



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 987 156 805
Organisasjonsform: Kommandittselskap
Foretaksnavn: ISLAND OFFSHORE VIII KS
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: Asbjørn Hasund
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, 25.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		359 092 344	381 602 845
Annen driftsinntekt		11 239 596	-1 850 381
Sum inntekter	2	370 331 940	379 752 464
Kostnader			
Varekostnad	4,9	78 401 353	70 951 768
Lønnskostnad	9	167 607 614	152 063 053
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	75 211 299	88 512 456
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	18 106 459	-4 651 115
Annen driftskostnad	4,5,9	31 527 366	17 914 950
Sum kostnader		370 854 092	32 479 112
Driftsresultat		-522 151	59 612 470
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern			123 226
Annen finansinntekt	3,7	3 548 395	54 619 345
Sum finansinntekter		0	0
Annen finanskostnad	3	46 749 954	48 663 936
Sum finanskostnader		0	0
Netto finans		-43 201 559	6 078 635
Ordinært resultat før skattekostnad		-43 723 710	65 691 105
Ordinært resultat etter skattekostnad		0	0
Årsresultat		-43 723 710	65 691 105
Totalresultat		-43 723 710	65 691 105
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-43 723 710	65 691 105
Sum overføringer og disponeringer	11	-43 723 710	65 691 105



Resultatregnskap

Beløp i: NOK	Note	2022	2021
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Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Maskiner og anlegg	5,6	1 377 514 945	1 398 358 358
Sum varige driftsmidler		1 377 514 945	1 398 358 358
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		1 377 514 945	1 398 358 358
Omløpsmidler			
Varer			
Varer		5 014 429	2 693 384
Sum varer		0	0
Fordringer			
Kundefordringer	6	47 304 001	48 307 218
Andre fordringer	9	47 587 693	49 342 675
Sum fordringer		94 891 693	97 649 894
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	9 624 140	49 017 451
Sum bankinnskudd, kontanter og lignende		9 624 140	49 017 451
Sum omløpsmidler		109 530 262	149 360 729
SUM EIENDELER		1 487 045 207	1 547 719 087



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	12	391 341 505	391 341 505
Overkurs		149 807 850	149 807 850
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		541 149 355	541 149 355
Opptjent egenkapital			
Annen egenkapital		-29 807 922	13 915 788
Sum opptjent egenkapital		-29 807 922	13 915 788
Sum egenkapital	11	511 341 433	555 065 143
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6,7	927 856 343	964 856 343
Øvrig langsiktig gjeld	7,9	14 005 013	14 004 485
Sum annen langsiktig gjeld		941 861 355	978 860 828
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	9	77 250	2 603 000
Annen kortsiktig gjeld	9	33 765 168	11 190 116
Sum kortsiktig gjeld		33 842 418	13 793 116
Sum gjeld		975 703 774	992 653 944
SUM EGENKAPITAL OG GJELD		1 487 045 207	1 547 719 087



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 509630

Enheten

Organisasjonsnummer: 987 156 805
Organisasjonsform: Kommandittselskap
Foretaksnavn: ISLAND OFFSHORE VIII KS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

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Konsern

Morselskap i konsern: Nei

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
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Brønnøysundregistrene, 27.06.2023



Organisasjonsnr: 987 156 805
ISLAND OFFSHORE VIII KS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		359 092 344	381 602 845
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Varekostnad	4,9	78 401 353	70 951 768
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Annen driftskostnad	4,5,9	31 527 366	17 914 950
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Annen finansinntekt	3,7	3 548 395	54 619 345
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Netto finans		-43 201 559	6 078 635
Ordinært resultat før skattekostnad		-43 723 710	65 691 105
Ordinært resultat etter skattekostnad		0	0
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Totalresultat		-43 723 710	65 691 105
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-43 723 710	65 691 105
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Organisasjonsnr: 987 156 805
ISLAND OFFSHORE VIII KS

