



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 982 411 408  
Organisasjonsform: Kommandittselskap  
Foretaksnavn: ISLAND OFFSHORE III KS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

### Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

### 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: 23.05.2024

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*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, 29.06.2025



## Resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	308 899 722	172 367 441
<b>Sum inntekter</b>		<b>308 899 722</b>	<b>172 367 441</b>
<b>Kostnader</b>			
Varekostnad	8	42 083 431	39 835 622
Lønnskostnad	3,8	130 001 722	97 234 143
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	33 067 629	32 709 769
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4	-65 545 690	
Annen driftskostnad	3	5 293 364	5 738 870
<b>Sum kostnader</b>		<b>144 900 456</b>	<b>175 518 404</b>
<b>Driftsresultat</b>		<b>163 999 266</b>	<b>-3 150 963</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	5	816 002	2 229 110
<b>Sum finansinntekter</b>		<b>0</b>	<b>0</b>
Rentekostnad til foretak i samme konsern		1 571 243	1 149 072
Annen finanskostnad	5	12 316 076	13 010 525
<b>Sum finanskostnader</b>		<b>0</b>	<b>0</b>
<b>Netto finans</b>		<b>-13 071 317</b>	<b>-11 930 487</b>
<b>Resultat før skattekostnad</b>		<b>150 927 949</b>	<b>-15 081 451</b>
<b>Årsresultat</b>		<b>150 927 949</b>	<b>-15 081 451</b>
<b>Totalresultat</b>		<b>150 927 949</b>	<b>-15 081 451</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		150 927 949	-15 081 451
<b>Sum overføringer og disponeringer</b>	10	<b>150 927 949</b>	<b>-15 081 451</b>



### Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Varige driftsmidler</b>			
Maskiner og anlegg	4,6	624 200 078	584 870 896
Sum varige driftsmidler		624 200 078	584 870 896
<b>Finansielle anleggsmidler</b>			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		624 200 078	584 870 896
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		562 853	523 487
Sum varer		562 853	523 487
<b>Fordringer</b>			
Kundefordringer		43 116 367	3 630 332
Andre fordringer	8	34 119 260	45 362 562
Sum fordringer		77 235 626	48 992 893
<b>Investeringer</b>			
Sum investeringer		0	0
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	6	36 607 197	7 272 775
Sum bankinnskudd, kontanter og lignende		36 607 197	7 272 775
Sum omløpsmidler		114 405 676	56 789 156
<b>SUM EIENDELER</b>		<b>738 605 754</b>	<b>641 660 052</b>



## Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	11	61 700 000	61 700 000
Annen innskutt egenkapital		0	0
<b>Sum innskutt egenkapital</b>		<b>61 700 000</b>	<b>61 700 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		495 455 443	344 527 494
<b>Sum opptjent egenkapital</b>		<b>495 455 443</b>	<b>344 527 494</b>
<b>Sum egenkapital</b>	10	<b>557 155 443</b>	<b>406 227 494</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>0</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	6,7	141 250 000	169 250 000
Øvrig langsiktig gjeld	6,7,8	11 899 063	11 534 595
<b>Sum annen langsiktig gjeld</b>		<b>153 149 063</b>	<b>180 784 595</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	8	630 630	64 375
Annen kortsiktig gjeld	8	27 670 619	54 583 588
<b>Sum kortsiktig gjeld</b>		<b>28 301 249</b>	<b>54 647 963</b>
<b>Sum gjeld</b>		<b>181 450 311</b>	<b>235 432 558</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>738 605 754</b>	<b>641 660 052</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 648326

#### Enheten

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Organisasjonsform: Kommandittselskap  
Foretaksnavn: ISLAND OFFSHORE III KS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

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Brønnøysundregistrene, 20.07.2024



Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

## RESULTATREGNSKAP

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	308 899 722	172 367 441
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Lønnskostnad	3, 8	130 001 722	97 234 143
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<b>Årsresultat</b>		<b>150 927 949</b>	<b>-15 081 451</b>
<b>Totalresultat</b>		<b>150 927 949</b>	<b>-15 081 451</b>
<b>Overføringer og disponeringer</b>			
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Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

