



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 920 421 091  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ISLAND DILIGENCE AS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: 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: 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, 21.07.2024



## Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	72 567 825	72 780 243
Annen driftsinntekt		305 000	
<b>Sum inntekter</b>		<b>72 872 825</b>	<b>72 780 243</b>
<b>Kostnader</b>			
Varekostnad	6	23 707 847	14 693 712
Lønnskostnad	5,6	28 653 454	28 641 958
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	12 818 304	12 630 025
Annen driftskostnad	5	1 713 826	1 716 047
<b>Sum kostnader</b>		<b>66 893 432</b>	<b>57 681 742</b>
<b>Driftsresultat</b>		<b>5 979 393</b>	<b>15 098 501</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		12 406	
Annen finansinntekt	3	628 629	1 385 273
<b>Sum finansinntekter</b>		<b>0</b>	<b>0</b>
Annen rentekostnad		12 224 317	10 950 457
Annen finanskostnad	3	957 338	2 070 056
<b>Sum finanskostnader</b>		<b>0</b>	<b>0</b>
<b>Netto finans</b>		<b>-12 540 620</b>	<b>-11 635 240</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-6 561 226</b>	<b>3 463 261</b>
Skattekostnad på ordinært resultat	8	-1 443 171	772 409
<b>Ordinært resultat etter skattekostnad</b>		<b>0</b>	<b>0</b>
<b>Årsresultat</b>		<b>-5 118 055</b>	<b>2 690 852</b>
<b>Totalresultat</b>		<b>-5 118 055</b>	<b>2 690 852</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-5 118 055	2 690 852



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Sum overføringer og disponeringer	9	-5 118 055	2 690 852



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	8	4 666 086	3 222 915
<b>Sum immaterielle eiendeler</b>		<b>4 666 086</b>	<b>3 222 915</b>
<b>Varige driftsmidler</b>			
Maskiner og anlegg	4	387 885 112	398 840 537
Skip, rigger, fly og lignende	4	12 160 676	4 814 025
<b>Sum varige driftsmidler</b>		<b>400 045 788</b>	<b>403 654 562</b>
<b>Finansielle anleggsmidler</b>			
<b>Sum finansielle anleggsmidler</b>		<b>0</b>	<b>0</b>
<b>Sum anleggsmidler</b>		<b>404 711 874</b>	<b>406 877 477</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		366 465	2 721 035
<b>Sum varer</b>		<b>0</b>	<b>0</b>
<b>Fordringer</b>			
Kundefordringer		7 713 130	23 617 028
Andre fordringer	6	7 035 447	6 786 858
<b>Sum fordringer</b>		<b>14 748 577</b>	<b>30 403 887</b>
<b>Investeringer</b>			
<b>Sum investeringer</b>		<b>0</b>	<b>0</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		10 929 596	14 010 839
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>10 929 596</b>	<b>14 010 839</b>
<b>Sum omløpsmidler</b>		<b>26 044 638</b>	<b>47 135 760</b>
<b>SUM EIENDELER</b>		<b>430 756 512</b>	<b>454 013 237</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		17 012 500	17 012 500
Overkurs		153 124 430	153 124 430
Annen innskutt egenkapital		0	0
<b>Sum innskutt egenkapital</b>		<b>170 136 930</b>	<b>170 136 930</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-16 677 289	-11 559 235
<b>Sum opptjent egenkapital</b>		<b>-16 677 289</b>	<b>-11 559 235</b>
<b>Sum egenkapital</b>	9	<b>153 459 641</b>	<b>158 577 695</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	7	133 097 910	149 199 581
Øvrig langsiktig gjeld	6	121 444 090	120 461 925
<b>Sum annen langsiktig gjeld</b>		<b>254 542 000</b>	<b>269 661 506</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		25 750	129 175
Annen kortsiktig gjeld	6	22 729 122	25 644 861
<b>Sum kortsiktig gjeld</b>		<b>22 754 872</b>	<b>25 774 036</b>
<b>Sum gjeld</b>		<b>277 296 872</b>	<b>295 435 541</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>430 756 513</b>	<b>454 013 237</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 492197

#### Enheten

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Organisasjonsform: Aksjeselskap  
Foretaksnavn: ISLAND DILIGENCE AS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

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#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund  
Dato for fastsettelse av årsregnskapet: 08.06.2023

