

Interim report fourth 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 flotel. 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.

Q4 2024

Status update as of reporting date

Floatel Endurance is quayside at Semco Hanøytangen shipyard in Norway preparing for the 2025 assignments starting with Vår Energi Jotun charter in March 2025.

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 undergoes its third special periodic survey ahead of the Equinor Åsgard chart which starts early April 2025.

Floatel Triumph is in transit between Mauritius and Bali for the 2025-2026 assignments in Australia which start with Inpex mid-March 2025.

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

Significant events during the quarter:

- Three out of four active units on charter during the quarter with 46% utilisation excluding Floatel Reliance.
- Changes to the Group's contract portfolio
 - Equinor informed the Group that they would not exercise the optional contract for providing accommodation and support services at the Oseberg Field Centre, originally intended to commence immediately after the completion of the project at Åsgard in early Q4 2025.
 - Floatel Triumph's 2025 Inpex charter was extended from 210 to 225 firm days, with an additional 65 option days.

October – December 2024

- Fleet utilization was 37% (40% in Q4 2023).
- Revenues were USD 31.6 million in the quarter (USD 25.6 million in the same period last year).
- Recurring EBITDA amounted to USD 9.0 million (2.4).

January – December 2024

- Fleet utilization was 52% (51% in 2023).
- Revenues were USD 156.9 million in the period (USD 138.2 million in the same period last year).
- Recurring EBITDA amounted to USD 49.6 million (35.1).

Position December 31, 2024

- The firm orderbook (excluding options and letters of intent) was approximately USD 338 million as of December 31, 2024, compared with USD 390 million as of December 31, 2023.
- Total assets amounted to USD 689 million (699).
- Cash and cash equivalents were USD 45.4 million (63.4).
- Total book equity amounted to USD 308 million (340).

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, ensure 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 99% commercial uptime and preparation for new assignments in spring 2025 with excellent project management ensuring expenditure broadly aligned with plans. Thankfully no lost time injuries occurred in the quarter.



Market outlook

Utilisation for the worldwide fleet of semi-submersible accommodation support vessels (ASV) was 65% in Q4 2024 (63% in Q4 2023). In comparison, Floatel International's utilisation was 37% (40%). The global ASV fleets' full-year utilisation in 2024 was 68% (64%), while the Group's 2024 full-year utilisation was 52% (51%).

The direct impact of the macroeconomic and geopolitical situation, including the 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.

We will see increased demand for offshore accommodation services starting in 2025 with our fleet more or less fully booked in 2025 and limited spare capacity in 2026 once we have secured a charter for Floatel Victory after Equinor. 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.

