



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 718 590
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND VICTORY AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Silje Molvær
Dato for fastsettelse av årsregnskapet: 08.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 24.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,8	263 069 655	190 384 534
Sum inntekter		263 069 655	190 384 534
Kostnader			
Varekostnad	2,8	92 797 974	47 540 031
Lønnskostnad	8	36 196 127	7 151 017
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	33 615 355	33 661 724
Annen driftskostnad	4	7 271 768	1 527 629
Sum kostnader		169 881 223	89 880 401
Driftsresultat		93 188 431	100 504 134
Finansinntekter og finanskostnader			
Annen renteinntekt		69 093	
Annen finansinntekt	3	5 359 861	4 959 347
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		2 013 575	33 694
Annen rentekostnad		2 669 227	42 678 126
Annen finanskostnad	3	56 819 149	17 834 974
Sum finanskostnader		0	0
Netto finans		-56 072 998	-55 587 447
Ordinært resultat før skattekostnad		37 115 434	44 916 687
Skattekostnad på ordinært resultat	9	8 167 945	9 881 670
Ordinært resultat etter skattekostnad		0	0
Årsresultat		28 947 489	35 035 017
Totalresultat		28 947 489	35 035 017
Overføringer og disponeringer			
Udekket tap		28 947 489	35 035 017



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Sum overføringer og disponeringer	10	28 947 489	35 035 017



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Maskiner og anlegg		1 140 249 056	1 169 263 023
Skip, rigger, fly og lignende		1 291 123	4 194 954
Sum varige driftsmidler	5,6	1 141 540 179	1 173 457 977
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		1 141 540 179	1 173 457 977
Omløpsmidler			
Varer			
Varer		1 481 279	920 718
Sum varer		0	0
Fordringer			
Kundefordringer	6,8	57 741 741	73 632 420
Andre fordringer	8	24 171 864	16 317 327
Sum fordringer		81 913 605	89 949 747
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	20 354 179	87 257 754
Sum bankinnskudd, kontanter og lignende		20 354 179	87 257 754
Sum omløpsmidler		103 749 063	178 128 219
SUM EIENDELER		1 245 289 242	1 351 586 196



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	11	120 000 000	120 000 000
Overkurs		394 629 191	394 629 191
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		514 629 191	514 629 191
Opptjent egenkapital			
Annen egenkapital		57 455 787	28 508 298
Sum opptjent egenkapital		57 455 787	28 508 298
Sum egenkapital	10	572 084 977	543 137 488
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	16 208 746	8 040 801
Sum avsetninger for forpliktelser		16 208 746	8 040 801
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	459 525 032	706 325 410
Øvrig langsiktig gjeld	7	144 908 338	38 126 820
Sum annen langsiktig gjeld		604 433 369	744 452 229
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		55 342	18 104 531
Annen kortsiktig gjeld	8	52 506 807	37 851 146
Sum kortsiktig gjeld		52 562 149	55 955 677
Sum gjeld		673 204 265	808 448 707
SUM EGENKAPITAL OG GJELD		1 245 289 242	1 351 586 196



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 508403

Enheten

Organisasjonsnummer: 920 718 590
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND VICTORY AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Silje Molvær
Dato for fastsettelse av årsregnskapet: 08.06.2023

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.06.2023



Organisasjonsnr: 920 718 590
ISLAND VICTORY AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,8	263 069 655	190 384 534
Sum inntekter		263 069 655	190 384 534
Kostnader			
Varekostnad	2,8	92 797 974	47 540 031
Lønnskostnad	8	36 196 127	7 151 017
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	33 615 355	33 661 724
Annen driftskostnad	4	7 271 768	1 527 629
Sum kostnader		169 881 223	89 880 401
Driftsresultat		93 188 431	100 504 134
Finansinntekter og finanskostnader			
Annen renteinntekt		69 093	
Annen finansinntekt	3	5 359 861	4 959 347
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		2 013 575	33 694
Annen rentekostnad		2 669 227	42 678 126
Annen finanskostnad	3	56 819 149	17 834 974
Sum finanskostnader		0	0
Netto finans		-56 072 998	-55 587 447
Ordinært resultat før skattekostnad		37 115 434	44 916 687
Skattekostnad på ordinært resultat	9	8 167 945	9 881 670
Ordinært resultat etter skattekostnad		0	0
Årsresultat		28 947 489	35 035 017
Totalresultat		28 947 489	35 035 017
Overføringer og disponeringer			
Udekket tap		28 947 489	35 035 017
Sum overføringer og disponeringer	10	28 947 489	35 035 017



