



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 718 590
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND VICTORY AS
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: Silje Molvær
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, 02.07.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,8	389 994 375	263 069 655
Sum inntekter		389 994 375	263 069 655
Kostnader			
Varekostnad	2,8	99 370 814	92 797 974
Lønnskostnad	8	51 467 397	36 196 127
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	31 439 847	33 615 355
Annen driftskostnad	4	5 681 209	7 271 768
Sum kostnader		187 959 267	169 881 223
Driftsresultat		202 035 108	93 188 431
Finansinntekter og finanskostnader			
Annen renteinntekt		612 828	69 093
Annen finansinntekt	3	1 242 301	5 359 861
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		9 977 792	2 013 575
Annen rentekostnad		178 724	2 669 227
Annen finanskostnad	3	39 669 354	56 819 149
Sum finanskostnader		0	0
Netto finans		-47 970 742	-56 072 998
Resultat før skattekostnad		154 064 367	37 115 434
Skattekostnad	9	34 109 462	8 167 945
Årsresultat		119 954 905	28 947 489
Totalresultat		119 954 905	28 947 489
Overføringer og disponeringer			
Konsernbidrag		1 936 707	
Overføringer til/fra annen egenkapital		118 018 198	28 947 489



Resultatregnskap

Beløp i: NOK	Note	2023	2022
Sum overføringer og disponeringer	10	119 954 905	28 947 489



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Maskiner og anlegg		1 108 766 917	1 140 249 056
Skip, rigger, fly og lignende		3 704 231	1 291 123
Sum varige driftsmidler	5,6	1 112 471 147	1 141 540 179
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		1 112 471 147	1 141 540 179
Omløpsmidler			
Varer			
Varer		1 588 121	1 481 279
Sum varer		1 588 121	1 481 279
Fordringer			
Kundefordringer	6,8	52 720 944	57 741 741
Andre fordringer	8	85 118 964	24 171 864
Sum fordringer		137 839 908	81 913 605
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	106 811 126	20 354 179
Sum bankinnskudd, kontanter og lignende		106 811 126	20 354 179
Sum omløpsmidler		246 239 155	103 749 063
SUM EIENDELER		1 358 710 302	1 245 289 242



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	11	120 000 000	120 000 000
Overkurs		394 629 191	394 629 191
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		514 629 191	514 629 191
Opptjent egenkapital			
Annen egenkapital		176 984 614	57 455 787
Sum opptjent egenkapital		176 984 614	57 455 787
Sum egenkapital	10	691 613 805	572 084 977
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	50 744 285	16 208 746
Sum avsetninger for forpliktelser		50 744 285	16 208 746
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	414 000 000	459 525 032
Øvrig langsiktig gjeld	7	144 908 338	144 908 338
Sum annen langsiktig gjeld		558 908 338	604 433 369
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		52 000	55 342
Annen kortsiktig gjeld	8	57 391 875	52 506 807
Sum kortsiktig gjeld		57 443 875	52 562 149
Sum gjeld		667 096 497	673 204 265
SUM EGENKAPITAL OG GJELD		1 358 710 302	1 245 289 242



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 656357

Enheten

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Organisasjonsform: Aksjeselskap
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Forretningsadresse: Stålhaugen 9
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Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Silje Molvær
Dato for fastsettelse av årsregnskapet: 23.05.2024

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

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Brønnøysundregistrene, 22.07.2024



Organisasjonsnr: 920 718 590
ISLAND VICTORY AS

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ISLAND VICTORY AS

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Organisasjonsnr: 920 718 590
ISLAND VICTORY AS

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

Note

1



Er det usikkerhet om fortsatt drift?: Nei

Note

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skatteetaten

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

BORGSTEIN AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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