## BALANSE

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<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Varige driftsmidler</b>			
Maskiner og anlegg	4, 6	624 200 078	584 870 896
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<b>Finansielle anleggsmidler</b>			
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Kundefordringer		43 116 367	3 630 332
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<b>Egenkapital</b>			
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Selskapskapital	11	61 700 000	61 700 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		61 700 000	61 700 000



<b>Opptjent egenkapital</b>			
Annen egenkapital		495 455 443	344 527 494
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<b>Langsiktig gjeld</b>			
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<b>Annen langsiktig gjeld</b>			
Gjeld til			
kredittinstitusjoner	6,7	141 250 000	169 250 000
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Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

1

### Regnskapsprinsipper

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. Island Offshore III KS was up to 31.12.21 included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Borgstein AS, Box 370, N-6067 Ulsteinvik. The majority shareholder was diluted when a new share issue was completed in January 2022, thus no owner has majority interest and the Company is from January 2022 not consolidated as a subsidiary in the Island Offshore Shipholding Group. 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 period 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 expenses are accrued in the balance sheet at cost based on consumption. 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 the vessel. Please refer to notes to the financial statements for details. Shipbuilding contracts Yard installments for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are also 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 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 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 period. Commissions are recognized as revenue when earned. 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

Note  
4

## Spesifisering av resultatregnskapet

### Lønnskostnader

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

Morselskapet sitt navn

Forretningskontor for morselskapet

## Begrunnelse for at datterselskap er utelatt fra konsolideringen

<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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## 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](http://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 III KS

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## **Annual report 2023**

**Board of directors' report**

**Annual accounts**

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

**Auditors' report**



**Annual Report 2023**  
**Island Offshore III KS**  
Org. no 982 411 408

**Business activities**

The Company owns the Riserless Light Well Intervention Unit Island Constructor. The vessel has operated mainly in Norway during 2023. The vessel is managed by Island Offshore Management AS, and the business is managed from Ulsteinvik, Norway.

**Statement on results**

Revenue in 2023 totals NOK 308.9 mill versus NOK 172.4 mill in 2022, primarily due to a significant improvement in utilization to 91% compared with 65% in 2022. In 2022, utilization was negatively affected by re-scheduled and cancelled work, idle time between jobs and 15-year class renewal.

The net result for 2023 is a profit of NOK 150.9 mill versus a loss of NOK 15.1 mill in 2022. Impairment provision on vessel value of NOK 65.5 mill has been reversed in 2023 based on independent broker estimate on vessel value and internal value in use analysis.

Net equity as of 31.12.2023 is NOK 557.2 mill versus NOK 406.2 mill on 31.12.2022. The change in equity is equal to this year's profit. Net equity ratio is 75.4% as per 31.12.23 compared to 63.3% at 31.12.22.

Cash flow from operational activities is positive with NOK 64.2 mill. Investments in 2023 include NOK 6.9 mill comprising vessel upgrades. Cash flow from financing activities includes payment of installments to secured lenders of NOK 28.0 mill. Thus, net cash flow is positive with NOK 29.3 mill in 2023 resulting in a net cash reserve of NOK 36.6 mill at 31.12.2023.

The Company does not have ongoing research and development activities.

**Going concern**

The current Restructuring Agreement with secured lenders was agreed in December 2021 and made effective in January 2022. The senior secured lenders agreed to extend their loans until the end of 2024 at amended terms. The Company has serviced its debt according to the agreed revised amortization plan. In addition, the market is showing signs of improvement and the 2024 backlog for the vessel is strong.

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 31.12.2023.

**Work environment and gender equality**

The Company does not have employees. The crew is hired from the Vessel Manager Island Offshore Management AS and its subsidiary Island Offshore Crewing AS. The Manager continuously work 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 2022 report is available and the 2023 report will be available on Island Offshore's webpage [www.islandoffshore.com](http://www.islandoffshore.com) before 30.06.2024.