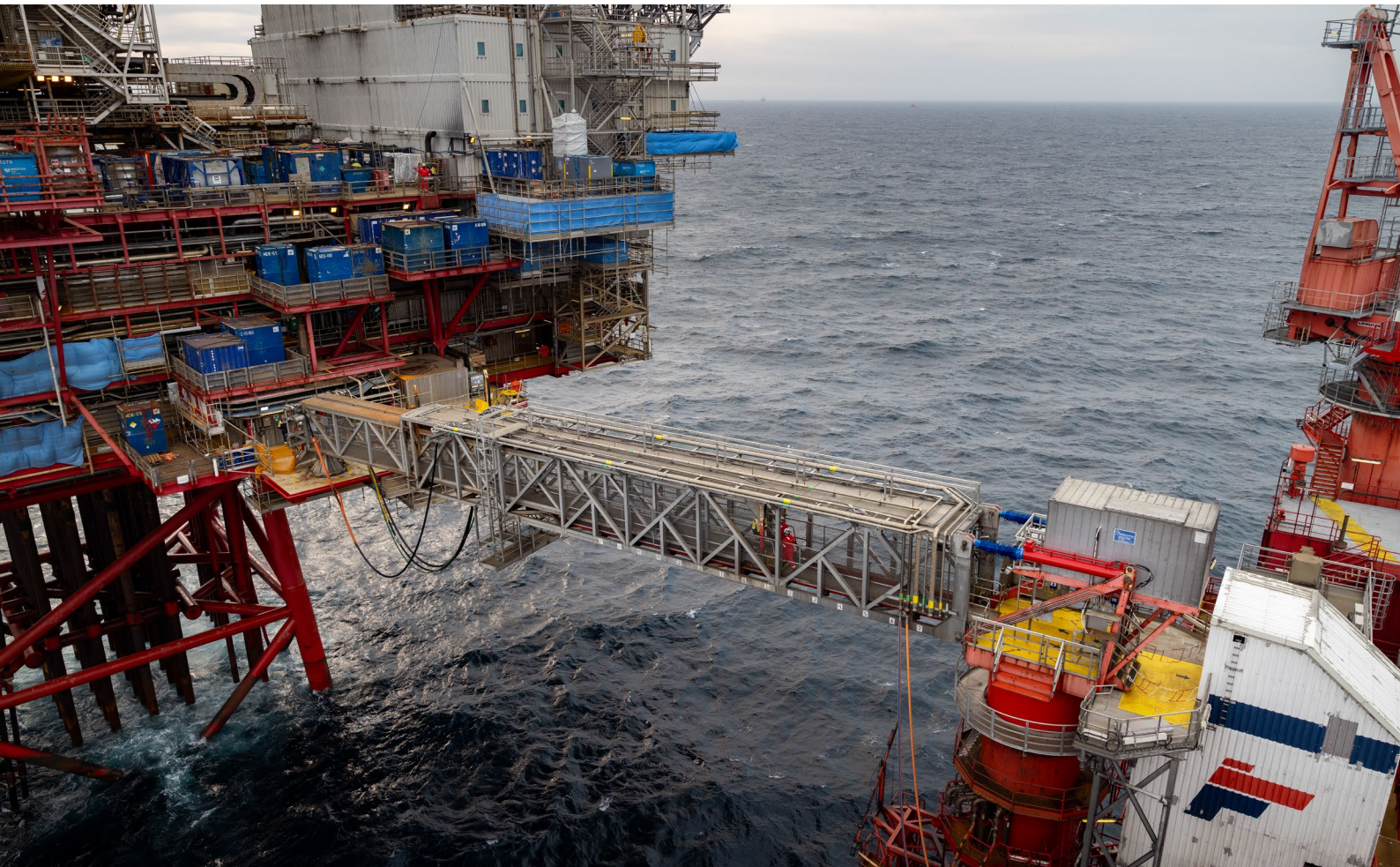
Significant events after the end of the reporting period

The previously communicated letter of intent with an undisclosed North Sea client for Floatel Superior has been converted to a firm contract and the 3-month assignment is planned to start in Q2-2026.

Trading of the 5-year 9.75% USD 350 million senior secured bonds with ISIN NO0013188102 commenced, January 2, 2025, on Oslo Børs under ticker FLOAT07.

A USD 15 million tap issue priced at 85% of par was placed under the senior secured bonds in February 2025. The proceeds from the tap issue will be used to finance capital expenditures related to the current fleet.

The Company's revolving credit facility has been temporarily increased from USD 25 million to USD 33.5 million, with all material terms remaining unchanged.



Summary of business activities Q4 2024 and future contracts



Floatel Endurance

Floatel Endurance was on charter for AkerBP Skarv in Norway until November 1, 2024, and is currently quayside at Semco Hanøytangen shipyard in Norway preparing for the 2025 assignments.

Vår Energi has awarded a 4-month contract on the Norwegian continental shelf starting in March 2025 and Cenovus at the White Rose field offshore Canada has awarded a 3-month contract to provide accommodation and construction support starting Q3-2025.

Floatel Endurance has also been awarded a letter of intent with an undisclosed North Sea client ahead of the the charters with AkerBP at the Yggdrasil field on the Norwegian continental shelf starting Q3 2026 with combined firm periods of ten months.



Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands.