Organisasjonsnr: 920 718 590
ISLAND VICTORY AS

BALANSE

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Maskiner og anlegg		1 140 249 056	1 169 263 023
Skip, rigger, fly og lignende		1 291 123	4 194 954
Sum varige driftsmidler	5,6	1 141 540 179	1 173 457 977
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		1 141 540 179	1 173 457 977
Omløpsmidler			
Varer			
Varer		1 481 279	920 718
Sum varer		0	0
Fordringer			
Kundefordringer	6,8	57 741 741	73 632 420
Andre fordringer	8	24 171 864	16 317 327
Sum fordringer		81 913 605	89 949 747
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	20 354 179	87 257 754
Sum bankinnskudd, kontanter og lignende		20 354 179	87 257 754
Sum omløpsmidler		103 749 063	178 128 219
SUM EIENDELER		1 245 289 242	1 351 586 196
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	11	120 000 000	120 000 000
Overkurs		394 629 191	394 629 191



Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		514 629 191	514 629 191
Opptjent egenkapital			
Annen egenkapital		57 455 787	28 508 298
Sum opptjent egenkapital		57 455 787	28 508 298
Sum egenkapital	10	572 084 977	543 137 488
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	16 208 746	8 040 801
Sum avsetninger for forpliktelseser		16 208 746	8 040 801
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	459 525 032	706 325 410
Øvrig langsiktig gjeld	7	144 908 338	38 126 820
Sum annen langsiktig gjeld		604 433 369	744 452 229
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		55 342	18 104 531
Annen kortsiktig gjeld	8	52 506 807	37 851 146
Sum kortsiktig gjeld		52 562 149	55 955 677
Sum gjeld		673 204 265	808 448 707
SUM EGENKAPITAL OG GJELD		1 245 289 242	1 351 586 196



Organisasjonsnr: 920 718 590
ISLAND VICTORY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

TNOTE 1 ACCOUNTING PRINCIPLES The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. Ref Accounting Act §7-36. Island Offshore XII Ship AS (organization number 994 289 764) is the parent company of Island Victory AS, however consolidated accounts are prepared by ultimate parent company Island Offshore Shipholding LP, c/o Borgstein AS, 6065 Ulsteinvik, Norway. The significant principles are described below. Classification criteria Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets. Valuation of current assets Receivables are recorded net of expected future losses. Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price. Fixed assets and depreciation Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and residual value. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for each vessel. Please refer to notes for details. Shipbuilding contracts Installments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized. Capitalized periodical maintenance (dry docking) The Company has a program for maintenance and classification of machinery, equipment and hulls. Expenses are capitalized and expensed over the period to the next scheduled dry docking. Normal maintenance expenses are expensed as incurred. Financing expenses Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the expected term of the loan. Currency Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and liabilities are recorded at the exchange rate at the balance sheet date. Contract revenue in foreign currency is hedged by use of forward and option contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred. Revenue and expense recognition Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting year. Taxes Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies. Cash flow statement The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

Note



1

Er det usikkerhet om fortsatt drift?: Nei

Note

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skatteetaten

Vår dato 30.04.2019	Din/Deres dato 12.03.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Mai-Britt Myklebust	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5531837	Postadresse Postboks 9200 Grønland 0134 OSLO

BORGSTEIN AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 12. mars 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Island Diligence AS	org.nr. 920 421 091
Island Victory AS	org.nr. 920 718 590
Island Drilling Management AS	org.nr. 992 448 636
Island Drilling Crewing AS	org.nr. 921 499 906

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Felles for alle selskapene er at indirekte majoritetsiere er en norsk og en utenlandsk familie. Island Diligence AS er eid av tre selskaper der det ene er utenlandsk. Island Victory AS er 100 % eid av det norske selskapet Island Offshore XII Ship AS som er majoritets eid av Island Offshore Shipholding, L.P., et Cayman Island selskap. Island Offshore XII Ship AS har tillatelse til å benytte engelsk språk. Island Drilling Management AS og Island Drilling Crewing AS er søsterselskaper og er 100 % eid av Island Drilling Company AS. Island Drilling Company AS er majoritets eid av det amerikanske selskapet Rig Invest, L.L.C. Island Drilling Company AS har tillatelse til å benytte engelsk språk. Selskapenes forretningsspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *årsregnskapet og årsberetningen ... være på norsk.*



Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at indirekte majoritetsiere er to utenlandske familier der den ene er utenlandsk. Morselskapene til tre av selskapene har tillatelse til å benytte engelsk språk. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2



Island Victory AS

Annual report 2022

Board of directors' report

Annual accounts

- **Income statement**
- **Balance sheet**
- **Cash flow**
- **Notes**

Auditors' report



Annual Report 2022

Island Victory AS

Org. no 920 718 590

Business activities

The Company took delivery of the Island Victory in 2020 from Vard Langsten. The vessel is a Deep Water Installation/AHTS vessel which operates worldwide. The vessel is managed by Island Offshore Management AS and the Company is managed from Ulsteinvik, Norway.

Statement on results

Revenue in 2022 totals NOK 263.1 mill with an average utilization of 86% compared with revenue of NOK 190.4 mill in 2021 and an average utilization of 88%. The vessel has partly operated under a bareboat contract with Island Offshore Shipping AS in 2022 this thus reported revenue and operating costs are lower compared to 2021. EBITDA in 2022 amounts to NOK 126.8 mill compared with NOK 134.1 mill in 2021. Net result is a profit of NOK 28.9 mill compared with a loss of NOK 35.0 in 2021.

Cash flow from operational activities is positive with NOK 80.5 mill. Capital expenditure totals NOK 1.7 mill in 2022. The parent company Island Offshore XII Ship AS issued a parent company loan of NOK 145 mill enabling the Company to repay existing secured debt and establish a new vessel mortgage loan of NOK 460 mill. In addition, the Company repaid a secured seller credit in the amount of NOK 37.5 mill. Total debt reduction during 2022 totals NOK 291 mill and includes sweeps, fixed installment and refinancing utilizing the parent company loan, and the new loan from secured lenders in the amount of NOK 460 mill.

Thus, net cash flow in 2022 is negative with NOK 66.9 mill resulting in a net cash reserve of NOK 20.4 mill at 31.12.2022.

Net equity is NOK 572.1 mill as at 31.12.22 compared to NOK 543.1 mill at 31.12.2021. The change in equity is due to this year's profit of NOK 28.9 mill.

The Company does not have ongoing research and development activities.

Going concern

A restructuring agreement with secured lenders was made effective in June 2021 for both the Company and the parent company Island Offshore XII Ship AS. The parent company was successful in repaying its vessel mortgage loan within the maturity date in August 2022. The parent company was also able to lend money to Island Victory AS enabling the Company to repay existing loans financed by a parent company loan, and a new vessel mortgage loan in December 2022.

The Company has serviced its debt according to the agreement. In addition, the market is showing signs of improvement and the Company has a satisfactory backlog for 2023. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared based on a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2022.

Island Victory AS
Org. no 920 718 590



Work environment and gender equality

The Company does not have employees. The crew is hired from the Vessel Manager Island Offshore Management AS. The Manager continuously works to promote gender equality in all aspects of the business with the objective of securing equal opportunities irrespective of gender, ethnicity, nationality, or religious orientation. The Board of directors are all men and comprises representatives from the largest participants in the Company.

As employer the Vessel Manager has the responsibility to maintain, complete and report on progress with the work to promote and secure basic human rights and decent working conditions (Norwegian Transparency Act; "Openhetsloven"). The report will be available on Island Offshore's webpage www.islandoffshore.com before 30.06.23.

External environment

The Company's operations do not pollute the external environment beyond what is normal for this type of business. Annual environmental and emission reduction plans are prepared for each vessel and systematic work is carried out to reduce the risk of GHG emissions, chemicals or other oil containing substances.

Financial risk

The Company's financial position as at 31.12.2022 is solid and the Company has satisfactory working capital. However, the market for AHTS vessels and mooring services is still expected to be volatile going forward.

The Company's customers are mainly large oil companies with a moderate credit risk. Financial instruments are employed to hedge foreign currency exposure.