#### Revisjon

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

#### Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 22.06.2023



Organisasjonsnr: 920 421 091  
ISLAND DILIGENCE AS

## RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
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Organisasjonsnr: 920 421 091  
ISLAND DILIGENCE AS

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Selskapskapital			



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Annen innskutt egenkapital		0	0
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<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Sum avsetninger for forpliktelses		0	0
<b>Annen langsiktig gjeld</b>			
Gjeld til			
kredittinstitusjoner	7	133 097 910	149 199 581
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Organisasjonsnr: 920 421 091  
ISLAND DILIGENCE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

1

### Regnskapsprinsipper

Island Diligence was established 12.02.18 with the name Athomstart Invest 251 AS. The company was purchased by Island Offshore Shipping for the purpose that the Company should take delivery of the newbuilding 837 MV Island Diligence in June 2018. The Company changed name to Island Diligence AS and Vard Group AS and Island Diligence Holding L.L.C joined as co-owners of Island Diligence as along with Island Offshore Shipping AS in 2018. Thus, there are no majority owners with decisive influence and the Company is not consolidated within a Holding structure. The Business Manager is Borgstein AS, Stålhaugen 9, 6065 Ulsteinvik, Norway and vessel manager is Island Offshore Management AS, Stålhaugen 12, 6065 Ulsteinvik. The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. The significant principles are described below. 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. Commissions are recognized as revenue when earned. 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. 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. 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. 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. Same principles are assumed for liabilities. Valuation of current assets Current assets are recorded net of expected future losses and at the lowest value of cost price and market value. Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price. 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. The company has long term charter hire contracts in foreign currency. 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. 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 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**

5

**Spesifisering av resultatregnskapet**

**Lønnskostnader**

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

**Konsernregnskap**

**Morselskapet sitt navn**

**Forretningskontor for morselskapet**

**Begrunnelse for at datterselskap er utelatt fra konsolideringen**

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp



**Note**

10

Beholdning av egne aksjer                      Antall                      Pålydende                      Andel av aksjek.

**Erverv**

Endringer i beholdning av aksjer i løpet av regnskapsåret

**Avhendelse**

Endringer i beholdning av aksjer i løpet av regnskapsåret

**Samvirkeforetak**

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

Mer om aksjer



Skatteetaten

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

BORGSTEIN AS  
Postboks 370  
6067 ULSTEINVIK

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

### Bakgrunn

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

### Skattedirektoratets vurdering

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



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

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke  
seniorrådgiver  
Juridisk avdeling  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*

Side 2 / 2



**Island Diligence AS**

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## **Annual report 2022**

**Board of directors' report**

**Annual accounts**

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

**Auditor's report**



## Annual Report 2022

### Island Diligence AS

Org. no 920 421 091

#### Business activities

Island Diligence AS was established 12.02.18. The Company owns the MPSV Island Diligence, which was delivered from Vard Brevik in June 2018. The vessel has operated in the North Sea, Morocco and Guyana in South America in 2022. Island Offshore Management AS is the vessel manager. The Company is managed from Ulsteinvik, Norway.

#### Statement on results

The vessel operates as a Walk-to-Work vessel in both the Oil & Gas as well as the Offshore Wind market. The vessel had 269 operating days in 2022 compared with 252 days in 2021. Revenue in 2022 totals NOK 72.9 mill compared with NOK 72.8 mill in 2021. Vessel expenses have increased with NOK 9.0 mill compared with last year, mainly due to mobilization expenses not refundable and own fuel expenses during idle time. Thus, the Company reports an operating profit of NOK 6.0 mill in 2022 compared with NOK 15.1 mill in 2021. The vessel completed a yard stay in December 2022 for a 5-year class renewal.

Cash flow from operational activities is positive with NOK 21.8 mill. Repair- and maintenance expenses on the vessel amounted to NOK 9.2 mill in 2022. The Company has paid NOK 16.7 mill in installments on secured debt in 2022. Net cash reserve is NOK 10.9 mill as per 31.12.2022.

Net equity is NOK 153.5 mill as at 31.12.22 decreased from NOK 158.6 mill as per 31.12.21 by this year's loss of NOK -5.1 mill.

The Company does not have ongoing research and development activities.