BALANSE

Beløp i: NOK Note 2022 2021

BALANSE - EIENDELER

Anleggsmidler
Immaterielle eiendeler
Sum immaterielle eiendeler 0 0

Varige driftsmidler
Maskiner og anlegg 5,6 1 377 514 945 1 398 358 358
Sum varige driftsmidler 1 377 514 945 1 398 358 358

Finansielle anleggsmidler
Sum finansielle anleggsmidler 0 0

Sum anleggsmidler 1 377 514 945 1 398 358 358

Omløpsmidler

Varer
Varer 5 014 429 2 693 384
Sum varer 0 0

Fordringer
Kundefordringer 6 47 304 001 48 307 218
Andre fordringer 9 47 587 693 49 342 675
Sum fordringer 94 891 693 97 649 894

Investeringer
Sum investeringer 0 0

Bankinnskudd, kontanter og lignende
Bankinnskudd, kontanter og lignende 6 9 624 140 49 017 451
Sum bankinnskudd, kontanter og lignende 9 624 140 49 017 451

Sum omløpsmidler 109 530 262 149 360 729

SUM EIENDELER 1 487 045 207 1 547 719 087

BALANSE - EGENKAPITAL OG GJELD

Egenkapital
Innskutt egenkapital
Selskapskapital 12 391 341 505 391 341 505
Overkurs 149 807 850 149 807 850
Annen innskutt egenkapital 0 0
Sum innskutt egenkapital 541 149 355 541 149 355



Opptjent egenkapital			
Annen egenkapital		-29 807 922	13 915 788
Sum opptjent egenkapital		-29 807 922	13 915 788
Sum egenkapital	11	511 341 433	555 065 143
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelses		0	0
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6,7	927 856 343	964 856 343
Øvrig langsiktig gjeld	7,9	14 005 013	14 004 485
Sum annen langsiktig gjeld		941 861 355	978 860 828
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Sum gjeld		975 703 774	992 653 944
SUM EGENKAPITAL OG GJELD		1 487 045 207	1 547 719 087



Organisasjonsnr: 987 156 805
ISLAND OFFSHORE VIII KS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

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 VIII KS is included in the consolidated financial statement for Island Offshore Shipholding, L.P. , c/o Island Offshore Shipping AS, Stålhaugen 12, 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 instalment 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 estimated residual value after end of economic life. 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 the vessel. Please refer to notes for details. Shipbuilding contracts Instalments 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, normally every 30 months. 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 current liabilities are recorded at the exchange rate at the balance sheet date. Currency gains/losses on revenue contracts are not offset towards gains/losses on long- term liabilities. Contract revenue in foreign currency is hedged by use of forward FX 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

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Note



4

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



Skattedirektoratet

Saksbehandler Geir Johannessen	Deres dato 11.10.2013	Vår dato 29.10.2013
Telefon 22 66 11 14	Deres referanse Tommy Walaunet	Vår referanse 2013/779184

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Det vises til deres brev av 11. oktober 2013, samt telefonsamtale i sakens anledning, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Island Offshore Management AS	org nr 984 285 310
Island Offshore Crewing AS	org nr 995 955 881
Island Offshore XI AS	org nr 987 845 325
Island Offshore III KS	org nr 982 411 408
Island Offshore VIII AS	org nr 987 156 783
Island Offshore VIII KS	org nr 987 156 805
Island Offshore X AS	org nr 887 254 982
Island Offshore X KS	org nr 987 255 188
Island Offshore LNG AS	org nr 996 393 844
Island Offshore LNG KS	org nr 996 393 739
Island Offshore LNG Invest AS	org nr 996 357 813
Island Offshore LNG Invest KS	org nr 996 357 848
Island Offshore XII AS	org nr 888 271 392
Island Offshore XII Ship AS	org nr 994 289 764
Island Pioneer AS	org nr 992 611 634
Istand Pioneer KS	org nr 992 611 588

For Island Offshore Management AS omfatter søknaden også konsernregnskapet, der Island Offshore Crewing inngår med 100 %.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Postadresse
Postboks 9200 Grønland
0134 Oslo
skatteetaten.no/sendepost