The Company's liabilities totals NOK 673.2 mill as of 31.12.2022, a significant reduction compared with 2021 at NOK 808.4 mill.

The Company's cash position is satisfactory.

Future outlook

The vessel will operate in the project and spot market in 2023 with a positive outlook despite seasonal activity variations.. Overall, the vessel has secured a satisfactory contract backlog for 2023.

The Board of Directors continue to monitor the financial situation of the Company closely going forward.



Island Victory AS

Income statement

	Note	2022	2021
Revenue			
Freight Income	2, 8	<u>263 069 655</u>	<u>190 384 534</u>
Vessel expenses			
Vessel expenses	2, 8	92 797 974	47 540 031
Crew expenses	4, 8	36 196 128	7 151 017
Depreciation	5	33 615 355	33 567 224
Other operating expenses	4	<u>7 271 767</u>	<u>1 622 128</u>
Total operating expenses		<u>169 881 224</u>	<u>89 880 400</u>
Operating result		<u>93 188 431</u>	<u>100 504 134</u>
Financial income and expenses			
Other financial income	3	5 428 954	4 959 347
Interest paid to group companies		2 013 575	33 694
Other financial expenses	3	<u>59 488 376</u>	<u>60 513 100</u>
Net financial items		<u>-56 072 997</u>	<u>-55 587 447</u>
Ordinary result before tax		<u>37 115 434</u>	<u>44 916 687</u>
Tax on ordinary result	9	<u>8 167 946</u>	<u>9 881 670</u>
Net profit or loss for the year		<u>28 947 488</u>	<u>35 035 017</u>
Allocated as follows			
Transferred to other equity	10	<u>28 947 488</u>	<u>35 035 017</u>



Island Victory AS

Balance sheet as of December 31

	Note	2022	2021
Fixed assets			
<i>Tangible assets</i>			
Ships	5, 6	<u>1 141 540 179</u>	<u>1 173 457 977</u>
Total tangible assets		<u>1 141 540 179</u>	<u>1 173 457 977</u>
Total fixed assets		<u>1 141 540 179</u>	<u>1 173 457 977</u>
Current assets			
Inventories		<u>1 481 279</u>	<u>920 718</u>
<i>Receivables</i>			
Trade receivables	6, 8	57 741 741	73 632 420
Other receivables	8	<u>24 171 864</u>	<u>16 317 327</u>
Total accounts receivable		<u>81 913 605</u>	<u>89 949 747</u>
Cash and cash equivalents	6	<u>20 354 179</u>	<u>87 257 754</u>
Total current assets		<u>103 749 063</u>	<u>178 128 219</u>
Total assets		<u>1 245 289 242</u>	<u>1 351 586 196</u>



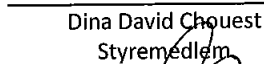
Island Victory AS

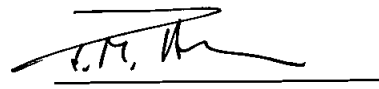
Balance sheet as of December 31

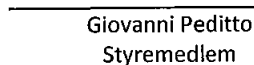
	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Share capital	11	120 000 000	120 000 000
Share premium reserve		394 629 191	394 629 191
Total paid-in capital		<u>514 629 191</u>	<u>514 629 191</u>
<i>Retained earnings</i>			
Other equity		57 455 785	28 508 297
Total retained earnings		<u>57 455 785</u>	<u>28 508 297</u>
Total equity	10	<u>572 084 976</u>	<u>543 137 488</u>
Liabilities			
<i>Provisions</i>			
Deferred tax liability	9	16 208 747	8 040 801
Total provisions		<u>16 208 747</u>	<u>8 040 801</u>
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	7	459 525 032	706 325 410
Other long-term liabilities	7	144 908 338	38 126 820
Total other long term liabilities		<u>604 433 370</u>	<u>744 452 230</u>
<i>Current liabilities</i>			
Trade creditors		55 342	18 104 532
Other short-term liabilities	8	52 506 807	37 851 145
Total current liabilities		<u>52 562 149</u>	<u>55 955 677</u>
Total liabilities		<u>673 204 265</u>	<u>808 448 708</u>
Total equity and liabilities		<u>1 245 289 242</u>	<u>1 351 586 196</u>