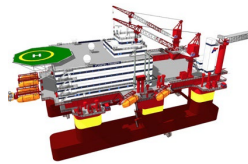
The sale process is continuing and is expected to conclude before the end of March 2025.



Floatel Superior

Floatel Superior was on charter for Vår Energi at the Ringhorne field in Norway until October 25, 2024, after the last two months were cancelled against a fee. She is currently moored at the CCB Ågotnes shipyard in Norway undergoing her third special periodic survey.

The unit has a 6-month charter with Equinor Åsgard, Norway to provide accommodation support starting April 2025. The 3-month letter of intent with an undisclosed North Sea client during the summer 2026 and ahead of the 10-month charter by AkerBP for the Yggdrasil project in Norway has been converted to a signed contract.



Floatel Triumph

Floatel Triumph is in transit between Mauritius and Bali for the 2025-2026 assignments in Australia which start with Inpex Ichthys mid-March 2025.

She also has a letter of intent with an undisclosed client in Australia for 2026, scheduled to commence - if awarded - upon completion of the Inpex charter, followed by a three-month charter for Shell Prelude.



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 until August 2025 and options to extend the assignment after the firm period have been granted.

FLEET ACTIVITY

Vessel	2024			2025			2026			2027			2028		
	J	F	M	J	F	M	J	F	M	J	F	M	J	F	M
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											
Floatel ENDURANCE															
	AkerBP Skarv Norway			Vår Energi Jotun Norway			Cenovus WWR Canada			Undisclosed North Sea			AkerBP Yggdrasil (Hugin) Norway		
Floatel TRIUMPH															
	Shell Shearwater UK			Inpex Ichthys Australia			Undisclosed Australia			Shell Prelude Australia					

Date: February-25

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



Financial development

The Company placed in April 2024 USD 350 million, 9.75% per annum, 5-year, senior secured bonds with ISIN NO0013188102,. Trading on Oslo Børs commenced January 2, 2025 under ticker FLOAT07.

The Company also signed an USD 25 million super senior revolving credit facility (RCF) maturing in December 2027 during the spring of 2024 and it was in Q1-2025 temporarily increased from to USD 33.5 million, with all material terms remaining unchanged.

Floatel Reliance and equipment have 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 was concluded and recorded in the Q3-2024 interim report that the market development merited partial reversal of previously made impairments for all four active units.

Fourth quarter Revenue and Operating results

Three of four active vessels were in operation during the quarter resulting in USD 31.6 million consolidated Revenues (USD 25.6 million) with USD 22.6 million (USD 23.3 million) in Operating and Administrative expenses before depreciation, resulting in quarterly recurring EBITDA of USD 9.0 million (USD 2.4 million), which was slightly better than expected once the announced contract changes were known.

USD 11.4 million (USD 10.9 million) in total Depreciation, and USD 1.0 adjustment of the assets held for sale estimate are included in the Cost of providing services and Administrative expenses, resulting in USD -2.7 million (USD -5.4 million) quarterly Operating result.

Cash flow from operating activities amounted to USD 18.2 million (USD 6.7 million), and Cash flow from investing activities (Capex) amounted to USD -4.8 million (USD -6.3 million), resulting in Net cash flow from operations of USD 13.4 million (USD 0.4 million).

Net Finance income and costs were USD -9.8 million (USD -7.3 million) in the quarter. The net result for the fourth quarter was USD -13.0 million (USD -13.1 million).

Full year Revenue and Operating results

USD 156.9 million (USD 138.2 million) in consolidated Revenues and recurring EBITDA of USD 49.6 million (USD 35.1 million).

USD 44.9 million (USD 43.6 million) in total Depreciation, USD 16.3 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 20.2 million Operating result (USD -3.4 million) during the year.

Cash flow from operating activities amounted to USD 23.3 million (USD 24.3 million), and Cash flow from investing activities (Capex) amounted to USD -28.6 million (USD -17.3 million), resulting in Net cash flow from operations of USD -5.3 million (USD 7.0 million).