## External environment

The Company's operations do not pollute the external environment beyond what is normal for this type of business. Annual environmental plans are prepared for the vessel and systematic work is carried out to reduce emission of GHG, chemicals or other oil containing substances. The new Corporate Sustainability Reporting Directive (CSRD) will be implemented in Norway according to EU model thus introduced at the latest in 2025. The CSRD implies a significant increase in sustainability reporting requirements in the Norwegian Accounting Act effective from the accounting year 2025. In addition, the EU Monitoring, Reporting and Verification (MRV) regulation will apply for Offshore Service Vessels above 5000 GT from 2025 whereby emission reporting will be verified by DNV. The objective of MRV is to assess the environmental impact of maritime transport and to serve as the basis for carbon tax determination. Entry into the EU Emission Trading System (EU ETS) will apply from 2027 for the same vessels. The emissions cap-and-trade system aims to reduce greenhouse gas (GHG) emissions by setting a limit, or cap, on GHG emissions through a limited number of EU Allowances (EUAs). The increasing reporting requirements will lead to increased expenses related to reporting efforts, but will likely also imply future investments required to reduce emission from the vessels in order to comply with regulatory requirements. It is not expected that the utilization or the lifetime of the vessels will be negatively impacted by the new EU and CSRD requirements.

## Financial risk

The Company's financial position as at 31.12.2023 is solid and the Company has satisfactory working capital. The Company's long-term liabilities to financial institutions totals NOK 141.2 mill.

The Company's end-customers are mainly large oil companies with low to moderate credit risk. The demand for LWI services has improved in 2023 and the outlook for 2024 and 2025 is positive with approximately 300 days work awarded for 2024.

Financial instruments are employed to hedge foreign currency exposure.

As the vessel may operate worldwide, tax advisors are engaged to verify and manage local tax compliance requirements.

## Future outlook

The vessel is well-established in the Norwegian and international LWI market with a multiple end-client base. Adjusted for planned maintenance and improvement projects, the vessel's 2024 work schedule is fully firmed up. Based on experience, the schedule may be adjusted due to changes in end-client programs and deferrals within contract terms.

The current geopolitical situation is unstable and could have a negative impact on the Oil & Gas markets thus the financial outlook and recoverable assets value.



The Board of Directors will continue to monitor the financial situation of the Company closely and will assess the need for additional financial measures going forward.

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

#### Other matters

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

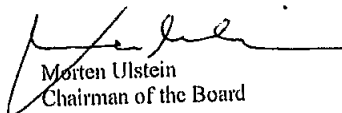
Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet, cash flow statement and notes.

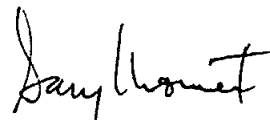
#### Allocation of results

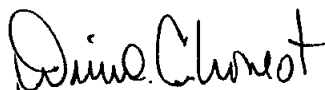
The Board proposes the following allocation of the 2023 net profit of NOK 150.927.949


Transferred to other equity                      NOK    150.927.949

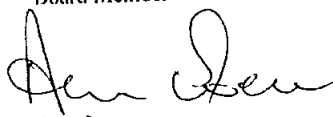
Ulsteinvik, 25.04.24

  
Morten Ulstein  
Chairman of the Board

  
Gary J. Chouest  
Board Member

  
Dino D. Chouest  
Board Member

  
Navard Ulstein  
Board Member

  
Arne Loen  
Board Member



## Island Offshore III KS

### Income statement

	Note	2023	2022
<b>Revenue</b>			
Freight income	2	308 899 722	172 367 441
Total revenue		<u>308 899 722</u>	<u>172 367 441</u>
<b>Operating expenses</b>			
Vessel expenses	8	42 083 430	39 835 621
Crew expenses	3,8	130 001 721	97 234 143
Depreciation	4	33 067 629	32 709 769
Impairment/Impairment Reversal	4	-65 545 690	0
Other operating expenses	3	5 293 366	5 738 871
Total operating expenses		<u>144 900 456</u>	<u>175 518 404</u>
Operating result		<u>163 999 266</u>	<u>-3 150 963</u>
<b>Financial income and expenses</b>			
Other financial income	5	816 002	2 229 110
Interest paid to group companies		1 571 243	1 149 072
Other financial expenses	5	12 316 076	13 010 526
Net financial items		<u>-13 071 317</u>	<u>-11 930 488</u>
Ordinary result before tax		<u>150 927 949</u>	<u>-15 081 451</u>
<b>Net profit or loss for the year</b>		<u>150 927 949</u>	<u>-15 081 451</u>
<b>Allocated as follows</b>			
Transferred to other equity	10	150 927 949	-15 081 451