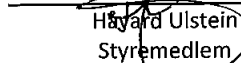
31 December 2022,
Ulsteinvik 27 April 2023


Morten Ulstein
Styrets leder


Dina David Chouet
Styremedlem


Fredrik Mordal Hessen
Styremedlem


Giovanni Peditto
Styremedlem

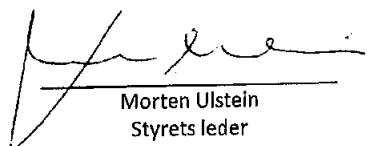
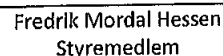

Håvard Ulstein
Styremedlem



Island Victory AS

Balance sheet as of December 31

	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Share capital	11	120 000 000	120 000 000
Share premium reserve		394 629 191	394 629 191
Total paid-in capital		<u>514 629 191</u>	<u>514 629 191</u>
<i>Retained earnings</i>			
Other equity		57 455 785	28 508 297
Total retained earnings		<u>57 455 785</u>	<u>28 508 297</u>
Total equity	10	<u>572 084 976</u>	<u>543 137 488</u>
Liabilities			
<i>Provisions</i>			
Deferred tax liability	9	16 208 747	8 040 801
Total provisions		<u>16 208 747</u>	<u>8 040 801</u>
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	7	459 525 032	706 325 410
Other long-term liabilities	7	144 908 338	38 126 820
Total other long term liabilities		<u>604 433 370</u>	<u>744 452 230</u>
<i>Current liabilities</i>			
Trade creditors		55 342	18 104 532
Other short-term liabilities	8	52 506 807	37 851 145
Total current liabilities		<u>52 562 149</u>	<u>55 955 677</u>
Total liabilities		<u>673 204 265</u>	<u>808 448 708</u>
Total equity and liabilities		<u>1 245 289 242</u>	<u>1 351 586 196</u>

31 December 2022,
Ulsteinvik 27 April 2023
Morten Ulstein
Styrets leder
Dina David Chouest
Styremedlem
Fredrik Mordal Hessen
Styremedlem
Giovanni Peditto
Styremedlem
Håvard Ulstein
Styremedlem




Island Victory AS

Balance sheet as of December 31

	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Share capital	11	120 000 000	120 000 000
Share premium reserve		394 629 191	394 629 191
Total paid-in capital		514 629 191	514 629 191
<i>Retained earnings</i>			
Other equity		57 455 785	28 508 297
Total retained earnings		57 455 785	28 508 297
Total equity	10	572 084 976	543 137 488
Liabilities			
<i>Provisions</i>			
Deferred tax liability	9	16 208 747	8 040 801
Total provisions		16 208 747	8 040 801
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	7	459 525 032	706 325 410
Other long-term liabilities	7	144 908 338	38 126 820
Total other long term liabilities		604 433 370	744 452 230
<i>Current liabilities</i>			
Trade creditors		55 342	18 104 532
Other short-term liabilities	8	52 506 807	37 851 145
Total current liabilities		52 562 149	55 955 677
Total liabilities		673 204 265	808 448 708
Total equity and liabilities		1 245 289 242	1 351 586 196

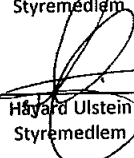
31 December 2022,
Ulsteinvik 27 April 2023


Morten Ulstein
Styrets leder


Dina David Chouest
Styremedlem

Fredrik Mordal Hessen
Styremedlem

Giovanni Peditto
Styremedlem


Håvard Ulstein
Styremedlem



Cash Flow Statement

Island Victory AS

	2022	2021
<i>Cash flow from operational activities:</i>		
Profit before tax	37 115 434	44 916 687
- Taxes paid	0	0
+ Depreciation	33 615 355	33 567 224
-/+ Change in inventory	-560 561	1 177 231
-/+ Change in accounts receivable	15 890 679	-69 004 905
+/- Change in accounts payable	-18 049 190	18 104 532
+/- Change in accruals	12 500 748	28 176 406
= Cash flow from operational activities	80 512 465	56 937 175
<i>Cash flow from investment activities</i>		
- Payments purchase of fixed assets	-1 697 557	-611 982
= Cash flow from investment activities	-1 697 557	-611 982
<i>Cash flow from financing activities</i>		
+ Loan from owner	144 908 338	0
- Net repayment of debt to financial institutions	-252 500 000	0
+ Repayment Seller Credit	-38 126 820	0
= Net cash flow from financing activities	-145 718 482	0
= <i>Net change in cash and cash equivalents</i>	<i>-66 903 574</i>	<i>56 325 193</i>
+ <i>Cash reserve 1.1</i>	<i>87 257 754</i>	<i>30 932 561</i>
= <i>Cash reserve 31.12</i>	<i>20 354 179</i>	<i>87 257 754</i>