Net Finance income and costs during the year were USD -50.0 million (USD -27.5 million), including the refinancing effects in April 2024. The net result for the year was USD -31.0 million (USD -33.0 million).

Financial position as of December 31, 2024

Based on committed work at the end of the reported period, the current order book was approximately USD 338 million (USD 390 million), excluding options and letters of intent.

Total assets were USD 689 million (USD 699 million as of December 31, 2023), total non-current assets were USD 571 million (USD 577 million), and Net working capital totalled USD 16.8 million (USD 26.7 million).

The Group's Cash and cash equivalents totalled USD 45.4 million (USD 63.5 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 308 million (USD 340 million).

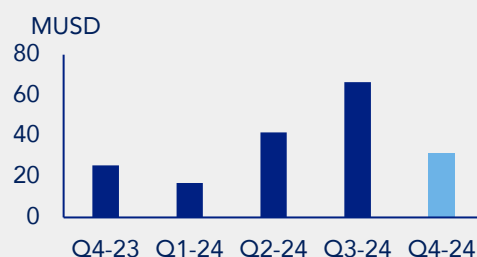
Interest-bearing debt was USD 330 million (USD 322 million), of which USD 30 million (USD 0 million) is reported as the current portion. USD 19.5 million in unamortised original issue discount ("OID") and prepaid borrowing expenses are included and reduce the interest-bearing debt amount (USD 1.8. million in prepaid expenses and effective interest adjustment increased interest-bearing debt). These expenses are amortised over the life of the facilities. The Net interest-bearing debt totalled USD 285 million (USD 258 million).

The Group complies with all its financial covenants as of December 31, 2024, and on the reporting date.

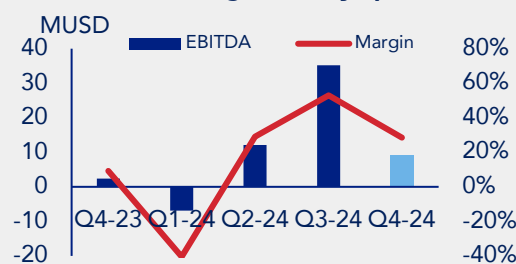
Orderbook by quarter excluding LOI



Revenue by quarter



EBITDA and margin (%) by quarter



Condensed consolidated income statement

Figures in USD thousands	Notes	Q4 2024	Q4 2023	2024	2023
Revenue	5	31 626	25 644	156 867	138 152
Cost of providing services*	4,7	-29 378	-25 682	-118 059	-125 604
Gross result		2 248	-38	38 808	12 548
Administrative expenses *	4,7	-4 787	-4 768	-18 693	-17 118
Other gains/losses	4	-143	-625	47	1 129
Operating result	4	-2 682	-5 431	20 162	-3 441
Finance income	6	435	792	1 958	2 417
Finance cost	6	-10 207	-8 115	-51 919	-29 914
Finance income and costs - net	6	-9 772	-7 323	-49 961	-27 497
Result before income taxes		-12 454	-12 754	-29 799	-30 938
Income tax expense		-525	-371	-1 248	-2 091
Result attributable to owners of Floatel International Ltd		-12 979	-13 125	-31 047	-33 029
Earnings per share, basic (USD)		-0,12	-0,12	-0,29	-0,31
Earnings per share, diluted (USD)		-0,12	-0,12	-0,29	-0,31

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

Condensed consolidated statement of comprehensive income

Figures in USD thousands	Q4 2024	Q4 2023	2024	2023
Net result	-12 979	-13 125	-31 047	-33 029
Items that are/may be reclassified as profit/loss				
Foreign currency translation - foreign operations	-806	782	-1 090	457
Other comprehensive income	-806	782	-1 090	457
Total comprehensive income	-13 785	-12 343	-32 137	-32 572