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318

Sentrålbord
800 80 000
Telefaks
22 17 08 60



2013/779184 Side 3 av 3

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene har klar overvekt av utenlandske eierinteresser og for øvrig en begrenset eierkrets. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at selskapene driver virksomhet i en bransje der aktørene forutsettes å beherske engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Geir Johannessen



Island Offshore VIII KS

Annual report 2022

Board of directors' report

Annual accounts

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

Auditors' report



Annual Report 2022
Island Offshore VIII KS
Org. no 987 156 805

Business activities

The Company owns six Offshore Service Vessels and had two additional PSVs on bareboat charter agreements from July 2021 to November 2022. All vessels are operating in the North Sea on a combination of term and spot contracts. The fleet is managed by Island Offshore Management AS, and the Company is operated from Ulsteinvik, Norway.

Statement on results

Total revenue in 2022 is NOK 370.3 mill compared to NOK 384.4 mill in 2021. Fleet utilization is 86% in 2022 compared with 93% in 2021. Extensive maintenance capex programs with class renewals, installment of BWT, engine overhauls negatively impact earnings and cash flow. Overall, achieved day rates are higher compared to 2021. The fleet has a satisfactory backlog going into 2023.

The operating result for 2022 is a loss of NOK -0.5 mill compared to a profit of NOK 59.6 mill in 2021. Operating result for 2022 is impaired by termination of bareboat contract Empress and Endeavour due to sale of the vessels by an affiliated company on November 2022. As a consequence of the termination of the lease agreements, expenses for the planned 15-year class renewal for Island Empress and installment of ballast water treatment unit for both vsels, in total amounting to NOK 18.1 mill, has been expensed as an impairment provision.

The main reason for increased crew expenses in in 2022, is reduced compensation for NOR salary refunds. As part of the government support for the Covid-19 outbreak, the reimbursement cap per employee was temporarily removed, but was reintroduced in September 2021.

Net financial items are NOK -43.7 mill compared with a profit of NOK 6.1 mill in 2021. The financial items in 2021 included a gain of NOK 52.9 mill related to buy back of loans.

Net loss for the year 2022 is NOK -43.7 mill compared with a profit of NOK 65.7 mill in 2021.

Total impairment of the fleet as per 31.12.22 amounts to NOK 295.0 mill based on a value-in-use analysis and indication of sale value. Net equity is NOK 511.3 mill at 31.12.2022 compared to NOK 555.1 mill at 31.12.2021. The decrease in equity is due to this year's loss.

Cash flow from operational activities is positive with NOK 70.1 mill. The Company has paid loan installments in a total amount of NOK 37.0 mill in 2022. Investments in 2022 of NOK 72.5 mill include 10-year class renewal for 3 vessels and 15-year class renewal for 2 vessels. In addition, installment of ballast water treatment units for all vessels. Accordingly, , the net cash flow is negative with NOK 39.4 mill in 2022 resulting in a total cash reserve of NOK 9.6 mill at 31.12.2022.

The Company does not have ongoing research and development activities.

Island Offshore VIII KS
Org. no 987 156 805



Going concern

In June 2021, the senior secured lenders agreed to extend their loans until the end of 2024 at amended terms. The Company has received a waiver for the cash covenant requirements for the period December 2022 to June 2023 and has serviced debt obligations in accordance with the provisions of the loan agreement. The Company has a satisfactory backlog, and the assessment is that the Company has the resources, organization, competence, assets and customer base to continue being a going concern.

The Board of Directors continues to monitor the financial situation of the Company closely. 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.

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 partnership.

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 emission, chemicals or other oil containing substances.

Financial risk

The Company has a satisfactory vessel employment status for the fleet going into 2023 and the backlog has further increased in the first months in 2023. The customers are large oil companies with low to moderate credit risk. The Company is exposed to market risk upon negotiation of extensions or new contracts.

The Company's liabilities total NOK 975.7 mill at 31.12.2022.

The Company's cash reserve is limited as per 31.12.22. However, based on the size of the operation, forecasts and current backlog, the Board assumes that the Company's cash position will improve and be restored during the second half of 2023.