Notes to the financial statements 2022

Island Victory AS

NOTE 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. Ref Accounting Act §7-36.

Island Offshore XII Ship AS (organization number 994 289 764) is the parent company of Island Victory AS, however consolidated accounts are prepared by ultimate parent company Island Offshore Shipholding LP, c/o Borgstein AS, 6065 Ulsteinvik, Norway.

The significant principles are described below.

Classification criteria

Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets.

Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets.

Valuation of current assets

Receivables are recorded net of expected future losses.

Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price.

Fixed assets and depreciation

Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and residual value. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for each vessel. Please refer to notes for details.

Shipbuilding contracts

Installments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized.

Capitalized periodical maintenance (dry docking)

The Company has a program for maintenance and classification of machinery, equipment and hulls. Expenses are capitalized and expensed over the period to the next scheduled dry docking. Normal maintenance expenses are expensed as incurred.

Island Victory AS



Notes to the financial statements 2022

Island Victory AS

Financing expenses

Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the expected term of the loan.

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and liabilities are recorded at the exchange rate at the balance sheet date.

Contract revenue in foreign currency is hedged by use of forward and option contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.

Revenue and expense recognition

Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting year.

Taxes

Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

NOTE 2 GEOGRAPHICAL SPLIT OF REVENUE

In NOK mill	2022	2021
Norway	3,6	21,7
USA	60,2	168,7
Senegal	29,9	-
Mauritania	105,4	-
Turkey	54,5	-
International Waters	9,5	-
Total Revenue	263,1	190,4

The vessel had in average 86% utilization in 2022 compared with 88% utilization in 2021. The vessel was on bareboat contract with Island Offshore Shipping AS when the vessel was operating in the US from March 2021 to February 2022 hence lower revenue and lower operating costs when on bareboat hire.



Notes to the financial statements 2022

Island Victory AS

Revenue include recharged outlays expenses with NOK 24.9 mill in 2022 and NOK 35.3 mill in 2021 presented gross in revenue and vessel operating expenses.

NOTE 3 SPECIFICATIONS

Other financial income comprises:

	<u>2022</u>	<u>2021</u>
Realized foreign exchange gain+ / loss-	5 359 861	4 959 347
Interest income, bank	69 093	-
Total other interest income	<u>5 428 954</u>	<u>4 959 346</u>

Other financial expenses comprise:

	<u>2022</u>	<u>2021</u>
Interest expense term loans	46 162 615	32 443 541
Guaranteed interest margin	2 141 040	21 985 833
Foreign exchange loss	2 033 032	383 999
Depreciation capitalized financial expenses	5 699 622	5 699 622
Arrangement fee / other financial expenses	3 452 067	105
Sum other financial costs	<u>59 488 376</u>	<u>60 513 100</u>

NOTE 4 PAYROLL, EMPLOYEES

The Company does not have employees and has no obligation to have pension funds. There has not been any compensation paid to the Board of Directors. Payroll expenses in the financial statements relate to hired crew.

Auditor

Expenses audit fee totals NOK 128.184 in 2022. The fee is exclusive of VAT and can be specified as follows:

Audit	98.000
Advisory	26.450
Other	3.734
Total	128.184



Notes to the financial statements 2022

Island Victory AS

NOTE 5 FIXED ASSETS

	Ships	Capitalized maintenance	Total
Acquisition costs 1.1	1 228 460 893	9 430 376	1 237 891 269
Additions	0	1 697 557	1 697 557
Accumulated depreciation 31.12	-89 909 393	-8 139 254	-98 048 647
Book Value 31.12	1 138 551 500	2 988 679	1 141 540 179

This years' depreciation	30 711 523	2 903 832	33 615 355
Economic life	20 yrs	3 yrs	

The market value of Island Victory obtained by independent brokers, is higher than the net book value of the vessel. Due to the present market situation for the sale and purchase of equivalent vessels, the vessels and the new build values are also subject to impairment test analysis employing estimates of future cash flow for each vessel.