Condensed consolidated statement of financial position

Figures in USD thousands	Notes	2024-12-31	2023-12-31
Assets			
Non-current assets			
Property, plant and equipment	7.1	562 790	569 220
Right-of-use assets	7.2	693	1 076
Intangible assets	7.3	1 954	2 372
Financial assets	12	<u>5 071</u>	<u>4 507</u>
Total non-current assets		570 508	577 175
Current assets			
Inventory		25 493	28 535
Trade receivables		15 749	19 400
Income tax receivables		2 560	1 377
Other current receivables		19 902	9 150
Assets held for sale		9 032	-
Cash and cash equivalents		<u>45 365</u>	<u>63 476</u>
Total current assets		118 101	121 938
Total assets		<u>688 609</u>	<u>699 113</u>
Equity and liabilities			
Equity			
Share capital		2 144	2 144
Additional paid in capital		348 102	348 102
Other reserves		74	1 164
Retained earnings incl. Result of the year		<u>-42 752</u>	<u>-11 705</u>
Total equity		307 568	339 705
Liabilities			
Non-current liabilities			
Interest-bearing debt	8	300 469	321 747
Other long term liabilities		659	724
Provisions	9	<u>3 160</u>	<u>3 157</u>
Total non-current liabilities		304 288	325 628
Current liabilities			
Trade payables		8 199	9 920
Current portion of interest-bearing debt	8	30 000	0
Tax liabilities		2 386	3 398
Other current liabilities		<u>36 168</u>	<u>20 462</u>
Total current liabilities		76 753	33 780
Total equity and liabilities		<u>688 609</u>	<u>699 113</u>

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	-31 047	-31 047
Other comprehensive income	0	0	-1 090	0	-1 090
Equity 2024-12-31	2 144	348 102	74	-42 752	307 568

Condensed consolidated statement of cash flows

Figures in USD thousands	Q4 2024	Q4 2023	2024	2023
Cash flow from operating activities				
Operating result	-2 682	-5 431	20 162	-3 441
Interest received	435	792	1 958	2 417
Interest paid	-16 997	-2 858	-27 682	-16 430
Income tax paid	-1 661	-218	-3 552	-1 704
Adjustment for depreciation and impairment	11 395	10 923	25 780	43 574
Adjustments for other non-cash related items	-903	-3 450	3 734	-6 301
Total cash flow from operations before changes in working capital	-10 413	-242	20 400	18 115
Changes in inventories	-762	-877	-718	-677
Changes in trade receivables	16 125	-2 187	3 651	-1 995
Changes in trade payables	1 529	824	-1 721	2 309
Other changes in working capital	11 710	9 206	1 709	6 506
Cash flow from operating activities	18 189	6 724	23 321	24 258
Cash flow from investing activities				
Payments for property, plant and equipment	-4 786	-6 278	-28 629	-17 285
Cash flow from investing activities	-4 786	-6 278	-28 629	-17 285
Net cash flow from operations	13 403	446	-5 308	6 973
Cash flow from financing activities				
Repayment of debt	0	0	0	-55 000
Proceeds from debt	0	0	6 000	100 000
Other financial items paid	-705	-695	-18 659	-4 501
Net cash flow from financing activities	-705	-695	-12 659	40 499
Cash flow for the period	12 698	-249	-17 967	47 472
Cash and cash equivalents, beginning of period	32 816	63 709	63 476	16 428
Currency effect on cash	-149	16	-144	-424
Cash and cash equivalents, end of Period	45 365	63 476	45 365	63 476

Key financials

Figures in USD thousands	Q4 2024	Q4 2023	2024	2023
Recurring (adjusted) EBITDA	8 993	2 356	49 566	35 060
Recurring EBITDA margin	28,4%	9,2%	31,6%	25,4%
Equity ratio	44,7%	48,6%	44,7%	48,6%
Net Working Capital *	16 777	26 702	16 777	26 702
Net interest-bearing debt	285 104	258 271	285 104	258 271
Total number of ordinary shares	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
Average number of ordinary shares (diluted)	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 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	Q4 - 2024	Q4 - 2023	2024	2023
Revenue	31 626	25 644	156 867	138 152
Operating expenses	-17 907	-18 144	-89 488	-87 966
Administrative expenses - normal	-4 583	-4 519	-17 860	-16 255
Other gains/losses	<u>-143</u>	<u>-625</u>	<u>47</u>	<u>1 129</u>
Recurring (adjusted) EBITDA	8 993	2 356	49 566	35 060
Non-recurring effects *	<u>-280</u>	3 136	<u>-2 789</u>	<u>5 073</u>
EBITDA	8 713	5 492	46 777	40 133
Depreciation	-11 395	-10 923	-44 912	-43 574
Impairment for the year	-	-	-15 368	-
Reversal of impairment	-	-	34 500	-
Scrapped assets	<u>-</u>	<u>-</u>	<u>-835</u>	<u>-</u>
Operating result	-2 682	-5 431	20 162	-3 441

