



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 887 254 982
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE X AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
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: 11.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 29.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad			1 506
Sum kostnader		0	1 506
Driftsresultat		0	-1 506
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap			-3 224 268
Annen renteinntekt		8	45
Sum finansinntekter		8	-3 224 222
Sum finanskostnader		0	0
Netto finans		8	-3 224 222
Ordinært resultat før skattekostnad		8	-3 225 728
Ordinært resultat etter skattekostnad		8	-3 225 728
Årsresultat		8	-3 225 728
Totalresultat		8	-3 225 728
Overføringer og disponeringer			
Udekket tap			-3 225 728
Overføringer til/fra annen egenkapital		8	
Sum overføringer og disponeringer	7	8	-3 225 728



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Sum fordringer		0	0
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		4 429	4 420
Sum bankinnskudd, kontanter og lignende		4 429	4 420
Sum omløpsmidler		4 429	4 420
SUM EIENDELER		4 429	4 420

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Selskapskapital	8	26 772 320	26 772 320
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		26 772 320	26 772 320
Opptjent egenkapital			
Fond		10 346 032	10 346 032
Annen egenkapital		-37 401 169	-37 401 178
Sum opptjent egenkapital		-27 055 138	-27 055 146
Sum egenkapital	7	-282 818	-282 826
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6	282 902	282 902
Sum annen langsiktig gjeld		282 902	282 902
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Annen kortsiktig gjeld		4 344	4 344
Sum kortsiktig gjeld		4 344	4 344
Sum gjeld		287 247	287 247
SUM EGENKAPITAL OG GJELD		4 429	4 420



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 746813

Enheten

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Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE X AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

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Konsern

Morselskap i konsern: Nei

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Regler for små foretak benyttet: Ja
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: 11.06.2021

Revisjon

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

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

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, 28.09.2021

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 887 254 982
ISLAND OFFSHORE X AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad			1 506
Sum kostnader		0	1 506
Driftsresultat		0	-1 506
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap			-3 224 268
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Sum finansinntekter	8	8	-3 224 222
Sum finanskostnader		0	0
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Organisasjonsnr: 887 254 982
ISLAND OFFSHORE X AS

BALANSE

Beløp i: NOK	Note	2020	2019
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BALANSE - EIENDELER

Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Sum fordringer		0	0
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		4 429	4 420
Sum bankinnskudd, kontanter og lignende		4 429	4 420
Sum omløpsmidler		4 429	4 420
SUM EIENDELER		4 429	4 420

BALANSE - EGENKAPITAL OG GJELD

Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	26 772 320	26 772 320
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		26 772 320	26 772 320
Opptjent egenkapital			
Fond		10 346 032	10 346 032
Annen egenkapital		-37 401 169	-37 401 178
Sum opptjent egenkapital		-27 055 138	-27 055 146



Sum egenkapital	7	-282 818	-282 826
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelses		0	0
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6	282 902	282 902
Sum annen langsiktig gjeld		282 902	282 902
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Annen kortsiktig gjeld		4 344	4 344
Sum kortsiktig gjeld		4 344	4 344
Sum gjeld		287 247	287 247
SUM EGENKAPITAL OG GJELD		4 429	4 420



Organisasjonsnr: 887 254 982
ISLAND OFFSHORE X AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small businesses (NRS 8) in Norway. The significant principles are described below. Classification criteria Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets. Presentation of subsidiaries and associated companies Associated companies are accounted for by the equity method. Valuation of current assets Receivables are recorded net of expected future losses. 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. Taxes The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax is calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable.

Note
2
Er det usikkerhet om fortsatt drift?: Nei

Note
8

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære	26772320.00	1.00	26772320.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Island Offshore	26772320.00	100.00%	Ordinære
Shipholding LP			
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	26772320.00	100.00%	

Note



3

Lønn og ytelser

Note

3

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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Note

3

Ytelser til andre ledende personer

Note

3

Ytelser til revisjon

Se vedlegg note 3

Note

3

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

0.00

Note

3

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:

Nei

Oppfyller pensjonsordning lovkravene: Nei

Note

3

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei



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

Sentralbord
800 80 000
Telefaks
22 17 08 60



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



**Financial Statements
2020**

Island Offshore X AS



ISLAND OFFSHORE



Income statement

Island Offshore X AS

Tekst	Note	2020	2019
Other operating expenses		0	1 506
Total operating expenses		0	1 506
Operating profit		0	-1 506
Income on investments in associated companies	4	0	-3 224 268
Interest income		8	45
Total financial income & expenses		8	-3 224 223
Ordinary result before tax		8	-3 225 728
Net profit for the year		8	-3 225 728
Allocated as follows			
Transfer to other equity		8	0
Transfer to other equity		0	-3 225 728
Total transfers	7	8	-3 225 728