#### Going concern

The Company is in compliance with the loan requirements and has serviced debt obligations in accordance with the provisions in the current loan agreement. The vessel mortgage loan will mature in its entirety in May 2023, however negotiation for an extension is ongoing and progressing. It is expected that an agreement will be agreed shortly, based on a longer runway, and an agreed level of fixed amortization. Although the discussions are constructive and progressing, no assurance can be given as to when a conclusion is attainable for the Company.

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 and will assess the need for additional capital contributions. In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared based on the going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2022 and that a sustainable agreement with the bank will be reached shortly.

Island Diligence AS  
Org. no 920 421 091



## **Work environment, gender equality and corporate social responsibility**

The Company does not have employees. The crew is hired from the Vessel Manager Island Offshore Management 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 comprises four men and one woman as representatives from the largest owners in the company.

As employer the 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](http://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 the vessel and systematic work is carried out to reduce the risk of emission of CHG as well chemicals or other oil containing substances.

## **Financial risk**

The Company's liquidity position as at 31.12.2022 is satisfactory. The Company's customers are mainly large industrial companies with moderate credit risk. Financial instruments are employed to hedge foreign currency exposure based on contracts secured.

The Company's liabilities total NOK 277.3 mill as of 31.12.2022, of which NOK 101.4 mill are loans from owners.

The Company's cash balance / liquidity reserves is satisfactory.

## **Future outlook**

The vessel has a satisfactory contract backlog for 2023 at sustainable terms. The market for W2W services has continued to improve in 2023, however services are still seasonal thus exposing the vessel to idle periods. The Board of Directors is confident that long-term profitability will gradually improve as market activity further improves.

## **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, notes and cash flow analysis.







## Island Diligence AS

### Income statement

	Note	2022	2021
<b>Revenue</b>			
Freight income	2	<u>72 872 825</u>	<u>72 780 242</u>
<b>Operating expenses</b>			
Vessel expenses	6	23 707 847	14 693 712
Crew expenses	5,6	28 653 454	28 641 957
Depreciation of tangible and intangible fixed assets	4	12 818 304	12 630 025
Other operating expenses	5	<u>1 713 826</u>	<u>1 716 046</u>
Total operating expenses		<u>66 893 431</u>	<u>57 681 740</u>
Operating result		<u>5 979 394</u>	<u>15 098 502</u>
<b>Financial income and expenses</b>			
Other financial income	3	641 035	1 385 273
Other interest expenses	6	12 224 317	10 950 457
Other financial expenses	3	<u>957 338</u>	<u>2 070 056</u>
Net financial items		<u>-12 540 620</u>	<u>-11 635 240</u>
Ordinary result before tax	8	<u>-6 561 226</u>	<u>3 463 262</u>
Tax on ordinary result		<u>-1 443 171</u>	<u>772 409</u>
<b>Net profit or loss for the year</b>		<u>-5 118 055</u>	<u>2 690 853</u>
<b>Allocated as follows</b>			
Uncovered losses	9	<u>-5 118 055</u>	<u>2 690 853</u>



## Island Diligence AS

### Balance sheet as of December 31

	Note	2022	2021
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Deferred tax asset	8	<u>4 666 086</u>	<u>3 222 915</u>
Total intangible assets		<u>4 666 086</u>	<u>3 222 915</u>
<i>Tangible assets</i>			
Ships	4,7	<u>400 045 788</u>	<u>403 654 562</u>
Total tangible assets		<u>400 045 788</u>	<u>403 654 562</u>
Total fixed assets		<u>404 711 874</u>	<u>406 877 477</u>
<b>Current assets</b>			
Inventories		<u>366 465</u>	<u>2 721 035</u>
<i>Receivables</i>			
Trade receivables	7	<u>7 713 130</u>	<u>23 617 028</u>
Other receivables	6	<u>7 035 447</u>	<u>6 786 858</u>
Total accounts receivables		<u>14 748 577</u>	<u>30 403 886</u>
Cash and cash equivalents	7	<u>10 929 596</u>	<u>14 010 839</u>
Total current assets		<u>26 044 638</u>	<u>47 135 760</u>
Total assets		<u>430 756 512</u>	<u>454 013 237</u>

