -9.8 million (USD -6.5 million) in the quarter. The net result for the third quarter was USD 30.4 million (USD -1.9 million).

Year to date Revenue and Operating results

USD 125.2 million (USD 112.5 million) in consolidated Revenues and recurring EBITDA of USD 40.6 million (USD 32.7 million).

USD 33.5 million (USD 32.6 million) in total Depreciation, USD 15.4 million in impairments (USD 0.0 million), and USD 34.5 million (USD 0.0 million) in reversal of impairments are included in the Cost of providing services and Administrative expenses, resulted in USD 22.8 million Operating result (USD 2.0 million) during the period.

Cash flow from operating activities amounted to USD 5.1 million (USD 17.5 million), and Cash flow from investing activities (Capex) amounted to USD -23.8 million (USD -11.0 million), resulting in Net cash flow from operations of USD -18.7 million (USD 6.5 million).

Net Finance income and costs in the period were USD -40.2 million (USD -20.2 million), including the refinancing effects in April 2024. The net result year to date was USD -18.1 million (USD -19.9 million).

Financial position as of September 30, 2024

Based on committed work at the end of the reported period, the current order book was approximately USD 364 million (USD 313 million), excluding options and letter of intents.

Total assets were USD 712 million (USD 711 million as of September 30, 2023), total non-current assets were USD 578 million (USD 581 million), and Net working capital totalled USD 35.9 million (USD 34.3 million).

The Group's Cash and cash equivalents totalled USD 32.8 million (USD 63.7 million), with the refinancing affecting the cash balance in April. The revolving credit facility was undrawn at the end of the period. Total equity at the end of the period was USD 321 million (USD 352 million).

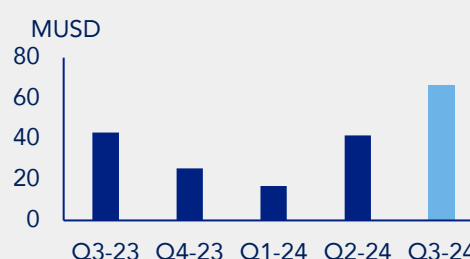
Interest-bearing debt was USD 330 million (USD 319 million), of which USD 0 million (USD 0 million) is reported as the current portion. Unamortised original issue discount ("OID" and prepaid borrowing expenses of USD 20.8 million (USD 1.0 million), prepaid expenses and effective interest adjustment) are included and reduce the interest-bearing debt amount. These expenses are amortised over the life of the facilities. The Net interest-bearing debt totalled USD 297 million (USD 255 million).

The Group complies with all its financial covenants as of September 30, 2024, and on the reporting date.

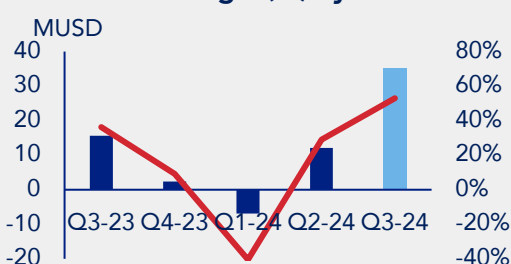
Orderbook by quarter excluding LOI



Revenue by Quarter



EBITDA and margin (%) by Quarter



Condensed consolidated income statement

Figures in USD thousands	Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Revenue	5	66 483	43 216	125 241	112 508	138 152
Cost of providing services*	4,7	-21 716	-33 989	-88 681	-99 922	-125 604
Gross result		44 767	9 227	36 560	12 586	12 548
Administrative expenses *	4,7	-4 222	-4 771	-13 906	-12 350	-17 118
Other gains/losses	4	-197	151	190	1 754	1 129
Operating result	4	40 348	4 607	22 844	1 990	-3 441
Finance income	6	335	727	1 523	1 625	2 417
Finance cost	6	-10 141	-7 229	-41 712	-21 799	-29 914
Finance income and costs - net	6	-9 806	-6 502	-40 189	-20 174	-27 497
Result before income taxes		30 542	-1 895	-17 345	-18 184	-30 938
Income tax expense		-97	-41	-723	-1 720	-2 091
Result attributable to owners of Floatel International Ltd		30 445	-1 936	-18 068	-19 904	-33 029
Earnings per share, basic (USD)		0,28	-0,02	-0,17	-0,19	-0,31
Earnings per share, diluted (USD)		0,28	-0,02	-0,17	-0,19	-0,31