* Non-recurring effects refer to material matters outside the ordinary course business and/or refer to previous financial years such as 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	Q4 - 2024	Q4 - 2023	2024	2023
Charter revenues	25 509	16 612	130 639	99 198
Other revenues	0	158	30	436
Catering and rechargeable expenses	2 216	6 810	12 740	29 880
Mobilisation/demobilisation fees	<u>3 901</u>	<u>2 064</u>	<u>13 458</u>	<u>8 638</u>
Revenues	31 626	25 644	156 867	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	Q4-2024	Q4-2023	2024	2023
Interest gain	435	792	1 958	2 417
Exchange rate difference	-217	-245	-253	-517
Interest expense	-9 188	-6 855	-37 608	-26 182
Other financial cost	<u>-802</u>	<u>-1 015</u>	<u>-14 058</u>	<u>-3 215</u>
Net finance income and cost	-9 772	-7 323	-49 961	-27 497

7. Non-current assets

7.1. Property, plant, and equipment

Figures in USD thousands	2024-12-31	2023-12-31
Opening balance acquisition cost	1 641 515	1 631 008
Purchases during the year	28 322	16 964
Retirements	-7 013	-6 529
Reclassifications	-238 814	-
Currency revaluation	<u>-150</u>	<u>72</u>
Closing acquisition cost	1 423 860	1 641 515
Opening balance depreciation	-528 470	-491 693
Depreciation for the year	-44 135	-43 016
Retirements	6 444	6 306
Reclassifications	86 442	-
Currency revaluation	<u>136</u>	<u>-67</u>
Closing balance depreciation	-479 583	-528 470
Opening balance impairment	-543 825	-543 825
Impairment for the year	-15 368	-
Reversal of impairment for the year	34 500	-
Retirements	-267	-
Reclassifications	<u>143 473</u>	-
Closing balance impairment	-381 487	-543 825
Net book value end of period	562 790	569 220

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

The Company revisited, in connection with the Q3-2024 interim report and in light of continued good market developments (both financial and operational), the recoverable values of the four active units in accordance with IFRS based on their value in use. It was concluded that the market development merited partial reversal of previously made impairments for all four active units which were recorded at the end of Q3-2024.

7.1. Property, plant, and equipment continued

The Company has as of year-end 2024 performed an impairment assessment of the recoverable values of its active fleet in accordance with IFRS based on the value in use (ViU). This is done as a matter of policy also in years, such as 2024, when in all material respects, the combined financial and operational market developments have not resulted in the identification of an impairment risk that triggers an impairment test as of the reporting date.

Each unit is a cash-generating unit. The new assessments resulted in no impairment charges nor further reversals than the ones recorded in the Q3-2024 interim report.

Impairments are made in the accounts for vessels with ViU less than their net book value. The ViU calculations are based on a long-term forecast until the end of each vessel's useful life. The main assumptions in the computations are charter rates, utilisation, operating expenses, and capital expenditures. The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation subject to upgrade capital expenditure and related yard stays is estimated to be 70% from 2028 compared with 65% used in the 2023 assessment.
- The revenues 2025-2027 are based on current contracts and estimated new agreements reflecting present market conditions for each vessel.
- Operating expenses reflect present levels adjusted for long-term inflation. Capital expenditure is based on a life-cycle asset plan for each vessel, which accounts for special periodic surveys, thruster overhauls, expected mid-life upgrades and refurbishments at appropriate intervals, and regular maintenance expenditure.
- 11.0% discount rate equal to the weighted average cost of capital (WACC), and approximately 2% long-term growth rate (inflation) has been assumed.