Financial instruments are employed to hedge the foreign currency exposure.

Island Offshore VIII KS
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Future outlook

The PSV market is expected to continue to improve in 2023 however the extent of recovery is dependent on the market balance and overall activity level considering any negative implication of geopolitical risks.

All vessels have been awarded term contracts with satisfactory charter rates in 2023. Based on the order backlog and a new restructuring agreement agreed and effective with secured and unsecured lenders, the financial prospects for the Company remain positive.

On a general note, it is emphasized that there is uncertainty related to the estimates of future earnings.

Other matters

The board members are covered by a director and officer liability insurance purchased and maintained by the company. The insurance policy is issued by a reputable insurer with an appropriate rating.

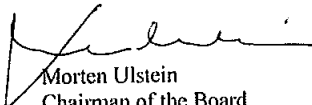
Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet, notes and cash flow analysis.


Allocation of results

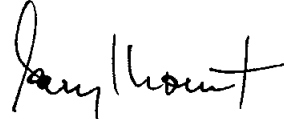
The Board proposes the following allocation of the 2022 net loss of NOK -43.723.710


Transferred to other equity	NOK -43.723.710
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Ulsteinvik, 27.04.23


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member


Gary J. Chouest
Board Member


Arne Loen
Board Member



Island Offshore VIII KS

Income statement

	Note	2022	2021
Revenue			
Freight income		359 092 344	381 602 845
Other operating income		11 239 597	2 800 737
Total revenue	2	<u>370 331 941</u>	<u>384 403 582</u>
Operating expenses			
Vessel expenses	4,9	78 401 353	70 951 767
Crew expenses	9	167 607 615	152 063 053
Depreciation	5	75 211 299	88 512 456
Write-down on ships	5	18 106 459	-4 651 115
Other operating expenses	4,5,9	31 527 366	17 914 951
Total operating expenses		<u>370 854 092</u>	<u>324 791 112</u>
Operating result		<u>-522 151</u>	<u>59 612 470</u>
Financial income and expenses			
Interest income from group companies		0	123 226
Other financial income	3,7	3 548 395	54 619 345
Other financial expenses	3	46 749 954	48 663 936
Net financial items		<u>-43 201 559</u>	<u>6 078 635</u>
Ordinary result before tax		<u>-43 723 710</u>	<u>65 691 105</u>
Net profit or loss for the year		<u>-43 723 710</u>	<u>65 691 105</u>
Allocated as follows			
Transferred to other equity	11	<u>-43 723 710</u>	<u>65 691 105</u>



Island Offshore VIII KS

Balance sheet as of December 31

	Note	2022	2021
Fixed assets			
<i>Tangible assets</i>			
Ships	5,6	<u>1 377 514 947</u>	<u>1 398 358 358</u>
Total tangible assets		<u>1 377 514 947</u>	<u>1 398 358 358</u>
Total fixed assets		<u>1 377 514 947</u>	<u>1 398 358 358</u>
Current assets			
Inventories		<u>5 014 429</u>	<u>2 693 384</u>
<i>Receivables</i>			
Trade receivables	6	47 304 001	48 307 219
Other receivables	9	<u>47 587 692</u>	<u>49 342 675</u>
Total accounts receivable		<u>94 891 693</u>	<u>97 649 894</u>
Cash and cash equivalents	6	<u>9 624 139</u>	<u>49 017 451</u>
Total current assets		<u>109 530 261</u>	<u>149 360 729</u>
Total assets		<u>1 487 045 208</u>	<u>1 547 719 087</u>