* Includes effects related to non-recurring items, see note 4

Condensed consolidated statement of comprehensive income

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Net result	30 445	-1 936	-18 068	-19 904	-33 029
Items that are/may be reclassified as profit/loss					
Foreign currency translation - foreign operations	310	-21	-284	-325	457
Other comprehensive income	310	-21	-284	-325	457
Total comprehensive income	30 755	-1 957	-18 352	-20 229	-32 572

Condensed consolidated statement of financial position

Figures in USD thousands	Notes	2024-09-30	2023-09-30	2023-12-31
Assets				
Non-current assets				
Property, plant and equipment	7.1	569 518	573 896	569 220
Right-of-use assets	7.2	835	217	1 076
Intangible assets	7.3	1 985	2 302	2 372
Financial assets	11	5 169	4 382	4 507
Total non-current assets		577 507	580 797	577 175
Current assets				
Inventory		24 731	26 552	28 535
Trade receivables		31 874	17 213	19 400
Income tax receivables		1 264	1 396	1 377
Other current receivables		33 256	21 073	9 150
Assets held for sale	7.1	10 150	-	-
Cash and cash equivalents		32 816	63 709	63 476
Total current assets		134 091	129 943	121 938
Total assets		711 598	710 740	699 113
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional paid in capital		348 102	348 102	348 102
Other reserves		880	382	1 164
Retained earnings incl. Result of the year		-29 773	1 420	-11 705
Total equity		321 353	352 048	339 705
Liabilities				
Non-current liabilities				
Interest-bearing debt	8	329 572	318 951	321 747
Other long term liabilities		720	0	724
Provisions	9	3 819	5 986	3 157
Total non-current liabilities		334 111	324 937	325 628
Current liabilities				
Trade payables		6 670	9 096	9 920
Tax liabilities		2 158	3 224	3 398
Other current liabilities		47 306	21 435	20 462
Total current liabilities		56 134	33 755	33 780
Total equity and liabilities		711 598	710 740	699 113

Condensed consolidated statement of changes in equity

Figures in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity
Equity 2022-12-31	2 144	348 102	707	21 324	372 277
Total comprehensive income					
Net result for the period	0	0	0	-33 029	-33 029
Other comprehensive income	0	0	457	0	457
Equity 2023-12-31	2 144	348 102	1 164	-11 705	339 705
Total comprehensive income					
Net result for the period	0	0	0	-18 068	-18 068
Other comprehensive income	0	0	-284	0	-284
Equity 2024-09-30	2 144	348 102	880	-29 773	321 353

Condensed consolidated statement of cash flows

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Cash flow from operating activities					
Operating result	40 348	4 607	22 844	1 990	-3 441
Interest received	335	727	1 523	1 625	2 417
Interest paid	-158	-2 831	-10 685	-13 572	-16 430
Income tax paid	-1 027	-645	-1 891	-1 486	-1 704
Adjustment for depreciation and impairment	-7 641	11 005	14 385	32 651	43 574
Adjustments for other non-cash related items	532	2 402	4 637	-2 851	-6 301
Total cash flow from operations before changes in working capital	32 389	15 265	30 813	18 357	18 115
Changes in inventories	-1 475	357	44	200	-677
Changes in trade receivables	-11 730	-5 038	-12 474	192	-1 995
Changes in trade payables	-10 145	-2 806	-3 250	1 485	2 309
Other changes in working capital	-323	-2 226	-10 001	-2 700	6 506
Cash flow from operating activities	8 716	5 552	5 132	17 534	24 258
Cash flow from investing activities					
Payments for property, plant and equipment	-269	-1 765	-23 843	-11 007	-17 285
Cash flow from investing activities	-269	-1 765	-23 843	-11 007	-17 285
Net cash flow from operations	8 447	3 787	-18 711	6 527	6 973
Cash flow from financing activities					
Repayment of debt	-3 000	0	0	-55 000	-55 000
Proceeds from debt	0	0	6 000	100 000	100 000
Other financial items paid	-7 388	-161	-17 954	-3 806	-4 501
Net cash flow from financing activities	-10 388	-161	-11 954	41 194	40 499
Cash flow for the period	-1 941	3 626	-30 665	47 721	47 472
Cash and cash equivalents, beginning of period	34 730	60 374	63 476	16 428	16 428
Currency effect on cash	27	-291	5	-440	-424
Cash and cash equivalents, end of Period	32 816	63 709	32 816	63 709	63 476