Island Offshore III KS

Balance sheet as of December 31

	Note	2023	2022
<b>Fixed assets</b>			
<i>Tangible assets</i>			
Ships	4,6	624 200 078	584 870 896
<b>Current assets</b>			
Inventories		<u>562 853</u>	<u>523 487</u>
<i>Receivables</i>	6,8		
Trade receivables	8	43 116 367	3 630 332
Other receivables		<u>34 119 259</u>	<u>45 362 561</u>
Total accounts receivable		<u>77 235 626</u>	<u>48 992 893</u>
Cash and cash equivalents	6	<u>36 607 197</u>	<u>7 272 775</u>
Total current assets		<u>114 405 676</u>	<u>56 789 155</u>
Total assets		<u>738 605 754</u>	<u>641 660 051</u>

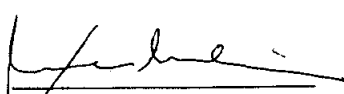


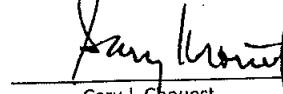
Island Offshore III KS


Balance sheet as of December 31

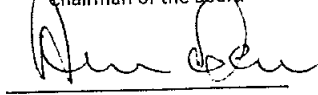
	Note	2023	2022
<b>Equity</b>			
<i>Paid-in capital</i>			
Equity, undistributable	11	61 700 000	61 700 000
<i>Retained earnings</i>			
Other equity		495 455 443	344 527 494
Total equity	10	<u>557 155 443</u>	<u>406 227 494</u>
<b>Liabilities</b>			
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	6,7	141 250 000	169 250 000
Other long-term liabilities	6,7,8	<u>11 899 063</u>	<u>11 534 595</u>
Total other long term liabilities		<u>153 149 063</u>	<u>180 784 595</u>
<i>Current liabilities</i>			
Trade creditors	8	630 630	64 375
Other short-term liabilities	8	<u>27 670 618</u>	<u>54 583 587</u>
Total current liabilities		<u>28 301 248</u>	<u>54 647 962</u>
Total liabilities		<u>181 450 311</u>	<u>235 432 557</u>
Total equity and liabilities		<u>738 605 754</u>	<u>641 660 051</u>

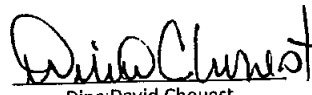
31 December 2023  
Ulsteinvik, 25 April 2024

  
Morten Ulstein  
Chairman of the Board

  
Gary J. Chouest  
Member of the Board

  
Harald Ulstein  
Member of the Board

  
Arne Loen  
Member of the Board

  
Dino David Chouest  
Member of the Board

**Cash Flow Statement**

## Island Offshore III KS

	2023	2022
<b><i>Cash flow from operating activities</i></b>		
Profit before tax	150 927 949	-15 081 451
- Taxes paid	0	0
+ Ordinary depreciation	33 067 629	32 709 769
+ Impairment provision	-65 545 690	0
-/+ Change inventory	-39 366	27 859
-/+ - Increase/ + reduction accounts receivable	-39 486 035	8 746 165
+/- + Increase/ - reduction accounts payable	566 255	-1 440
+/- Change in other accruals	-15 305 199	-2 481 226
= Net cash flow from operating activities	<u>64 185 543</u>	<u>23 919 676</u>
<b><i>Cash flow from investment activities</i></b>		
- Payments purchase of fixed assets	<u>-6 851 121</u>	<u>-22 477 964</u>
= Net cash flow from investment activities	<u>-6 851 121</u>	<u>-22 477 964</u>
<b><i>Cash flow from financing activities</i></b>		
- Repayment of long term liabilities	-28 000 000	-84 712 500
- Forgiveness on long term loan	0	21 982 000
+ Capital call from owners	<u>0</u>	<u>41 700 000</u>
= Net cash flow from financing activities	<u>-28 000 000</u>	<u>-21 030 500</u>
= <b><i>Net change in cash and cash equivalents</i></b>	<u>29 334 422</u>	<u>-19 588 788</u>
+ <b><i>Cash reserve 1.1.</i></b>	<u>7 272 775</u>	<u>26 861 563</u>
= <b><i>Cash reserve 31.12</i></b>	<u>36 607 197</u>	<u>7 272 775</u>