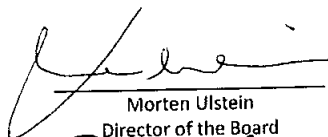


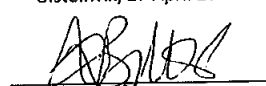
Island Diligence AS

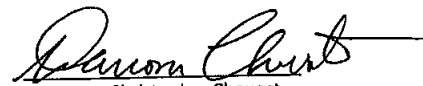
Balance sheet as of December 31

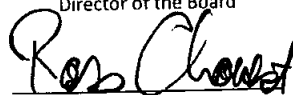
	Note	2022	2021
<b>Equity</b>			
<i>Paid-in capital</i>			
Share capital	10	17 012 500	17 012 500
Share premium reserve		<u>153 124 430</u>	<u>153 124 430</u>
Total paid-in capital		<u>170 136 930</u>	<u>170 136 930</u>
<i>Retained earnings</i>			
Other equity		<u>-16 677 289</u>	<u>-11 559 234</u>
Total retained earnings		<u>-16 677 289</u>	<u>-11 559 234</u>
Total equity	9	<u>153 459 641</u>	<u>158 577 696</u>
<b>Liabilities</b>			
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	7	133 097 910	149 199 581
Other long-term liabilities	6	<u>121 444 090</u>	<u>120 461 925</u>
Total other long term liabilities		<u>254 542 000</u>	<u>269 661 506</u>
<i>Current liabilities</i>			
Trade creditors		295 750	129 175
Other short-term liabilities	6	<u>22 459 122</u>	<u>25 644 860</u>
Total current liabilities		<u>22 754 872</u>	<u>25 774 035</u>
Total liabilities		<u>277 296 872</u>	<u>295 435 541</u>
Total equity and liabilities		<u>430 756 513</u>	<u>454 013 237</u>


31 December 2022  
Ulsteinvik, 27 April 2023

  
Morten Ulstein  
Director of the Board

  
Amrit Bhullar  
Member of the Board

  
Damon Christopher Chouest  
Member of the Board

  
Ross Michael Chouest  
Member of the Board

  
Fredrik Mordal Hessen  
Member of the Board



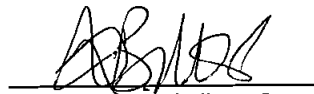
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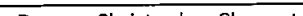
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	Note	2022	2021
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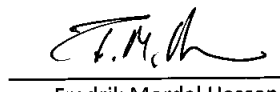
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Member of the Board



## Cash Flow Statement

### Island Diligence AS

	2022	2021
<i>Cash flow from operating activities</i>		
Profit before tax	-6 561 226	3 463 262
+ Depreciation on vessel value	12 818 304	12 630 025
-/+ Change in stocks	2 354 570	-2 327 814
-/+ Change in accounts receivable	15 903 898	4 840 242
+/- Change in accounts payable	166 575	-51 474
+/- Change in other accruals	-2 869 327	13 311 054
= Net cash flow from operating activities	<u>21 812 794</u>	<u>31 865 295</u>
<i>Cash flow from investment activities</i>		
- Payment related to purchase of fixed assets	<u>-9 209 531</u>	<u>-5 988 626</u>
= Net cash flow from investment activities	<u>-9 209 531</u>	<u>-5 988 626</u>
<i>Cash flow from financing activities</i>		
+ Loan issued from owners	982 165	1 637 464
- Repayment of long term debt	-16 666 671	-24 434 996
= Net cash flow from financing activities	<u>-15 684 506</u>	<u>-22 797 532</u>
= Net change in cash and cash equivalents	<u>-3 081 243</u>	<u>3 079 137</u>
+ Cash reserve 1.1	<u>14 010 839</u>	<u>10 931 702</u>
= Cash reserve 31.12	<u>10 929 596</u>	<u>14 010 839</u>



## Notes to the financial statements 2022

### Island Diligence AS

#### NOTE 1 ACCOUNTING PRINCIPLES

Island Diligence AS was established 12.02.18 with the name Athomstart Invest 251 AS. The company was purchased by Island Offshore Shipping AS for the purpose that the Company should take delivery of the newbuilding 837 M.V. Island Diligence in June 2018. The Company changed name to Island Diligence AS and Vard Group AS and Island Diligence Holdings, L.L.C. joined as co-owners of Island Diligence AS along with Island Offshore Shipping AS in May 2018. Thus, there are no majority owners with decisive influence and the Company is not consolidated within a Holding structure. The Business Manager is Borgstein AS, Stålhaugen 9, 6065 Ulsteinvik, Norway and vessel manager is Island Offshore Management AS, Stålhaugen 12, 6065 Ulsteinvik.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles 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 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 as stock in the balance sheet classified 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.