Balance sheet

Island Offshore X AS

Tekst	Note	2020	2019
Assets			
Fixed assets			
Intangible fixed assets			
Financial fixed assets			
Current assets			
Cash and bank deposits		4 429	4 420
Total current assets		4 429	4 420
Total assets		4 429	4 420




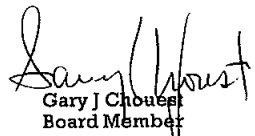
Balance sheet


Island Offshore X AS


Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	26 772 320	26 772 320
Total paid in equity		26 772 320	26 772 320
Retained earnings			
Reserve for valuation variances		10 346 032	10 346 032
Other equity		-37 401 169	-37 401 178
Total retained earnings		-27 055 138	-27 055 146
Total equity	7	-282 818	-282 826
Liabilities			
Provision for liabilities			
Other long term debt	6	282 902	282 902
Other longterm debt		282 902	282 902
Current liabilities			
Other short term liabilities		4 344	4 344
Total current liabilities		4 344	4 344
Total liabilities		287 247	287 247
Total equity and liabilities		4 429	4 420


Ulsteinvik, 31.12.2020 / 29.04.2021
The Board of Directors Island Offshore X AS


Morten Ulstein
Chairman of the Board


Gary J Chouest
Board Member


Dino David Chouest
Board Member


Håvard Ulstein
Board Member

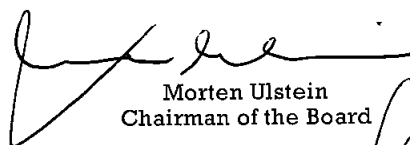

Henning Sundet
Managing Director

Island Offshore X AS Org.nr. 887254982

**Balance sheet****Island Offshore X AS**

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	26 772 320	26 772 320
Total paid in equity		26 772 320	26 772 320
Retained earnings			
Reserve for valuation variances		10 346 032	10 346 032
Other equity		-37 401 169	-37 401 178
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Liabilities			
Provision for liabilities			
Other long term debt	6	282 902	282 902
Other longterm debt		282 902	282 902
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Other short term liabilities		4 344	4 344
Total current liabilities		4 344	4 344
Total liabilities		287 247	287 247
Total equity and liabilities		4 429	4 420

Ulsteinvik, 31.12.2020 / 29.04.2021
The Board of Directors Island Offshore X AS



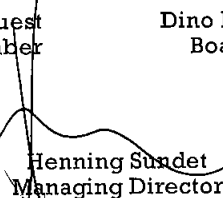
Morten Ulstein
Chairman of the Board

Gary J Chouest
Board Member

Dino David Chouest
Board Member



Harald Ulstein
Board Member



Henning Sundet
Managing Director

Island Offshore X AS Org.nr. 887254982



Notes to the financial statements 2020

Island Offshore X AS

NOTE 1 GENERAL

The company is the general partner with 11,54% ownership in Island Offshore X KS. The participation in the partnership is accounted for by the equity method.

Island Offshore X AS is included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Island Offshore Shipping AS. P.O. Box 370, N-6067 Ulsteinvik.

NOTE 2 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small businesses (NRS 8) in Norway. The significant principles are described below.

Classification criteria

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

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

Presentation of subsidiaries and associated companies

Associated companies are accounted for by the equity method.

Valuation of current assets

Receivables are recorded net of expected future losses.

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.

Taxes

The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax is calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable.

NOTE 3 PAYROLL COST, EMPLOYEES

The company has no employees and the Board of Directors have not received any compensation.

Auditor

Audit fees are covered by the partnership in accordance with the Partnership Agreement.

**Notes to the financial statements 2020**

Island Offshore X AS

NOTE 4 INVESTMENTS

	<u>Island Offshore X KS</u>
Registered capital	51 674 130
Unpaid capital	-
Ownership	<u>11,54 %</u>
Share of fixed assets	50 567 794
Share of current assets	<u>4 150 058</u>
Share of total assets	54 717 851
Share of liabilities	<u>135 332 009</u>
Share of book value of equity	<u>-80 614 157</u>
Share of net result	<u>-62 717 025</u>
Share of net tax result	<u>-22 010 049</u>

As the general partner of Island Offshore X KS, the Company is responsible for the partnership's total liabilities of NOK 1.172.721.046 at 31.12.2020.

Due to net loss of the partnership's equity, the value of shares are written down to zero, thus further negative value is not recorded in the balance sheet according to Norwegian Accounting principles.

NOTE 5 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.

Temporary differences that reverse or may be reversed are offset and presented net.

Specification of temporary differences:

	<u>2020</u>	<u>2019</u>
Temporary difference, share of partnership	13 468 513	-8 594 656
Previous year's correction temporary differences	-	-
Deferred tax loss carried forward	<u>-92 311 329</u>	<u>-70 301 287</u>
Sum temporary differences	<u>-78 842 816</u>	<u>-78 895 943</u>
Deferred tax asset	<u>-17 345 420</u>	<u>-17 357 107</u>
Tax rate	<u>22 %</u>	<u>22 %</u>



Notes to the financial statements 2020

Island Offshore X AS

A specification of the difference between net result before tax and the tax basis is presented below.