## Notes to the financial statements 2023

### Island Offshore III KS

#### NOTE 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

Island Offshore III KS was up to 31.12.21 included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Borgstein AS, Box 370, N-6067 Ulsteinvik. The majority shareholder was diluted when a new share issue was completed in January 2022, thus no owner has majority interest and the Company is from January 2022 not consolidated as a subsidiary in the Island Offshore Shipholding Group.

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 period 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 expenses are accrued in the balance sheet at cost based on consumption.

##### 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 the vessel. Please refer to notes to the financial statements for details.

##### Shipbuilding contracts

Yard installments for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are also 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 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 FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.



## Notes to the financial statements 2023

### Island Offshore III KS

#### 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 period. Commissions are recognized as revenue when earned.

#### 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	2023	2022
Norway	288,2	119,4
Angola	20,7	52,9
<b>Total Revenue</b>	<b>308,9</b>	<b>172,4</b>

Average utilization in 2023 was 91% compared with 65% in 2022.

Outlays invoiced to customer is NOK 4.3 mill in 2023 compared with NOK 5.0 mill in 2022. Reported gross in Income Statement, thus equivalent expenses reported under vessel expenses.

#### **NOTE 3 PAYROLL, EMPLOYEES**

The company has no employees and no obligation to have pension funds. Crew expenses in the financial statements relate to hired crew.

#### **Auditor**

Audit fees total NOK 168.931 excluding VAT and can be specified as follows:

Audit incl. assessment going concern	108.525
Advisory and tax filing	55.000
Other	5.406
<b>Sum</b>	<b>168.931</b>

The fees include work performed for the general partner Island Offshore XI AS.



## Notes to the financial statements 2023

### Island Offshore III KS

**NOTE 4      FIXED ASSETS**

	Vessel	Projects in progress	Capitalized maintenance	Total
Acquisition cost 1.1	984 480 615	15 198 027	80 570 787	1 080 249 429
Additions	-	-14 647 811	21 498 932	6 851 121
Accumulated impairment provision	-	-	-	-
Accumulated depreciation 31.12.	-389 822 345	-	-73 078 127	-462 900 472
<b>Book value 31.12.</b>	<b>594 658 270</b>	<b>550 216</b>	<b>28 991 592</b>	<b>624 200 078</b>
This year's impairment provision + / reversal -	-65 545 690	-	-	-65 545 690
This year's depreciation charge	23 855 640	-	9 211 989	33 067 629
Economic life	20 yrs	-	3-5 yrs	-
Depreciation plan	Linear	-	Linear	-

The estimated market value of Island Constructor obtained from independent ship brokers, is higher than the net book value of the vessel. The vessel value is also subject to an impairment test analysis employing estimates of future cash flow for the vessel.

The analysis take into account the present market situation and includes gradual improvement both in utilization and charter hire rates throughout of the expected usage time for the vessel. Key assumption in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 10.5%. The usage period of the vessel is assumed to be 30 years after delivery.

The analysis did not indicate additional impairment on vessel value. On the contrary, considering improved market terms and increased utilization with satisfactory current backlog, there are excess value for the vessel. Previous years' impairment provision on vessel value is reversed with NOK 65.5 mill in the income statement and net book value of the vessel is in accordance with the Company's ordinary depreciation plan as per 31.12.23.

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:

**IN NOK MILL**

Impairment provision on vessel value	Sensitivity		
	-1%	basis	+1%
Island Offshore III KS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-5%	basis	+5%
Island Offshore III KS	-	-	-

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Island Offshore III KS	-	-	-



## Notes to the financial statements 2023

### Island Offshore III KS

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, as value of vessel can only be adjusted back to original net book value.

