



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2024 - 31.12.2024

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund  
Dato for fastsettelse av årsregnskapet: 23.05.2025

### Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert  
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

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

Brønnøysundregistrene, 29.06.2025



## Resultatregnskap

Beløp i: NOK	Note	2024	2023
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	266 529 890	308 899 722
<b>Sum inntekter</b>		<b>266 529 890</b>	<b>308 899 722</b>
<b>Kostnader</b>			
Varekostnad	8	47 682 890	42 083 431
Lønnskostnad	3,8	145 593 602	130 001 722
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	38 754 499	33 067 629
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4		-65 545 690
Annen driftskostnad	3	7 430 358	5 293 364
<b>Sum kostnader</b>		<b>239 461 350</b>	<b>144 900 456</b>
<b>Driftsresultat</b>		<b>27 068 540</b>	<b>163 999 266</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	5	1 309 593	816 002
<b>Sum finansinntekter</b>		<b>0</b>	<b>0</b>
Rentekostnad til foretak i samme konsern		923 966	1 571 243
Annen finanskostnad	5	14 209 223	12 316 076
<b>Sum finanskostnader</b>		<b>0</b>	<b>0</b>
<b>Netto finans</b>		<b>-13 823 596</b>	<b>-13 071 317</b>
<b>Resultat før skattekostnad</b>		<b>13 244 944</b>	<b>150 927 949</b>
<b>Årsresultat</b>		<b>13 244 944</b>	<b>150 927 949</b>
<b>Totalresultat</b>		<b>13 244 944</b>	<b>150 927 949</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		13 244 944	150 927 949
<b>Sum overføringer og disponeringer</b>	10	<b>13 244 944</b>	<b>150 927 949</b>



### Balanse

Beløp i: NOK	Note	2024	2023
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Varige driftsmidler</b>			
Maskiner og anlegg	4,6	609 710 104	624 200 078
Sum varige driftsmidler		609 710 104	624 200 078
<b>Finansielle anleggsmidler</b>			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		609 710 104	624 200 078
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		548 353	562 853
Sum varer		548 353	562 853
<b>Fordringer</b>			
Kundefordringer	6,8	39 593 566	43 116 367
Andre fordringer	8	67 929 872	34 119 260
Sum fordringer		107 523 439	77 235 626
<b>Investeringer</b>			
Sum investeringer		0	0
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	6	20 777 080	36 607 197
Sum bankinnskudd, kontanter og lignende		20 777 080	36 607 197
Sum omløpsmidler		128 848 871	114 405 676
<b>SUM EIENDELER</b>		<b>738 558 975</b>	<b>738 605 754</b>



### Balanse

Beløp i: NOK	Note	2024	2023
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	11	61 700 000	61 700 000
Annen innskutt egenkapital		0	0
<b>Sum innskutt egenkapital</b>		<b>61 700 000</b>	<b>61 700 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		458 700 388	495 455 443
<b>Sum opptjent egenkapital</b>		<b>458 700 388</b>	<b>495 455 443</b>
<b>Sum egenkapital</b>	10	<b>520 400 388</b>	<b>557 155 443</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>0</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	6,7	159 793 752	141 250 000
Øvrig langsiktig gjeld	6,7,8	12 347 502	11 899 063
<b>Sum annen langsiktig gjeld</b>		<b>172 141 254</b>	<b>153 149 063</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	8		630 630
Annen kortsiktig gjeld	8	46 017 334	27 670 619
<b>Sum kortsiktig gjeld</b>		<b>46 017 334</b>	<b>28 301 249</b>
<b>Sum gjeld</b>		<b>218 158 588</b>	<b>181 450 311</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>738 558 975</b>	<b>738 605 754</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer: 2025 584487

#### Enheten

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

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

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Brønnøysundregistrene, 28.06.2025



Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

## RESULTATREGNSKAP

Beløp i: NOK	Note	2024	2023
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
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Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

## BALANSE

Beløp i: NOK	Note	2024	2023
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Varige driftsmidler</b>			
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<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
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Annen innskutt egenkapital		0	0
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<b>Opptjent egenkapital</b>			
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<b>Kortsiktig gjeld</b>			
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Organisasjonsnr: 982 411 408  
ISLAND OFFSHORE III KS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

1

### Regnskapsprinsipper

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. Island Offshore III KS was up to 31.12.21 included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Borgstein AS, Box 370, N-6067 Ulsteinvik. The majority shareholder was diluted when a new share issue was completed in January 2022, thus no owner has majority interest and the Company is from January 2022 not consolidated as a subsidiary in the Island Offshore Shipholding Group. The significant principles are described below. Classification criteria Assets to be owned or utilized permanently and receivables falling due later than one year from the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets. Valuation of current assets Receivables are recorded net of expected future losses. Bunkers and lube oil expenses are accrued in the balance sheet at cost based on consumption. Fixed assets and depreciation Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and residual value. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for the vessel. Please refer to notes to the financial statements for details. Shipbuilding contracts Yard installments for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are also capitalized. Capitalized periodical maintenance (dry docking) The Company has a program for maintenance and classification of machinery, equipment and hulls. Expenses are capitalized and expensed over the period to the next scheduled dry docking. Normal maintenance expenses are expensed as incurred. Financing expenses Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the term of the loan. Currency Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and liabilities are recorded at the exchange rate at the balance sheet date. Contract revenue in foreign currency is hedged by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred. Revenue and expense recognition Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting period. Commissions are recognized as revenue when earned. Taxes Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies. Cash flow statement The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