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

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2



Island Victory AS

Annual report 2023

Board of directors' report

Annual accounts

- Income statement
- Balance sheet
- Cash flow
- Notes



Annual Report 2023 Island Victory AS Org. no 920 718 590

Business activities

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

Statement on results

Revenue in 2023 totals NOK 390.0 mill with an average utilization of 94% compared with revenue of NOK 263.1 mill in 2022 and an average utilization of 86%. 2023 revenue includes loss of hire insurance in total NOK 42.1 mill for 60 days following yard repairs. The vessel operated partly under a bareboat contract with Island Offshore Shipping AS in 2022 thus reported revenue and crew expenses are lower than compared with 2023. EBITDA in 2023 amounts to NOK 233.5 mill compared with NOK 126.8 mill in 2022. Net result is a profit of NOK 120.0 mill compared with a profit of NOK 28.9 in 2022.

Cash flow from operational activities is positive with NOK 134.8 mill. Capital expenditure totals NOK 2.4 mill in 2023. Total debt reduction during 2023 totals NOK 46 mill. Thus, net cash flow in 2023 is positive with NOK 86.5 mill resulting in a net cash reserve of NOK 106.8 mill at 31.12.2023.

Net equity is NOK 691.6 mill as at 31.12.23 compared to NOK 572.1 mill at 31.12.2022. The change in equity is due to this year's profit of NOK 120.0 mill offset by tax effect on group contribution from parent company.

The Company does not have ongoing research and development activities.

Going concern

A restructuring agreement with secured lenders was made effective in June 2021 for both the Company and the parent company Island Offshore XII Ship AS. Shareholder loans enabled the Company to repay existing loans, combined with a new vessel mortgage loan in December 2022. The shareholder loans will be repaid during 2024 subject to underlying cash generation and liquidity situation going forward.

The Company has serviced its debt according to the agreement. In addition, the Company has a satisfactory backlog for 2024. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared based on a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2023.

Work environment and gender equality

The Company does not have employees. The crew is hired from the Vessel Manager Island Offshore Management AS. The Manager continuously works to promote gender equality in all aspects of the business with the objective of securing equal opportunities irrespective of gender, ethnicity, nationality,

Island Victory AS
Org. no 920 718 590



or religious orientation. The Board of directors are all men and comprises representatives from the largest participants in the Company.

As employer the Vessel Manager has the responsibility to maintain, complete and report on progress with the work to promote and secure basic human rights and decent working conditions (Norwegian Transparency Act; "Openhetsloven"). The 2022 report is available, and the 2023 report will be available on Island Offshore's webpage www.islandoffshore.com within 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 and emission reduction plans are prepared for each vessel and systematic work is carried out to reduce the risk of GHG emissions, chemicals or other oil containing substances.

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. However, the market for AHTS vessels and mooring services is still expected to be volatile going forward with seasonal variations in rates and utilization.

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

As the vessel is operating worldwide, tax advisors have been engaged to verify compliance with local tax regulation when there is uncertainty related to the eventual tax liabilities.

The Company's liabilities totals NOK 667.1 mill as of 31.12.2023.

The Company's cash position is satisfactory.

Future outlook

The vessel will operate in the project and spot market in 2024 with a positive outlook despite seasonal activity variations. Overall, the vessel has secured a satisfactory contract backlog for 2024.

Island Victory AS
Org. no 920 718 590



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

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.

Allocation of results

The Board proposes the following transfer of the 2023 net profit of NOK 119 954 905


Group contribution	NOK	1 936 707
Transferred to other equity	NOK	118 018 198

Ulsteinvik, 25.04.24


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member

Giovanni Peditto
Board Member


Dino D. Chouesf
Board Member

Amrit Kaur
Bhullar
Amrit Bhullar
Board Member

Digitally signed by Amrit Kaur Bhullar
DN: cn=Amrit Kaur Bhullar, c=NO,
o=Varef Group AS, ou=Business
Development and Growth Innovation,
email=amrit.bhullar@varef.com
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The Board of Directors continue to monitor the financial situation of the Company closely going forward.

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.