Key financials

Figures in USD thousands	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Recurring (adjusted) EBITDA	35 216	15 635	40 573	32 704	35 060
Recurring EBITDA margin	53,0%	36,2%	32,4%	29,1%	25,4%
Equity ratio	45,2%	49,5%	45,2%	49,5%	48,6%
Net Working Capital *	35 885	34 307	35 885	34 307	26 702
Net interest-bearing debt	296 756	255 242	296 756	255 242	258 271
Total number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289
Average number of ordinary shares (diluted)	107 165 289	107 165 289	107 165 289	107 165 289	107 165 289

* Income tax receivables/liabilities and assets held for sale are not included in Net working capital

Notes to the interim report

1. General information

Floatel International Ltd ("the Company") is a limited liability company incorporated in 2006 under the laws of Bermuda, with its principal place of business in Norway. Floatel International Ltd. and its subsidiaries ("the Group") provide offshore accommodation and construction support services to the global oil and gas industry. The Group currently operates five semi-submersible accommodation units. They were delivered in 2010 (2), 2013, 2015, and 2016. The Company's address is Dronning Eufemias gate 8, 0191 Oslo, Norway.

2. Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going-concern basis.

The direct impact of the macroeconomic and geopolitical situation, including heightened risks of a recession and the conflicts in Ukraine and the Middle East, has been and is expected going forward to have limited for the Group. The Company placed in March 2024 a new USD 350 million senior secured bond issuance maturing in April 2029 securing the long-term financing of the Group. The Company considers the financial position and liquidity of the Group to be sound. Cash flow from operations, combined with the available liquidity, is expected to be more than sufficient to finance the Group in the coming year. These interim financial statements should be read in conjunction with the Company's Audited Consolidated Financial Statements as of December 31, 2023. In the opinion of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

3. Significant accounting policies

The accounting policies adopted in preparing the interim financial statements are consistent with those followed in preparing the Company's Audited Consolidated Financial Statements and accompanying notes for the financial year ending December 31, 2023, with following addition in the light of the intention to sell Floatel Reliance:

"Non-current assets or disposal groups are classified as assets held for sale when their carrying amount is expected to be primarily recovered through a sales transaction, and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets or disposal groups are not depreciated as long as they are classified as held for sale."

New and updated accounting standards

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

4. Operating result

Figures in USD thousands	Q3 - 2024	Q3 - 2023	YTD 2024	YTD 2023	2023
Revenue	66 483	43 216	125 241	112 508	138 152
Operating expenses	-27 059	-23 073	-71 581	-69 822	-87 966
Administrative expenses - normal	-4 011	-4 659	-13 277	-11 736	-16 255
Other gains/losses	-197	151	190	1 754	1 129
Recurring (adjusted) EBITDA	35 216	15 635	40 573	32 704	35 060
Non-recurring effects *	-2 509	-23	-2 509	1 937	5 073
EBITDA	32 707	15 612	38 064	34 641	40 133
Depreciation	-11 491	-11 005	-33 517	-32 651	-43 574
Impairment	-15 368	-	-15 368	-	-
Reversal of impairment	34 500	-	34 500	-	-
Scrapped assets	-	-	-835	-	-
Operating result	40 348	4 607	22 844	1 990	-3 441

* Non-recurring effects refer to material matters outside the ordinary course business and/or refer to previous financial years such as restructuring expenses, reversal of old provisions and expenses incurred in connection matters with referred to in note 9. Legal issues / Claims and litigations.