**Notes to the financial statements 2022**

## Island Diligence AS

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. The company has long term charter hire contracts in foreign currency. 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.

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 THE COMPANY BUSINESS AND GEOGRAPHICAL SPLIT OF REVENUE**

The main activity throughout the year has been Walk-to-Work services to the renewables industry.

In NOK	2022	2021
Germany		38 652 030
France		16 507 930
Morocco	3 824 763	4 863 257
UK	13 599 348	
Guyana	14 894 846	
Norway	35 166 195	-
International Waters	5 387 672	12 757 027
<b>Total Revenue</b>	<b>72 872 825</b>	<b>72 780 242</b>

The vessel achieved 74% utilization in 2022 compared with 69% utilization in 2021. The vessel was on yard stay for 15 days in December for a 5 year class renewal. On 31 December the vessel commenced on a four month firm charter contract with option for two months. Further, the vessel was awarded a firm 70 days contract in July 2023.

**Notes to the financial statements 2022**

## Island Diligence AS

**NOTE 3 SPECIFICATIONS**

	2022	2021
<b>Other financial income comprise of:</b>		
Interests on bank deposits	12 406	-
Hedging currency gain	8 823	-
Realized foreign currency gain	619 806	1 385 273
<b>Total</b>	<b>641 035</b>	<b>1 385 273</b>
<b>Other financial expenses comprise of:</b>		
Depreciation on capitalized financial expenses	565 000	565 000
Realized foreign currency losses	392 338	1 504 608
Other financial expenses	-	448
<b>Total</b>	<b>957 338</b>	<b>2 070 056</b>

**NOTE 4 FIXED ASSETS**

IN NOK	Vessel	Capitalized Maintenance	Total
Acquisition cost 01.01	438 083 467	9 588 626	447 672 093
Additions	-	9 209 531	9 209 531
Accumulated Depreciation 31.12 -	50 198 355 -	6 637 481 -	56 835 836
<b>Book Value 31.12</b>	<b>387 885 112</b>	<b>12 160 676</b>	<b>400 045 788</b>
This year's depreciation	10 955 424	1 862 880	<b>12 818 304</b>
Economic life	20 years	3-5 years	
Depreciation plan	linear	linear	

The estimated market value of Island Diligence obtained from independent ship brokers, is in line with the net book value of the vessel. Due to the present market state for the sale of equivalent vessels, the vessel value is also tested by impairment analysis using estimates of future cash flows and residual values for the vessel to determine the value. The analysis takes into account the current market state with overall reduced utilization and day rates, but incorporates gradual improvement of charter terms through estimated usage time for the vessel.



## Notes to the financial statements 2022

### Island Diligence AS

Key assumptions in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 9%. The economic life of the vessel is assumed to be 30 years after delivery. The impairment analysis does not indicate that the vessel value should be written down.

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 Diligence AS	-	-	-12

Impairment provision on vessel value	Sensitivity		
	-5%	basis	+5%
Island Diligence AS	-40	-	-

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Island Diligence AS	-72	-	-

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 value of vessel cannot be higher than original net book value.

#### NOTE 5 PAYROLL, EMPLOYEES, AUDIT

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

##### Auditor

Audit fees has been expensed with NOK 113.583 excluding VAT in the profit and loss accounts as per 31.12.22. Audit fee charged comprise of:

In NOK	2022
Audit fee	73 825
Assessment going concern, impairment etc	36 450
other services	3 308
<b>Total</b>	<b>113 583</b>

**Notes to the financial statements 2022**

## Island Diligence AS

**NOTE 6 RELATED PARTIES**

## Items in Balance Sheet:

Transactions with related parties:	2022	2021
Prepaid monthly OPEX to Island Offshore Management AS	6 000 000	6 000 000
Short term loan due to Island Offshore Management AS	-16 479 348	-20 268 657
Long term loan due to owners	-101 444 090	-100 461 925

## Items in profit and loss accounts:

Transactions with related parties	2022	2021
Purchase of management services	3 521 103	3 191 143
Hired Crew	28 653 454	28 641 958
Interest expenses	287 791	195 415

The Company has entered into a management agreement with Island Offshore Management 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. The annual fee is paid based on arm's length principle. Borgstein AS is the business manager for the Company.