Allocation of results


The Board proposes the following transfer of the 2023 net profit of NOK 119 954 905

Group contribution	NOK	1 936 707
Transferred to other equity	NOK	118 018 198

Ulsteinvik, 25.04.24

Morten Ulstein
Chairman of the Board

Håvard Ulstein
Board Member


Giovanni Peditto
Board Member

Dino D. Chouest
Board Member

Amrit Bhullar
Board Member



Island Victory AS

Income statement

	Note	2023	2022
Revenue			
Freight Income	2,8	389 994 374	263 069 655
Total revenue		<u>389 994 374</u>	<u>263 069 655</u>
Vessel expenses			
Vessel expenses	2,8	99 370 814	92 797 974
Crew expenses	3,8	51 467 398	36 196 128
Depreciation	4	31 439 847	33 615 355
Other operating expenses	3	5 681 207	7 271 767
Total operating expenses		<u>187 959 266</u>	<u>169 881 224</u>
Operating result		<u>202 035 108</u>	<u>93 188 431</u>
Financial income and expenses			
Other financial income	5	1 855 129	5 428 954
Interest paid to group companies		9 977 792	2 013 575
Other financial expenses	5	39 848 078	59 488 376
Net financial items		<u>-47 970 741</u>	<u>-56 072 997</u>
Ordinary result before tax		<u>154 064 367</u>	<u>37 115 434</u>
Tax on ordinary result	9	34 109 462	8 167 946
Net profit or loss for the year		<u>119 954 905</u>	<u>28 947 488</u>
Allocated as follows			
Group contribution		1 936 707	0
Transferred to other equity		118 018 198	28 947 488
Total allocations	10	<u>119 954 905</u>	<u>28 947 488</u>



Island Victory AS

Balance sheet as of December 31

	Note	2023	2022
Fixed assets			
<i>Tangible assets</i>			
Ships	4,6	1 112 471 147	1 141 540 179
Current assets			
Inventories		<u>1 588 121</u>	<u>1 481 279</u>
<i>Receivables</i>			
Trade receivables	6,8	52 720 944	57 741 741
Other receivables	8	<u>85 118 964</u>	<u>24 171 864</u>
Total accounts receivable		<u>137 839 908</u>	<u>81 913 605</u>
Cash and cash equivalents	6	<u>106 811 126</u>	<u>20 354 179</u>
Total current assets		<u>246 239 155</u>	<u>103 749 063</u>
Total assets		<u>1 358 710 302</u>	<u>1 245 289 242</u>

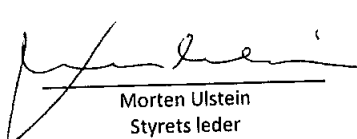


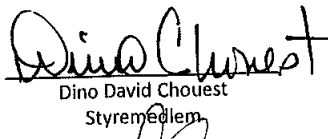
Island Victory AS

Balance sheet as of December 31

	Note	2023	2022
Equity			
<i>Paid-in capital</i>			
Share capital	11	120 000 000	120 000 000
Share premium reserve		394 629 191	394 629 191
Total paid-in capital		<u>514 629 191</u>	<u>514 629 191</u>
<i>Retained earnings</i>			
Other equity		176 984 614	57 455 785
Total equity	10	<u>691 613 805</u>	<u>572 084 976</u>
Liabilities			
<i>Provisions</i>			
Deferred tax liability	9	50 744 285	16 208 747
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	7	414 000 000	459 525 032
Seller credits	7	144 908 338	144 908 338
Total other long term liabilities		<u>558 908 338</u>	<u>604 433 370</u>
<i>Current liabilities</i>			
Trade creditors		52 000	55 342
Other short-term liabilities	8	57 391 874	52 506 807
Total current liabilities		<u>57 443 874</u>	<u>52 562 149</u>
Total liabilities		<u>667 096 497</u>	<u>673 204 266</u>
Total equity and liabilities		<u>1 358 710 302</u>	<u>1 245 289 242</u>