Island Offshore VIII KS

Balance sheet as of December 31

	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Equity, undistributable	12	391 341 505	391 341 505
Other paid-in capital		<u>149 807 850</u>	<u>149 807 850</u>
Total paid-in capital		<u>541 149 355</u>	<u>541 149 355</u>
<i>Retained earnings</i>			
Other equity		<u>-29 807 922</u>	<u>13 915 788</u>
Total retained earnings		<u>-29 807 922</u>	<u>13 915 788</u>
Total equity	11	<u>511 341 433</u>	<u>555 065 143</u>
Liabilities			
<i>Long-term liabilities</i>			
Liabilities to financial institutions	6,7	927 856 343	964 856 343
Other long term liabilities	7,9	<u>14 005 013</u>	<u>14 004 485</u>
Total long-term liabilities		<u>941 861 356</u>	<u>978 860 828</u>
<i>Current liabilities</i>			
Trade creditors	9	77 250	2 603 000
Other current liabilities	9	<u>33 765 170</u>	<u>11 190 116</u>
Total current liabilities		<u>33 842 420</u>	<u>13 793 116</u>
Total liabilities		<u>975 703 776</u>	<u>992 653 944</u>
Total equity and liabilities		<u>1 487 045 209</u>	<u>1 547 719 087</u>

31 December 2022
Ulsteinvik, 27 April 2023


Morten Ulstein
Chairman of the Board


Gary J. Chouest
Member of the Board


Arne Loen
Member of the Board


Harald Ulstein
Member of the Board

**Cash Flow Statement**

Island Offshore VIII KS

	2022	2021
<i>Cash flow from operating activities</i>		
Profit before tax	-43 723 710	65 691 105
- Gain by purchase loan at discount	0	-52 865 879
+ Ordinary depreciation	75 211 299	88 512 456
+ Impairment provision on vessel value	18 106 459	-4 651 115
-/+ Change in inventory	-2 321 045	668 570
-/+ Change in accounts receivable	1 003 218	2 001 573
+/- Change in accounts payable	-2 525 750	2 382 730
+/- Change in other accruals	24 330 035	-14 540 590
= Net cash flow from operating activities	<u>70 080 506</u>	<u>87 198 850</u>
<i>Cash flow from investment activities</i>		
- Investments in fixed assets	-72 474 347	-34 260 245
+ Payments by sale of fixed asset	0	50 000 000
= Net cash flow from investment activities	<u>-72 474 347</u>	<u>15 739 755</u>
<i>Cash flow from financing activities</i>		
+ Drawdown of new debt incl wrap around loan	0	24 004 485
- Repayment/Refinancing of long term liabilities	-36 999 472	-123 223 805
= Net cash flow from financing activities	<u>-36 999 472</u>	<u>-99 219 320</u>
= <i>Net change in cash and cash equivalents</i>	<u>-39 393 313</u>	<u>3 719 286</u>
+ <i>Cash reserve 1.1</i>	49 017 451	45 298 165
= <i>Cash reserve 31.12</i>	<u>9 624 139</u>	<u>49 017 451</u>



Notes to the financial statements 2022

Island Offshore VIII KS

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 VIII KS is included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Island Offshore Shipping AS, Stålhaugen 12, 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 instalment 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 note 5 for details.

Shipbuilding contracts

Instalments 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, normally every 30 months. 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. Currency gains/losses on revenue contracts are not offset towards gains/losses on long-term liabilities. Contract revenue in foreign currency is hedged by use of forward FX 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.

Island Offshore VIII KS

**Notes to the financial statements 2022****Island Offshore VIII KS**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 REVENUE BY GEOGRAPHICAL REGION

In NOK mill	2022	2021
Norway	268,8	326,6
UK	47,1	-
The Netherlands	54,4	57,8
Total Revenue	370,3	384,4

Island Commander was exposed to spot market and rest of fleet on term contracts as per 31.12.22. The Island Commander was able to secure a seven months firm contract early 2023 at sustainable rates. Two of the PSV vessels, operating in the Netherlands in 2022, were on bareboat contracts from affiliated company. The vessels were sold to external party and the bareboat contracts were terminated from November 2022.

Achieved utilization is 86% in 2022 compared with 93% in 2021 for the 8 vessels combined. Extensive maintenance capex programs with class renewals, installment of BWT, overhauls and repairs impact earnings and cash, however charter hire rates are in general considerable higher than compared with 2021.