The analysis takes into account the present market conditions with a gradual improvement on charter hire rate and utilization the rest of estimated vessel usage time. Key assumption in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 9%. The usage period of the vessel is assumed to be 30 years after delivery.

The analysis does not indicate any need to write down the book value of the vessels or the new build.

In order to illustrate the implications of changes in key assumptions, a sensitivity analysis has been undertaken. A summary of the implications on vessel value is presented below:

IN NOK MILL

Impairment provision on vessel value	Sensitivity		
	-1%	basis	+1%
Island Victory AS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-5%	basis	+5%
Island Victory AS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Island Victory AS	-7	-	-

Island Victory AS

4



Notes to the financial statements 2022

Island Victory AS

NOTE 6 PLEDGE OF ASSETS

	<u>2022</u>	<u>2021</u>
Book value of debt secured by pledge	460 000 000	712 500 000
Book value of secured assets		
Vessel	1 141 540 179	1 173 457 977
Receivables	57 741 741	73 632 420
Bank deposits	20 354 179	87 257 754
TOTAL	<u>1 219 636 099</u>	<u>1 334 348 151</u>

In addition any insurance claims are pledged.

The senior secured lenders for the Company had from delivery of the vessel a 1st priority ship mortgage on the vessel Island Defender and a 2nd priority ship mortgage on the vessels Island Valiant and Island Vanguard as additional security for accepting deferral of payment of installments in 2021 and 2022. The vessel Island Defender was owned by Island Defender AS, a sister company of Island Victory AS and Island Valiant and Island Vanguard is owned by the parent company Island Offshore XII Ship AS. In October 2022, Island Defender was sold and part of the sale proceeds was lent from the parent company in order to partly refinance the original secured loan in Island Victory AS. Thus from December 2022, the security pledge is no longer applicable for the vessels Island Valiant and Island Vanguard.

NOTE 7 LONG TERM LIABILITIES

Debt due more than 5 years after end of the accounting period:

Originally the parent company had a short runway on maturity of the vessel mortgage loan, thus if the parent company loan was not extended, also the loan for Island Victory would fall due on the same date. The parent company was successful in order to repay its vessel mortgage loan within maturity date. The parent company was also able to lend money to Island Victory in order for the Company to repay existing loan financed by a new vessel mortgage loan of NOK 460 mill, a parent company loan of NOK 145 mill and available cash in the company. In addition, the Company repaid the seller credit from Vard Group at NOK 37.5 mill. Total debt reduction during in 2022 total NOK 291 mill and includes sweeps, fixed installment and a new loan from secured lenders at NOK 460 mill.

The maturity date on the new loan is December 2027 with annual installment NOK 48 mill.

**Notes to the financial statements 2022**

Island Victory AS

NOTE 8 RELATED PARTIES

Transactions with related parties:	2022	2021
Trade debtors	56 056 554	73 632 420
Other short term receivables	15 000 000	16 326 244
Other long term liabilities	144 908 338	0
Other short term liabilities	40 933 932	0

Trade debtors are bareboat hire due from Island Offshore Shipping.

Trade debtors in 2022 are relating to agent contract with Island Offshore International Shipping AS. In 2021 the company had account receivables regarding bareboat hire invoices to Island Offshore Shipping AS.

Other short term receivables are prepayment of operating vessel expense towards Island Offshore Management AS (Manager).

Other long term liability is a long term loan from the parent company as part of the refinancing of the vessel mortgage loan. Other short term liabilities are a short term loan NOK 18.0 mill from parent company and invoices from Manager at NOK 22.9 mill regarding monthly operating vessel expenses.

Transactions with related parties	2022	2021
Bareboat hire revenue	41 635 205	132 459 957
Agent contracts	89 733 735	0
Recharged subcontractor expenses	19 460 083	35 254 358
Purchase of management services	-3 788 547	-1 389 357
Crew hire	-36 196 127	-7 151 017

The Company entered into Bareboat Charter Agreement with Island Offshore Shipping AS when the vessel was operating in the US. The bareboat rent is based on arms-length principles and based on BIMCO standard Bareboat Charter Agreement. The company has entered into agent contracts with Island Offshore International Shipping AS and Island Offshore Shipping AS regarding the operation of Island Victory in West-Africa and Turkey. No risk involved for the operating companies thus all revenue and operating expenses are reimbursed to shipowner in accordance with the back-to-back agreements.