Please refer to note 11.1 to the consolidated Financial Statement in the 2023 Annual Report for further information about assumptions.

7.2. Right to use assets

Figures in USD thousands	2024-12-31	2023-12-31
Opening balance aquisition cost	1 102	1 187
Additions	-	1 058
Modifications	-	-1 187
Currency revaluation	<u>-98</u>	<u>44</u>
Closing aquisition cost	1 004	1 102
Opening balance depreciation	-26	-707
Depreciation for the period	-299	-310
Modifications	-	992
Currency revaluation	<u>14</u>	<u>-1</u>
Closing balance depreciation	-311	-26
Net book value end of period	693	1 076

7.3. Intangible assets

Figures in USD thousands	2024-12-31	2023-12-31
Opening balance aquisition cost	4 818	4 307
Purchases during the year	263	322
Currency revaluation	<u>-442</u>	<u>189</u>
Closing aquisition cost	4 639	4 818
Opening balance depreciation	-2 446	-2 101
Depreciation for the period	-478	-248
Currency revaluation	<u>239</u>	<u>-97</u>
Closing balance depreciation	-2 685	-2 446
Net book value end of period	1 954	2 372

8. Interest-bearing debt

Figures in USD thousands	2024-12-31	2023-12-31
1st Lien cash pay bonds	-	100 000
1st Lien PIK pay bonds ¹⁾	-	100 000
1st Lien PIK interest bonds ¹⁾	-	20 000
PIK bonds effective interest adjustment ¹⁾	-	4 689
Super senior secured bonds	-	100 000
Senior secured bonds ²⁾	338 012	-
Revolving credit facility	-	-
Less prepaid financing fees	<u>-7 543</u>	<u>-2 942</u>
Interest-bearing debt	330 469	321 747

1) The 2023 accounts are prepared using effective interest method 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 2024 accounts are prepared using the effective interest method for the senior secured bonds where the original issue discount ("OID") being part of the interest expense and 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. Trading on Oslo Børs commenced January 2, 2025 under ticker FLOAT07.

In June 2024, the Company signed a USD 25 million super senior revolving credit facility with a maturity date in December 2027. The facility was on December 31, 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 December 31, 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 is conducting a tax investigation regarding employee compensation and benefits. A draft assessment was received in 2023 with the final assessment pending at the reporting date. The accepted amount was paid during the first quarter of 2023. Final assessments in respect of transfer pricing audits were received during the fourth quarter 2024. The amounts claimed have been expensed and paid before year-end. The company does not agree with the assessments and the relevant Group Companies have appealed the assessments to the Norwegian Tax Appeals Board, and the outcomes of the appeals are pending.

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 by a Group Company. The ruling has been appealed as there was just cause, in the Company's opinion, for the crew to continue to work on board the vessel since the crewing agency had not fulfilled its obligations toward the Group, our client, the employees, or 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 court of 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 best estimated outcome is provided for in the accounts.

10. Significant events after the end of the reporting period

The previously communicated letter of intent with an undisclosed North Sea client for Floatel Superior has been converted to a firm contract and the 3-month assignment is planned to start in Q2-2026.

Trading of the 5-year 9.75% USD 350 million senior secured bonds with ISIN NO0013188102 commenced, January 2, 2025, on Oslo Børs under ticker FLOAT07.

A USD 15 million tap issue priced at 85% of par was placed under the senior secured bonds in February 2025. The proceeds from the tap issue will be used to finance capital expenditures related to the current fleet.

The Company's revolving credit facility has been temporarily increased from USD 25 million to USD 33.5 million, with all material terms remaining unchanged.

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 fourth 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 – February 26, 2025
The Board of Directors of Floatel International Ltd



FLOATEL
INTERNATIONAL



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