	<u>2020</u>	<u>2019</u>
Net result before tax	8	-3 225 728
Share of net tax result from partnership	-22 010 049	-22 781 708
Reversed share of net accounting result from partnership	<u>0</u>	<u>3 224 268</u>
Annual tax basis	<u>-22 010 041</u>	<u>-22 783 169</u>

As it will take some time for the Company to utilize tax loss carried forward to offset future payable tax, it is decided not to record deferred tax asset in the balance sheet of the Company as per 31.12.20 and 31.12.19.

NOTE 6 RELATED PARTIES

	<u>2020</u>	<u>2019</u>
Long term payable to Island Offshore X KS	282 902	282 902
Long term payable to Island Offshore Shipholding, L.P.	-	-
Total Intra Group Liabilities	<u>282 902</u>	<u>282 902</u>

NOTE 7 EQUITY

	Share capital	Reserve for valuation variances	Other equity	Sum
Equity 1.1	26 772 320	10 346 032	-37 401 178	-282 826
Conversion of loan	-	-	-	-
Net result	-	-	8	8
Equity 31.12.	<u>26 772 320</u>	<u>10 346 032</u>	<u>-37 401 171</u>	<u>-282 818</u>



Notes to the financial statements 2020

Island Offshore X AS

NOTE 8 SHARE CAPITAL AND OWNERSHIP

The share capital comprises 26.772.320 shares at face value NOK 1,0.

Ownership

Shareholders. 31.12. :

Shareholders	Shares	Ownership
Island Offshore Shipholding LP	26 772 320	100,0 %
Total shares	26 772 320	100,0 %

NOTE 9 GOING CONCERN

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the partnership Island Offshore X KS, concluded a restructuring agreement with secured and unsecured lenders effective April 12th 2018. The term of the restructuring agreement was until end of 2020 and included modified amortization schedules for each vessel, in addition to lifting of certain financial covenants. The partnership has since the entering into of the restructuring / refinancing agreements been dependent upon support from the parent company Island Offshore Shipholding LP ("IOSH") through a "Subordinated Working Capital Facility Agreement" ("WCF") between the Company (as "Borrower") and IOSH (as "Lender").

First quarter of 2020, a total of NOK 124.8 mill was drawn under the facility. However, according to the WCF "The Lender (IOSH) will not be obliged, nor allowed, to make the Loan available if disbursing the Loan would cause the Cash and Cash Equivalents of the Lender to fall below the IOSH Cash Threshold".

In April 2020 IOSH as Lender was no longer allowed, or obliged, to make the loan available in April 2020, as this would cause a breach of the IOSH minimum Cash Threshold. I O X KS sent an application to its secured lenders in the middle of April 2020 asking for a stand-still agreement where under no debt service payments would be made, and the minimum cash covenant would be waived, lasting until end of August 2020.

Negotiations with stakeholders for agreements effective post 2020 has been conducted throughout 2020 and continues in 2021. The objective is to conclude the process as soon as possible, but additional time is required due to the complexity of the restructuring. The discussions are constructive and progressing; however, no assurances can be given as to when a conclusion is attainable involving all companies and stakeholders. The IOSH Group is in a challenging financial position, and the viability of the IOSH Group will require a long-term agreement with secured and unsecured creditors to strengthen the financial situation.

Further, market state in 2020 has been significantly impaired by the COVID-19 pandemic and the immediate effect on market activity and cost of operations. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.



Notes to the financial statements 2020

Island Offshore X AS

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 31.12.2020, and the condition that a new restructuring agreement is agreed and made effective with secured and unsecured lenders before or short after 29.4.2021.

Due to the COVID-19 pandemic and outcome of the financial restructuring process, there is uncertainty for the Company to continue as a going concern over the next 12 months.

NOTE 10 COVID-19

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.

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



Statsautoriserte revisorer
Ernst & Young AS

Tnormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

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

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Offshore X AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Offshore X AS, which comprise the balance sheet as at 31 December 2020, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Material uncertainty related to going concern

We draw attention to note 9 and note 10 in the financial statements, which describes that the Company is dependent on an agreement with its creditors for an acceptable and sustainable restructuring to continue as going concern. These events or conditions, along with other matters as set forth in note 9 and note 10, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements do not reflect impairment charges or provisions that might be required if the Company was liquidated or the assets sold in a distressed situation

Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (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 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.

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including 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 those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Island Offshore X AS

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Bergen, 3 May 2021
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The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnr: FINXXF-LCIE1-68IUZ-V7GQC-KSLBY-ILV8Z

Independent auditor's report - Island Offshore X AS

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Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

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