NOTE 3 SPECIFICATIONS**Other financial income:**

	2022	2021
Interest income, bank	15 790	6
Gain related to buy back loan	-	52 865 879
Foreign exchange gain realized	3 544 992	1 753 460
Interest income related party	-12 387	
Total other financial income	3 548 395	54 619 345

In June 2021, the Company agreed with secured lenders to refinance the vessel mortgage loan and buy back the loan from one lender. Gain of NOK 52.9 mill deriving from the refinancing is presented as other financial income in 2021.



Notes to the financial statements 2022

Island Offshore VIII KS

Other financial expenses:

	2022	2021
Foreign exchange loss hedging	286 651	-
Foreign exchange loss realized	2 589 820	1 643 916
Depreciation on capitalized financial costs	-	4 871 322
Guarantee commission	-	4 083 288
Interest expenses financial loans	43 402 321	37 909 102
Other financial expenses	471 137	156 307
Total other financial expenses	46 749 929	48 663 936

NOTE 4 PAYROLL, EMPLOYEES

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

Auditor

Expenses audit fee totals NOK 286.340 in 2022. The fee includes work done for the general partner Island Offshore VIII AS. The fee is exclusive of VAT and can be specified as follows:

Audit	149 000
Audit confirmation work	45 000
Advisory and Tax Filing	84 000
Other	8 340
Total	286 340

NOTE 5 FIXED ASSETS

	Ships	Projects in progress	Periodic maintenance	Total
Total acquisition costs 1.1	2 367 550 896	1 738 503	121 285 474	2 490 574 873
Additions	(60 516)	1 978 501	70 556 363	72 474 348
Disposals at costs	-	-	-	-
Acc. depreciation 31.12	(762 812 900)	-	(109 611 300)	(872 424 200)
Acc impairment provisions	(295 003 615)	-	-	(295 003 615)
Revaluation capital expenditure leased vessels	-	-	(18 106 459)	(18 106 459)
Book value 31.12	1 309 673 865	3 717 004	64 124 078	1 377 514 947
Annual depreciation charge	58 793 657	-	16 417 642	75 211 299
Impairment provision	-	-	18 106 459	18 106 459
Economic life	20 years	-	3 years	-
Depreciation plan	Linear	-	Linear	-

The Company sold the Island Endeavour and Island Empress in June 2021. The two vessels were leased back on bareboat terms from affiliated company up to sale of the vessels in November 2022. According to standard bareboat charter party agreement the Company had the responsibility to maintain the leased vessels in good order / state of repair, in efficient operating condition and in



Notes to the financial statements 2022

Island Offshore VIII KS

accordance with good commercial maintenance practice. Thus, as a consequence of the termination of the lease agreement, expenses for a 15 year class renewal for Island Empress and installment of ballast water treatment unit for both vessel, in total amounting to NOK 18.1 mill, has been expensed as impairment provision for the Company.

The vessel value are also tested on an impairment 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 in 2022. Total impairment on vessel value recorded in balance sheet as per 31.12.22 was NOK 295 mill.

In order to illustrate the implications of changes in key assumptions, a sensitivity analysis has been undertaken. A summary of the implications is presented below for the fleet as per 31.12.22:

IN NOK MILL

Impairment provision on vessel value	Sensitivity		
	-1%	basis	+1%
Change in WACC			
Island Offshore VIII KS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-5%	basis	+5%
Change in utilization			
Island Offshore VIII KS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Change in day rate			
Island Offshore VIII KS	-15	-	-

Note that when amending key assumption with negative effect on impairment provision estimate, the corresponding improvement of key assumption will not have the equivalent positive effect, since previous impairment provision is assumed not to be reversed and the fact that value of vessel can only be adjusted back to original net book value.