The new Corporate Sustainability Reporting Directive (CSRD) will be implemented in Norway according to EU model thus introduced at the latest in 2025. The CSRD implies a significant increase in sustainability reporting requirements in the Norwegian Accounting Act effective from the accounting year 2025. In addition, the EU Monitoring, Reporting and Verification (MRV) regulation will apply for Offshore Service Vessels above 5000 GT from 2025 whereby emission reporting will be verified by DNV. The objective of MRV is to assess the environmental impact of maritime transport and to serve as the basis for carbon tax determination. Entry into the EU Emission Trading System (EU ETS) will apply from 2027 for the same vessels. The emissions cap-and-trade system aims to reduce greenhouse gas (GHG) emissions by setting a limit, or cap, on GHG emissions through a limited number of EU Allowances (EUAs). The increasing reporting requirements will lead to increased expenses related to reporting efforts, but will likely also imply future investments required to reduce emission from the vessels in order to comply with regulatory requirements. It is not expected that the utilization or the lifetime of the vessels will be negatively impacted by the new EU and CSRD requirements.

#### NOTE 5 SPECIFICATIONS

	2023	2022
Interest income from bank	666 852	190 473
Foreign exchange gain realized	260 253	1 909 880
Foreign exchange not realized	-120 832	120 832
Other financial income	9 729	7 924
<b>Total other financial income</b>	<b>816 002</b>	<b>2 229 110</b>

	2023	2022
Foreign exchange loss on currency	482 083	1 227 907
Other financial interest expenses	1 446	961 224
Arrangement fee bank	-	713 438
Interest cost long term loan	11 780 305	10 106 490
Other financial costs	52 242	1 467
<b>Total other financial costs</b>	<b>12 316 076</b>	<b>13 010 525</b>

**Notes to the financial statements 2023**

## Island Offshore III KS

**NOTE 6 MORTGAGE AND GUARANTEE LIABILITIES**

	<u>2023</u>	<u>2022</u>
Liabilities secured by mortgage	141 250 000	169 250 000
Book value of pledged assets:		
Ships	624 200 078	584 870 896
Cash deposits	36 607 197	7 272 775
Factoring	43 116 367	3 630 332
<b>Total</b>	<b><u>703 923 642</u></b>	<b><u>595 774 003</u></b>

**NOTE 7 LONG TERM LOANS**

	<u>2023</u>	<u>2022</u>
Loans from financial institutions	141 250 000	169 250 000
Loan from general partner	11 899 063	11 534 595
<b>Total</b>	<b><u>153 149 063</u></b>	<b><u>180 784 595</u></b>

The Company's restructuring agreement with the bank was effective in January 2022.

The loan is financed by one financial institution. The remaining loan balance will be repaid with an annual installment of NOK 28 mill. The remaining loan will mature on 31.12.2024.

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

**NOTE 8 LIABILITIES TO RELATED PARTIES**

	<u>2023</u>	<u>2022</u>
Other receivables	25 345 025	32 564 430
Other long term liabilities	-11 899 063	-11 534 595
Other short term liabilities	-16 278 893	-49 062 000

Other receivables are prepayment on operating expenses towards Island Offshore Management AS. Other long term liabilities are loan from general partner Island Offshore XI AS. Other short term liabilities are due to Island Offshore Crewing AS (and towards manager in 2022) including accrued interests.

Loans are charged at market rates.



## Notes to the financial statements 2023

### Island Offshore III KS

	<u>2023</u>	<u>2022</u>
Management services	-4 827 177	-4 741 596
Crew hire	-130 001 722	-97 234 143
Agent contract revenue	28 739 416	46 900 473

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. 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.

The Company has in 2023 and 2022 entered into Agent Contract with Island Offshore Subsea UK Limited. No risk involved for operating company thus all revenue and operating expenses relating to the vessel is recharged to shipowner.