The company has entered into management agreements with Island Offshore Management AS and Borgstein AS to carry out technical and commercial services for the vessels. The services include crewing, purchase, administration, sales, accounting and technical operations. According to the management agreement, the ship owning company will refund all direct costs related to the vessels, to the management company. An annual fee is paid based on arm's length principle.



Notes to the financial statements 2022

Island Victory AS

NOTE 9 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period.

Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

Deferred tax / tax asset has been calculated as follows:

	2022	2021
Fixed Assets	<u>352 731 460</u>	<u>258 212 440</u>
Total temporary differences	352 731 460	258 212 440
Denied interest expenses	-532 848	-203 783
Tax loss carried forward	<u>-278 522 487</u>	<u>-221 459 560</u>
Basis for deferred tax	<u>73 676 125</u>	<u>36 549 097</u>
Deferred tax in Balance Sheet	16 208 747	8 040 801
Tax rate	22 %	22 %

Calculation of this year's tax expense:

	2022	2021
Profit before tax	<u>37 115 434</u>	<u>44 916 687</u>
Permanent differences	<u>11 593</u>	<u>-</u>
Annual tax basis	37 127 027	44 916 687
Change in temporary differences	<u>- 94 189 955</u>	<u>- 115 825 714</u>
Tax basis	- 57 062 928	- 70 909 027
Tax percentage	22 %	22 %
Changes deferred tax asset	<u>8 167 946</u>	<u>9 881 670</u>
Tax expenses Income Statement	<u>8 167 946</u>	<u>9 881 670</u>

**Notes to the financial statements 2022**

Island Victory AS

NOTE 10 EQUITY

	Share capital	Share premium account	Other equity	Total
Equity 1.1	120 000 000	394 629 191	28 508 297	543 137 488
This year's result	-	-	28 947 488	28 947 488
Equity 31.12	120 000 000	394 629 191	57 455 785	572 084 976

NOTE 11 OWNERSHIP

The share capital of NOK 120 000 000 consist of 120 000 shares a NOK 1 000,-.

Summary of owner interests as per 31.12.21:

Shareholder	Registration		
	No.	No. of shares	in %
Island Offshore XII Ship AS	994 289 764	120 000	100 %

NOTE 12 INFORMATION ABOUT FINANCIAL INSTRUMENTS

The company has a strategy to hedge contracted revenue in foreign currency when contracts are entered for a longer period of time. The financial instrument is linked to a specific revenue cash flow and can be measured in respect of success rate according to strategy. The estimated net unrealized loss or gain is not recorded in the financial statement in accordance with the Norwegian Accounting Act and NGAAP.

There are no forward contracts used to hedge future freight revenue as per 31.12.22.

NOTE 13 GOING CONCERN

A restructuring agreement with secured lenders was made effective in June 2021 for both the Company and the parent company Island Offshore XII Ship AS. The parent company was successful in order to repay its vessel mortgage loan within maturity date in August 2022. The parent company was also able to lend money to Island Victory in order for the Company to repay existing loan financed by a new vessel mortgage loan in December 2022.

The Company has serviced its debt according to agreement. In addition, the market is showing signs of improvement and the Company has a satisfactory backlog for 2023. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2022.



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Victory AS

Opinion

We have audited the financial statements of Island Victory AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



Building a better
working world

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 opinion. 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 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 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 opinion. 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 internal control relevant to the 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 management.
- Conclude on the appropriateness of management'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

Bergen, 3 May 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Victory AS 2022

A member firm of Ernst & Young Global Limited

Penneo document key: F6ZPB-DTZHY-Z13ON-23CNE-GU6IQ-AUJZA



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

IP: 88.92.xxx.xxx

2023-05-03 16:29:32 UTC



Penneo Dokumentnøkkel: F6ZPB-DTZHY-ZI3ON-23CNE-GU6G-AUJZA

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service** <penneo@penneo.com>. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>