5. Revenue

Figures in USD thousands	Q3-2024	Q3-2023	YTD 2024	YTD 2023	2023
Charter revenues	54 018	31 298	105 130	82 586	99 198
Other revenues	0	137	30	278	436
Catering and rechargeable expenses	6 827	9 419	10 524	23 070	29 880
Mobilisation/demobilisation fees	<u>5 638</u>	<u>2 362</u>	<u>9 557</u>	<u>6 574</u>	<u>8 638</u>
Revenues	66 483	43 216	125 241	112 508	138 152

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

6. Finance income and cost

Figures in USD thousands	Q3-2024	Q3-2023	YTD 2024	YTD 2023	2023
Interest gain	335	727	1 523	1 625	2 417
Exchange rate difference	-4	0	-36	-272	-517
Interest expense	-9 299	-6 762	-28 420	-19 327	-26 182
Other financial cost	<u>-838</u>	<u>-467</u>	<u>-13 256</u>	<u>-2 200</u>	<u>-3 215</u>
Net finance income and cost	-9 806	-6 502	-40 189	-20 174	-27 497

7. Non-current assets

7.1. Property, plant, and equipment

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance acquisition cost	1 641 515	1 631 008	1 631 008
Purchases during the year	23 843	10 716	16 964
Retirements	-7 106	-6 220	-6 529
Reclassifications	-238 814	-	-
Currency revaluation	<u>-9</u>	<u>-75</u>	<u>72</u>
Closing acquisition cost	1 419 429	1 635 429	1 641 515
Opening balance depreciation	-528 470	-491 693	-491 693
Depreciation for the period	-32 930	-32 262	-43 016
Retirements	6 260	6 182	6 306
Reclassifications	86 442	-	-
Currency revaluation	<u>7</u>	<u>65</u>	<u>-67</u>
Closing balance depreciation	-468 691	-517 708	-528 470
Opening balance impairment	-543 825	-543 825	-543 825
Impairment for the year	-15 368	-	-
Reversal of impairment for the year	34 500	-	-
Reclassifications	<u>143 473</u>	<u>-</u>	<u>-</u>
Closing balance impairment	-381 220	-543 825	-543 825
Net book value end of period	569 518	573 896	569 220

7.1. Property, plant, and equipment continued

The Company has due to the intention to sell Floatel Reliance before year-end reclassified the unit and equipment as assets held for sale and has impaired Floatel Reliance's carrying value to estimated sales price less expenses to sell.

The Company has in the light continued good market developments (combined financial and operational) revisited the impairment assessment of the recoverable values of the four active units in accordance with IFRS based on the value in use performed in connection with the 2023 Annual Report.

The Company has concluded that the market development merit partial reversal of previously made impairments for all four active units which has been recorded at the end of the reporting period. Used assumptions, apart from updated near term performance based on current contracts and improved long-term utilization from 65% to 70%, are unchanged compared with the impairment assessment done in conjunction with the 2023 Annual Report including unchanged 11% weighted average cost of capital. Each vessel is a cash-generating unit.. Please refer to note 11.1 to the consolidated Financial Statement in the 2023 Annual Report for information about the assumptions.

7.2. Right to use assets

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance aquisition cost	1 102	1 187	1 187
Additions	-	-	1 058
Modifications	-	-	-1 187
Currency revaluation	<u>30</u>	<u>-49</u>	<u>44</u>
Closing aquisition cost	1 132	1 138	1 102
Opening balance depreciation	-26	-707	-707
Depreciation for the period	-226	-251	-310
Modifications	-	-	992
Currency revaluation	<u>-45</u>	<u>37</u>	<u>-1</u>
Closing balance depreciation	-297	-921	-26
Net book value end of period	835	217	1 076

7.3. Intangible assets

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
Opening balance aquisition cost	4 818	4 307	4 307
Purchases during the year	0	292	322
Currency revaluation	<u>-24</u>	<u>-183</u>	<u>189</u>
Closing aquisition cost	4 794	4 416	4 818
Opening balance depreciation	-2 446	-2 101	-2 101
Depreciation for the period	-361	-138	-248
Currency revaluation	<u>-2</u>	<u>125</u>	<u>-97</u>
Closing balance depreciation	-2 809	-2 114	-2 446
Net book value end of period	1 985	2 302	2 372