#### NOTE 9 TAXES

##### Ordinary taxation:

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 has been calculated on the basis of the following temporary differences:

	<u>2023</u>	<u>2022</u>
Gains/loss account	4 173 815	5 217 269
Fixed assets	502 872 104	414 513 187
<b>Total temporary differences</b>	<b>507 045 919</b>	<b>419 730 456</b>
<b>Deferred tax</b>	<b>111 550 102</b>	<b>92 340 700</b>
<b>Tax rate</b>	<b>22 %</b>	<b>22 %</b>

In accordance with GAAP deferred tax is not recorded in companies taxed as partnerships.



## Notes to the financial statements 2023

### Island Offshore III KS

A specification of the differences between accounting profit before tax and taxable profit is presented below.

	<u>2023</u>	<u>2022</u>
Ordinary result before taxes	150 927 949	-15 081 451
<i>Permanent differences</i>		
Non-deductible expenses	9 500	9 505
<i>Change in temporary differences</i>		
Gains/loss account	1 043 454	1 304 317
Fixed assets	-88 358 917	3 297 717
<b>Tax base</b>	<u><b>63 621 986</b></u>	<u><b>-10 469 912</b></u>
Denied deduction interests expenses related parties	-196 583	784 604
<b>Annual tax base</b>	<u><b>63 425 403</b></u>	<u><b>-9 685 308</b></u>

#### NOTE 10 EQUITY

	<u>2023</u>	<u>2022</u>
Tied up capital	61 700 000	61 700 000
Free capital	-	-
Registered capital	61 700 000	61 700 000
Uncalled capital	-	-
<b>Paid in capital</b>	<u><b>61 700 000</b></u>	<u><b>61 700 000</b></u>
Other equity 01.01	344 527 493	110 626 944
Reduction in paid in capital applied to other equity	-	227 000 000
Forgiveness of long term liability	-	21 982 000
Annual net result	150 927 949	-15 081 451
<b>Retained earnings 31.12</b>	<u><b>495 455 443</b></u>	<u><b>344 527 493</b></u>
<b>Total equity 31.12</b>	<u><b>557 155 443</b></u>	<u><b>406 227 493</b></u>

**Notes to the financial statements 2023**

## Island Offshore III KS

**NOTE 11 OWNERSHIP**

Participants at 31.12.2023:

Participant	Share %	Share of registered capital	Paid-in capital
<i>General Partner:</i>			
Island Offshore XI AS	10,00 %	6 170 000	28 870 000
<i>Participants:</i>			
Island Offshore Shipholding	18,54 %	11 441 326	141 300 382
Borgstein Skipsinvest AS	19,33 %	11 927 583	11 927 583
Island Investment LLC	19,33 %	11 927 583	11 927 583
Island Offshore Invest AS	6,51 %	4 017 711	18 799 240
Sneingen AS	17,61 %	10 863 721	50 832 356
EMAR Invest AS	1,67 %	1 032 048	4 829 048
Inger M. Kristensen AS	1,67 %	1 032 048	4 829 046
DUK Invest AS	1,67 %	1 032 048	4 829 046
Ingus AS	1,21 %	747 766	3 498 864
Beeline AS	1,21 %	747 766	3 498 864
HUK Invest AS	1,23 %	760 401	3 557 988
<b>Total</b>	<b>100,00 %</b>	<b>61 700 000</b>	<b>288 700 000</b>

The Company has in total 761.995.000 shares with nominal value 0,0809716 as per 31.12.23.

**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 31.12.23.

**NOTE 13 GOING CONCERN**

The current Restructuring Agreement with secured lenders was agreed in December 2021 and made effective in January 2022. The senior secured lenders agreed to extend their loans until the end of 2024 at amended terms. The Company has serviced its debt according to the agreed revised amortization plan. In addition, the market is showing signs of improvement and the 2024 backlog for the vessel is strong.

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 31.12.2023.



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 III KS

### Opinion

We have audited the financial statements of Island Offshore III KS (the Company), which comprise the balance sheet as at 31 December 2023, 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 2023 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 of the financial statements that give a true and fair view 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, 29 April 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jørn Knutsen  
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Offshore III KS 2023

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### Knutsen, Jørn

Statsautorisert revisor

På vegne av: Ernst & Young AS

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