31 December 2023
Ulsteinvik, 25 April 2024


Morten Ulstein
Styrets leder


Dino David Chouest
Styremedlem

Giovanni Peditto
Styremedlem

Amrit Kaur
Bhullar
Digitally signed by Amrit Kaur Bhullar
DN: cn=Amrit Kaur Bhullar, o=Vard
Group AS, ou=Business Development
and Group Innovation, email=amrit.bhullar@vard.com
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Date: 2024.04.25 13:28:32 +0200
Amrit Kaur Bhullar
Styremedlem


Håvard Ulstein
Styremedlem



Island Victory AS

Balance sheet as of December 31

	Note	2023	2022
Equity			
<i>Paid-in capital</i>			
Share capital	11	120 000 000	120 000 000
Share premium reserve		394 629 191	394 629 191
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31 December 2023
Ulsteinvik, 25 April 2024

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Styremedlem

Håvard Ulstein
Styremedlem



Cash Flow Statement

Island Victory AS

	2023	2022
<i>Cash flow from operational activities:</i>		
Profit before tax	154 064 367	37 115 434
- Taxes paid	0	0
+ Depreciation	31 439 847	33 615 355
-/+ Change in inventory	-106 842	-560 561
-/+ Change in accounts receivable	5 020 797	15 890 679
+/- Change in accounts payable	-3 342	-18 049 190
+/- Change in accruals	-55 587 065	12 500 748
= Cash flow from operational activities	134 827 762	80 512 465
<i>Cash flow from investment activities</i>		
- Payments purchase of fixed assets	-2 370 815	-1 697 557
= Cash flow from investment activities	-2 370 815	-1 697 557
<i>Cash flow from financing activities</i>		
+ Loan from owner	0	144 908 338
- Net repayment of debt to financial institutions	-46 000 000	-252 500 000
+ Repayment Seller Credit	0	-38 126 820
= Net cash flow from financing activities	-46 000 000	-145 718 482
= <i>Net change in cash and cash equivalents</i>	<i>86 456 947</i>	<i>-66 903 574</i>
+ <i>Cash reserve 1.1</i>	<i>20 354 179</i>	<i>87 257 754</i>
= <i>Cash reserve 31.12</i>	<i>106 811 126</i>	<i>20 354 179</i>



Notes to the financial statements 2023

Island Victory AS

NOTE 1 ACCOUNTING PRINCIPLES

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

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

The significant principles are described below.

Classification criteria

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

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

Valuation of current assets

Receivables are recorded net of expected future losses.

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

Fixed assets and depreciation

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

Shipbuilding contracts

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

Capitalized periodical maintenance (dry docking)

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



Notes to the financial statements 2023

Island Victory AS

Financing expenses

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

Currency

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

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

Revenue and expense recognition

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

Taxes

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

Cash flow statement

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

NOTE 2 GEOGRAPHICAL SPLIT OF REVENUE

In NOK mill	2023	2022
Norway	99,2	3,6
USA	-	60,2
Greece	110,8	-
Senegal	-	29,9
Mauritania	-	105,4
Turkey	176,2	54,5
International Waters	3,8	9,5
Total Revenue	390,0	263,1

The vessel was on yard stay for repair on C-Deck from 21.06.23-25.08.23. The vessel received loss of hire insurance in total NOK 42.1 mill of which NOK 34.7 mill was compensated from insurer in 2023. Remaining amount was paid in January 2024.



Notes to the financial statements 2023

Island Victory AS

The vessel had in average 94% utilization in 2023 compared with 86% utilization in 2022. Number of yard days are included in the utilization days considering the loss of hire claim.

Revenue include recharged outlays expenses with NOK 3.7 mill in 2023 and NOK 24.9 mill in 2022 presented gross in revenue and vessel operating expenses.

NOTE 3 PAYROLL, EMPLOYEES

The Company does not have employees and has no obligation to have pension funds. NOK 35.000,- has been paid as board fee to the Board of Directors. Payroll expenses in the financial statements relate to hired crew.