Notes to the financial statements 2022

Island Offshore VIII KS

NOTE 6 PLEDGE OF ASSETS

	2022	2021
Book value of secured debt	927 853 343	964 856 343
Book value of pledged assets:		
Ships	1 377 514 947	1 398 358 358
Factoring	47 304 001	48 307 219
Bank deposits	9 624 139	49 017 451
TOTAL	1 434 443 087	1 495 683 028

In addition any insurance claims are pledged. In other receivables an insurance claim of NOK 13.1 mill regarding refund of expenses relating to a thruster break down for two vessels are included. The long term liabilities includes NOK 100 mill to one financial institution as a residual debt arising from a buy-back of loans. As part of the refinancing agreement signed in June 2021, it is agreed that NOK 50 mill of the the remaining debt will be forgiven if the Company pays NOK 50 mill as a bullet payment within four years after the closing date. This includes PIK interests at 2% which will be written down without further consideration. It is considered very likely that the bullet payment will be paid as planned, thus no PIK interests have been accrued for in the Balance Sheet. Refers to note 7.

NOTE 7 LONG TERM LIABILITIES

At 31.03.2020 one ship owning entity in the Group did not comply with the minimum cash requirement and due to cross default provisions, the Company did not comply with covenants as of 31.03.2020. Subsequently, in May 2020 the Group and the Company declared a one-sided stand-still towards the lenders. The Company completed several information meetings and negotiations with secured lenders and was in June 2021 successful in agreeing a refinancing agreement. The restructuring included partial buy back of loans and sale of Island Empress and Island Endeavour to an affiliated company. A partner loan of NOK 14 mill was also granted and is presented as other long-term liabilities. Gain related to the buy-back of loan was recorded in the Income Statement as per 31.12.21 with NOK 52.9 mill under financial items.

Due to extensive maintenance program with significant cash outlay for the majority of the vessels, the Company did not comply with cash covenant requirement as per 31.12.22. However, the Company received an waiver regarding the breach of the cash covenant from Sparebank1 SMN up to 30.06.23. Updated cash forecasts indicate that the Company will be in compliance with cash covenant rest of 2023.

The fleet facility agreement totals NOK 827.9 mill as per 31.12.2022 and is financed by Sparebank1 SMN. The loan balance will be repaid with an annual installment of NOK 37 mill with maturity in 2024.

The remaining debt related to the buy-back of loan of NOK 100 mill will be repaid by June 2026 as a bullet payment of NOK 50 mill and the remaining NOK 50 mill including PIK interests of 2% will be forgiven.

In accordance with Norwegian Accounting Principles, the loans from financial institution is classified as long term loan as per 31.12.22.



Notes to the financial statements 2022

Island Offshore VIII KS

NOTE 8 FINANCIAL INSTRUMENTS

Currency forward and option contracts are used to hedge contracted revenue in foreign currencies. Outstanding contracts at 31.12.2022 expire in June 2023 depending on the underlying contract cash flow. The estimated net unrealized loss is NOK 297,596 for sale of future EURO hedging and an unrealized loss NOK 35,842,85 for sale of future GBP hedging as per 31.12.22.

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 unrealized loss of total NOK 333,439 is not recorded in the financial statements as per 31.12.22 in accordance with the Norwegian Accounting Act and NGAAP.

NOTE 9 RELATED PARTIES

Transactions with related parties:

	2022	2021
Other receivables	29 669 786	40 935 342
Trade creditors	0	2 448 500
Other long term liabilities	14 005 013	14 004 485
Other short term liabilities	11 490 307	0

Other receivables are mainly prepayments to Manager Island Offshore Management AS. Other long term liabilities are partner loan from Borgstein Skipsinvest AS and Island Investment LLC. Trade creditors are bareboat hire invoice from an affiliated company regarding Island Endeavour and Island Empress. Other short term liabilities in 2022 is related to unpaid operating expenses towards Manager.

	2022	2021
Substitute Vessel - market rate adjustment	6 000 000	0
Crew hire	-167 607 615	-152 063 053
Management services	-18 484 188	-17 593 102
Bareboat hire rent	-17 929 042	-7 718 667

The Island Challenger was substitute vessel regarding a term contract originally assigned to Island Defender. Island Challenger received NOK 10 mill (accrued for NOK 6 mill in 2022) as market rate compensation from the affiliated company when Island Defender was sold to external party in October 2022.

The company has entered into management agreements with Island Offshore Management AS and Borgstein AS to carry out technical and commercial services for the vessel and business services for the company.