8. Interest-bearing debt

Figures in USD thousands	2024-09-30	2023-09-30	2023-12-31
1st Lien cash pay bonds	-	100 000	100 000
1st Lien PIK pay bonds ¹⁾	-	100 000	100 000
1st Lien PIK interest bonds ¹⁾	-	20 000	20 000
PIK bonds effective interest adjustment ¹⁾	-	2 213	4 689
Super senior secured bonds	-	100 000	100 000
Senior secured bonds ²⁾	337 300	-	-
Revolving credit facility	0	-	-
Less prepaid financing fees	<u>-7 728</u>	<u>-3 262</u>	<u>-2 942</u>
Interest-bearing debt	329 572	318 951	321 747

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

2) The amount is net of unamortised original issue discount ("OID") with the nominal amount being USD 350.0 million

In March 2024, the Company placed USD 350 million, 9.75% per annum, in new senior secured bonds with ISIN NO0013188102 maturing April 2029. The proceeds were used to prepay and cancel existing bonds on April 16, 2024. During the year, an application will be made to list the bonds on Oslo Børs.

In June 2024, the Company signed a USD 25 million super senior revolving credit facility with a termination date in December 2027. The facility was on September 30, 2024, and is on the reporting date undrawn.

The Group complies with its financial covenants for the USD 350 million Senior secured bonds and the revolving credit facility as of June 30, 2024, and on the reporting date, and they are

- Minimum free of USD 20,000,000. Liquidity is defined as the Group's unrestricted cash plus undrawn revolving credit facility commitments.
- Book equity ratio greater than 35%, defined as Total Equity divided by Total Assets.
- Positive working capital is defined as Total Current assets less Total Current liabilities.

9. Legal issues / Claims and litigations

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

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

Seamen working on the Group's vessels on the Norwegian continental shelf have brought class actions against the employing Group companies, claiming lack of compensation for quarantine periods during the COVID pandemic. The Group disagrees with the employees' stance that they are entitled to salary or other compensation during quarantine periods and has contested the class action claims. The provision made in previous years regarding this matter was entirely reversed in 2023, considering the verdict of the first instance court in the first of many similar cases, which ruled completely in the employer's favor. The pilot cases have been appealed, and the Group has agreed to a moratorium with the employees pausing the ongoing cases pending the outcome of the pilot case appeals.

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

10. Significant events after the end of the reporting period

Equinor Energy AS has informed the Group that they will not exercise the optional contract for providing accommodation and support services at the Oseberg Field. The original intention was for the engagement to commence immediately after the completion of the project at Åsgard in early Q4 2025.

11. Forward-looking statements

This report contains forward-looking statements. These statements are based on various assumptions, including the Company management's examination of historical operating trends. Factors that, in the Company's view, could cause actual results to differ materially from the forward-looking statements contained in this report include but are not limited to the following:

- i. The competitive nature of the offshore accommodation service industry.
- ii. Oil and gas prices.
- iii. Changes in economic conditions or geopolitical situations and events.
- iv. Pandemics and force majeure events.
- v. Government regulations.
- vi. Changes in our clients' spending plans.
- vii. Changes in Floatel's operating expenses, including crew salaries.
- viii. Insurance.
- ix. Repair and maintenance.

12. Related party transactions

Through Kepinvest Holdings Pte Ltd., Keppel Ltd. (formerly Keppel Corporation Ltd.) owns 49.9 % of the Company. During the third quarter of 2024, the Group had limited transactions with Keppel Ltd. and its subsidiaries, amounting to less than USD 0.1 million.

The Company subscribed in 2021 for USD 3.3 million in fixed dividend preference shares in Floatel Interessenter AS, Norway, a company controlled by management and thereby a non-controlling investment by the Company. The dividend will be payable as and when approved by Floatel Interessenter's Board of Directors. Floatel Interessenter AS is a 10% shareholder in the Company. This amount is included in the balance sheet under financial investments.

Oslo – November 26, 2024
The Board of Directors of Floatel International Ltd



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