Auditor

Expenses audit fee totals NOK 203.310 in 2023. The fee is exclusive of VAT and can be specified as follows:

Audit	100.000
Going concern and impairment audit	37.000
Tax computation	60.000
Other	6.310
Total	203.310

NOTE 4 FIXED ASSETS

	Ships	Capitalized maintenance	Total
Acquisition costs 1.1	1 228 460 893	11 127 933	1 239 588 826
Additions	0	2 370 815	2 370 815
Accumulated depreciation 31.12	-120 620 917	-8 867 577	-129 488 494
Book Value 31.12	1 107 839 976	4 631 171	1 112 471 147
This years' depreciation	30 711 524	728 323	31 439 847
Economic life	20 yrs	3 yrs	

The market value of Island Victory obtained by independent brokers, is higher than the net book value of the vessel. The vessel values are also subject to impairment test analysis employing estimates of future cash flow for the vessel.

The analysis takes into account the present market conditions with a gradual improvement on charter hire rate and utilization the rest of estimated vessel usage time. Key assumption in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 10.5%. The usage period of the vessel is assumed to be 30 years after delivery.

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



Notes to the financial statements 2023

Island Victory AS

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

IN NOK MILL

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

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

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Change in day rate			
Island Victory AS	-	-	-

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

Other financial income comprises:

	2023	2022
Realized foreign exchange gain+ / loss-	1 242 301	5 359 861
Interest income, bank	612 828	69 093
Total other interest income	1 855 128	5 428 953



Notes to the financial statements 2023

Island Victory AS

Other financial expenses comprise:

	<u>2023</u>	<u>2022</u>
Interest expense term loans	33 565 827	46 162 615
Guaranteed interest margin	1 600	2 141 040
Foreign exchange loss	5 788 551	2 033 032
Depreciation capitalized financial expenses	474 968	5 699 622
Arrangement fee / other financial expenses	17 131	3 452 067
Sum other financial costs	<u>39 848 078</u>	<u>59 488 376</u>

NOTE 6 PLEDGE OF ASSETS

	<u>2023</u>	<u>2022</u>
Book value of debt secured by pledge	414 000 000	460 000 000
Book value of secured assets		
Vessel	1 112 471 147	1 141 540 179
Receivables	52 720 944	57 741 741
Bank deposits	106 811 126	20 354 179
TOTAL	<u>1 272 003 217</u>	<u>1 219 636 099</u>

In addition any insurance claims are pledged.

NOTE 7 LONG TERM LIABILITIES

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

The maturity date on the new loan is December 2027 with annual installment NOK 46 mill.

The Company has serviced its debt in accordance with the bank loan facility agreement, including both amortization and interests.

There are plans to repay owner loan to Island Offshore XII Ship AS during 2024 depending on the underlying cash balance and liquidity situation going forward.



Notes to the financial statements 2023

Island Victory AS

NOTE 8 RELATED PARTIES

Transactions with related parties:	2023	2022
Trade debtors	1 028 686	56 056 554
Other short term receivables	17 637 106	15 000 000
Other long term liabilities	144 908 338	144 908 338
Other short term liabilities	25 145 508	40 933 932

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

Other long term liability is a long term loan from the parent company as part of the refinancing of the vessel mortgage loan. Other short term liabilities are mainly invoices from Manager regarding monthly operating vessel expenses.

Transactions with related parties	2023	2022
Bareboat hire revenue	0	41 635 205
Agent contracts	197 324 464	89 733 735
Recharged subcontractor expenses	0	19 460 083
Purchase of management services	-4 827 177	-3 788 547
Crew hire	-51 467 397	-36 196 127

The company has entered into agent contracts with Island Offshore International Shipping AS and Island Offshore Shipping AS regarding the operation of Island Victory in Turkey and charter hire for transit to Norway for yard stay. No risk involved for the operating companies thus all revenue and operating expenses are reimbursed to shipowner in accordance with the back- to back agreements. The Company entered into Bareboat Charter Agreement with Island Offshore Shipping AS when the vessel was operating in the US in 2022. The bareboat rent is based on arms-length principles and based on BIMCO standard Bareboat Charter Agreement.