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 vessel, to the management company. An annual fee is paid based on arm's length principle.



Notes to the financial statements 2022

Island Offshore VIII KS

The company leased two PSVs on bareboat hire terms from an affiliated company from 29.06.21 up to termination of lease agreement in November 2022.

NOTE 10 TAXES

Deferred tax/tax asset is calculated based upon the temporary differences between accounting and tax values at the end of the accounting year.

Deferred tax/tax asset has been calculated as follows:

	<u>2022</u>	<u>2021</u>
Fixed assets	980 470 405	934 286 367
Gains/losses on fixed assets	35 545 805	44 432 256
Total temporary differences	<u>1 016 016 210</u>	<u>978 718 623</u>
Deferred tax	<u>223 523 566</u>	<u>215 318 097</u>
Tax rate	<u>22 %</u>	<u>22 %</u>

In accordance with Norwegian GAAP, deferred tax/tax asset is not recorded for participation taxed companies.

Specification of difference between accounting result before tax and tax basis:

	<u>2022</u>	<u>2021</u>
Profit before tax	-43 723 710	65 691 105
Change in temporary differences	-37 297 587	9 799 786
<i>Permanent differences</i>		
Reversed-/ denied+ tax deduction on internal interest expenses	454 755	-5 970 241
Non-deductible expenses	10 487	3 056
Tax basis	<u>-80 556 055</u>	<u>69 523 706</u>



Notes to the financial statements 2022

Island Offshore VIII KS

NOTE 11 EQUITY

	2022	2021
Total equity, undistributable 31.12	391 341 505	391 341 505
Uncalled capital	-	-
Total capital committed 31.12	391 341 505	391 341 505
<i>of this tied up capital</i>	<i>156 536 602</i>	<i>156 536 602</i>
<i>of this free capital</i>	<i>234 804 903</i>	<i>234 804 903</i>
Committed capital	391 341 505	391 341 505
Contributed by merger previous years	149 807 850	149 807 850
Other paid in capital	149 807 850	149 807 850
Total paid in capital	541 149 355	541 149 355
Retained earnings 1.1.	13 915 788	-51 775 317
This year's loss	-43 723 710	65 691 105
Retained earnings 31.12.	-29 807 922	13 915 788
Total equity 31.12	511 341 433	555 065 143

NOTE 12 OWNERSHIP

Participants at 31.12.22:

Island Offshore VIII KS	Committed capital	Ownership share
Island Offshore VIII AS	39 134 151	10,0000 %
IOSH c/o Amnor	258 045 409	65,9387 %
Sneingen AS	27 863 419	7,1200 %
Island Offshore Invest AS	19 598 049	5,0079 %
EMAR Invest AS	5 373 167	1,3730 %
Inger M. Kristensen AS	5 373 167	1,3730 %
DUK Invest AS	5 373 167	1,3730 %
Garstein AS	5 295 402	1,3531 %
Island Investment LLC	10 590 839	2,7063 %
Martin AS	2 717 017	0,6943 %
Villamar AS	2 717 015	0,6943 %
Aasheim Invest AS	2 717 015	0,6943 %
Ingus AS	3 271 844	0,8361 %
Beeline AS	3 271 844	0,8361 %
	-	
	391 341 505	100,0000 %



Notes to the financial statements 2022

Island Offshore VIII KS

NOTE 13 GOING CONCERN

In June 2021, the senior secured lenders agreed to extend their loans until the end of 2024 at amended terms. The Company has received a waiver for the cash covenant requirements for the period December 2022 to June 2023 and has serviced debt obligations in accordance with the provisions of the loan agreement. The Company has a satisfactory backlog, and the assessment is that the Company has the resources, organization, competence, assets and customer base to continue being a going concern.

The Board of Directors continues to monitor the financial situation of the Company closely. 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.



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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 Partnership Meeting of Island Offshore VIII KS

Opinion

We have audited the financial statements of Island Offshore VIII KS (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



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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 Offshore VIII KS 2022

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Jørn Knutsen

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