**NOTE 7 MORTGAGE AND GUARANTEE LIABILITIES**

	2022	2021
Liabilities secured by mortgage	133 333 327	149 999 997
Book value of pledged assets:		
Ships	400 045 788	403 654 562
Cash deposits	10 929 596	14 010 839
Factoring	7 408 130	23 617 028
<b>Total</b>	<b>418 383 514</b>	<b>441 282 429</b>



## Notes to the financial statements 2022

### Island Diligence AS

The Company has been granted a long term loan from Sparebank1 SMN which is repayable in May 2023 in its entirety. The Company is in compliance with financial covenants and is paying installments on vessel loans to secured lenders as agreed.

The company is in dialogue with Sparebank 1 SMN to extend the facilities with amendments to the loan agreement. At present the annual installments are NOK 16,7 mill.

#### NOTE 8 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period. Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

#### Deferred tax / Tax asset has been calculated as follows:

	2021	2021
Temporary differences fixed assets	180 065 752	157 190 118
Tax losses carried forward	- 201 275 236	- 171 839 733
<b>Basis for deferred taxes</b>	<b>- 21 209 484</b>	<b>- 14 649 615</b>
<b>Deferred tax asset in the balance sheet</b>	<b>- 4 666 086</b>	<b>- 3 222 915</b>
<b>Deferred Tax rate</b>	<b>22 %</b>	<b>22 %</b>
<b>Calculation of this year's tax expense:</b>	<b>2021</b>	<b>2021</b>
Profit before taxes	- 6 561 226	3 463 262
Change in temporary differences	- 22 875 634	- 28 383 016
Permanent differences	1 357	47 690
<b>Annual tax basis</b>	<b>- 29 435 503</b>	<b>- 24 872 064</b>
<b>Payable tax rate</b>	<b>22 %</b>	<b>22 %</b>
Changes in deferred taxes	- 1 443 171	772 409
<b>Taxes in the Profit and Loss Accounts</b>	<b>- 1 443 171</b>	<b>772 409</b>

**Notes to the financial statements 2022**

## Island Diligence AS

**NOTE 9 EQUITY**

	<b>Paid in Capital</b>	<b>Share premium reserve</b>	<b>Other equity</b>	<b>Total</b>
<b>Equity as per 01.01</b>	<b>17 012 500</b>	<b>153 124 430</b>	<b>- 11 559 234</b>	<b>158 577 696</b>
This year's change in equity :				-
Profit + / Loss for the year			- 5 118 055	- 5 118 055
<b>Equity as per 31.12</b>	<b>17 012 500</b>	<b>153 124 430</b>	<b>- 16 677 289</b>	<b>153 459 641</b>

**NOTE 10 OWNERSHIP**

The share capital of NOK 17.012.500 consist of 170.125 shares a NOK 100,-.

Owners at 31.12:

<b>Shareholders</b>	<b>Number of shares</b>	<b>Ownershare</b>
Island Offshore Shipping AS	48 125	28,3 %
Vard Group AS	67 000	39,4 %
Island Diligence Holdings, L.L.C.	55 000	32,3 %
<b>Total number of shares</b>	<b>170 125</b>	<b>100 %</b>

**NOTE 11 INFORMATION ABOUT FINANCIAL INSTRUMENTS**

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

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



## Notes to the financial statements 2022

### Island Diligence AS

#### NOTE 12 GOING CONCERN

The Company is in compliance with the loan requirements and has serviced debt obligations in accordance with the provisions in the current loan agreement. The vessel mortgage loan will mature in its entirety in May 2023, however negotiation for an extension is ongoing and progressing. It is expected that an agreement will be agreed shortly, based on a longer runway, and an agreed level of fixed amortization. Although the discussions are constructive and progressing, no assurance can be given as to when a conclusion is attainable for the Company.

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 and will assess the need for additional capital contributions. In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared based on the going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2022 and that a sustainable agreement with the bank will be reached shortly.



Building a better  
working world

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Ernst & Young AS

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Diligence AS

### Opinion

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

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

### Basis for opinion

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

### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

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

### Responsibilities of management for the financial statements

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

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



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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 Dilligence AS 2022

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### Jørn Knutsen

Statsautorisert revisor

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