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



Notes to the financial statements 2023

Island Victory AS

NOTE 9 TAXES

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

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

Deferred tax / tax asset has been calculated as follows:

	2023	2022
Fixed Assets	<u>434 628 606</u>	<u>352 731 460</u>
Total temporary differences	434 628 606	352 731 460
Denied interest expenses	-532 848	-532 848
Tax loss carried forward	-205 376 625	-278 522 487
Group contribution	<u>1 936 707</u>	<u>-</u>
Basis for deferred tax	<u>230 655 840</u>	<u>73 676 125</u>
Deferred tax in Balance Sheet	50 744 285	16 208 748
Tax rate	22 %	22 %
Tax loss carried forward post group contribution	-203 439 918	-278 522 487

Island Victory AS



Notes to the financial statements 2023

Island Victory AS

Calculation of this year's tax expense:

	<u>2023</u>	<u>2022</u>
Profit before tax	154 064 367	37 115 434
Interests expenses not deducted	962 985	
Permanent differences	<u>15 656</u>	<u>11 593</u>
Annual tax basis	155 043 008	37 127 027
Change in temporary differences	<u>- 81 897 146</u>	<u>- 94 189 955</u>
Tax basis	73 145 862	- 57 062 928
Group Contribution received	1 936 707	-
Use of deferred tax losses	<u>- 75 082 569</u>	<u>-</u>
Payable tax basis	<u>-</u>	<u>-</u>
Tax percentage	22 %	22 %
Contribution received	- 426 076	0
Changes deferred tax	<u>34 535 537</u>	<u>8 167 949</u>
Tax expenses Income Statement	<u>34 109 461</u>	<u>8 167 949</u>

NOTE 10 EQUITY

	Share capital	Share premium account	Other equity	Total
Equity 1.1	120 000 000	394 629 191	57 455 785	572 084 976
Group contribution received		-	1 510 631	1 510 631
Group contribution payable			-1 936 707	-1 936 707
This year's result	-	-	119 954 905	119 954 905
Equity 31.12	120 000 000	394 629 191	176 984 614	691 613 805



Notes to the financial statements 2023

Island Victory AS

NOTE 11 OWNERSHIP

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

Summary of owner interests as per 31.12.22:

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

NOTE 12 INFORMATION ABOUT FINANCIAL INSTRUMENTS

Currency forward and option contracts are used to hedge contracted revenue in foreign currencies. Outstanding contracts at 31.12.2023 expire from January 2024 to December 2024 depending on the underlying contract cash flow. The estimated net unrealized gain is NOK 8.421.641 for sale of future USD hedging as per 31.12.23.

The Company has a strategy to hedge contracted revenue in foreign currency when contracts are entered for a longer period of time. The financial instrument is linked to a specific revenue cash flow and can be measured in respect of success rate according to strategy. The unrealized gain of total NOK 8.421.641 is not recorded in the financial statements as per 31.12.23 in accordance with the Norwegian Accounting Act and NGAAP.

NOTE 13 GOING CONCERN

A restructuring agreement with secured lenders was made effective in June 2021 for both the Company and the parent company Island Offshore XII Ship AS. Shareholder loans enabled the Company to repay existing loans, combined with a new vessel mortgage loan in December 2022. The shareholder loans will be repaid during 2024 subject to underlying cash generation and liquidity situation going forward.

The Company has serviced its debt according to the agreement. In addition, the Company has a satisfactory backlog for 2024. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared based on a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2023.



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Victory AS

Opinion

We have audited the financial statements of Island Victory AS (the Company), which comprise the balance sheet as at 31 December 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 Victory AS 2023

A member firm of Ernst & Young Global Limited

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PENNEO

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

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

Knutsen, Jørn

Statsautorisert revisor

På vegne av: Ernst & Young AS

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