## Note



1

Er det usikkerhet om fortsatt drift?: Nei

## Note

Antall årsverk i regnskapsåret  
0.00

Note  
4

## Spesifisering av resultatregnskapet

### Lønnskostnader

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

Morselskapet sitt navn

Forretningskontor for morselskapet

## Begrunnelse for at datterselskap er utelatt fra konsolideringen

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

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

ISLAND OFFSHORE MANAGEMENT AS  
Postboks 370  
6067 ULSTEINVIK

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

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

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

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

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

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

Postadresse  
Postboks 9200 Grønland  
0134 Oslo  
skatteetaten.no/sendepost

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318

Sentrålbord  
800 80 000  
Telefaks  
22 17 08 60



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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Geir Johannessen



Island Offshore III KS

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## **Annual report 2024**

**Board of directors' report**

**Annual accounts**

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

**Auditors' report**



**Annual Report 2024**  
**Island Offshore III KS**  
Org. no 982 411 408

**Business activities**

The Company owns the Riserless Light Well Intervention Unit Island Constructor. The vessel has operated mainly in Norway during 2024 and 2023. Technical and commercial management for the vessels is carried out by Island Offshore Management AS and Borgstein AS respectively, from Ulsteinvik, Norway.

**Statement on results**

Revenue in 2024 totals NOK 266.5 mill versus NOK 308.9 mill in 2023, a reduction primarily due to low utilization in the first quarter 2024 due to yard stay for the vessel for stack replacement. Utilization year to date in 2024 was 74% compared with 91% in 2023.

The net result for 2024 is a profit of NOK 13.2 mill versus a profit of NOK 150.9 mill in 2023. An impairment provision on vessel value of NOK 65.5 mill was reversed in 2023 based on independent broker estimate on vessel value and internal value in use analysis.

Net equity as of 31.12.2024 is NOK 520.4 mill versus NOK 557.2 mill on 31.12.2023. The change in equity is equal to this years' profit and a dividend distribution of NOK 50 mill. Net equity ratio is 70.5% as per 31.12.24 compared to 75.4% at 31.12.23.

Cash flow from operational activities is positive with NOK 37.8 mill. Investments in 2024 amount to NOK 24.3 mill. Cash flow from financing activities includes refinancing of loan with drawdown of NOK 185 mill with corresponding repayment of loan NOK 141.3 mill and payment of installments NOK 23.2 mill. The Company distributed a dividend of NOK 50 mill in July 2024. Thus, net cash flow is negative with NOK 15.8 mill in 2024 resulting in a net cash reserve of NOK 20.8 mill at 31.12.2024.

The Company does not have ongoing research and development activities.

**Going concern**

The new Facility Agreement with secured lender was agreed in June 2024. The Agreement has a profile of 4 years until the end of August 2028. The Company has serviced its debt according to the agreed revised amortization plan. In addition, the market outlook is positive with a strong backlog for 2025.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption.

The basis for this assumption is the financial position of the Company at 31.12.2024.



## Work environment and gender equality

The Company does not have employees. The crew is hired from the Vessel Manager Island Offshore Management AS and its subsidiary Island Offshore Crewing AS. The Manager continuously works to promote gender equality in all aspects of the business with the objective of securing equal opportunities irrespective of gender, ethnicity, nationality, or religious orientation. The Board of directors are all men and comprises representatives from the largest participants in the partnership.

As employer the Vessel Manager has the responsibility to maintain, complete and report on progress with the work to promote and secure basic human rights and decent working conditions (Norwegian Transparency Act; "Openhetsloven"). The 2023 report is available, and the 2024 report will be available on Island Offshore's webpage [www.islandoffshore.com](http://www.islandoffshore.com) before 30.06.2025.

## External environment

The Company's operations do not pollute the external environment beyond what is normal for this type of business. Annual environmental and emission reduction plans are prepared for each vessel and systematic work is carried out to reduce the risk of GHG emission, chemicals or other oil containing substances. Key performance targets are set, validated and monitored in an annual QHSE plan. Prioritized energy efficiency efforts for each vessel are continuously explored. This will continue to ensure reduced fleet emission in coming years.

Focus areas are:

- Reductions in emissions by use of alternative fuel and introducing retrofit technology
- Reduction in baseline fuel consumption by optimization of operations and planning
- Selection and handling of chemicals
- Waste management
- Handling of environmentally harmful substances from marine and subsea operations

The Corporate Sustainability Reporting Directive (CSRD) has been implemented in Norway following the EU model. The CSRD implies a significant increase in sustainability reporting requirements within the Norwegian Accounting Act. However, should the "Stop-the-clock" Directive be implemented in the Norwegian Accounting Act, the implementation of these reporting requirements will be postponed, with an effective date shifted to the accounting year 2027. 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 31.12.2024 is solid and the Company has satisfactory working capital. The Company's long-term liabilities to financial institutions totals NOK 161.9 mill.

The Company has multiple end-customers with low to moderate credit risk. The demand for LWI services has improved in 2023 and 2024 and the outlook for 2025 and 2026 is positive with full utilization scheduled for 2025 adjusted for planned maintenance and expected downtime. However, the schedule is still exposed to termination risk or deferrals within contract terms.

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

## **Future outlook**

The vessel is well-established in the Norwegian and international LWI market based on a Frame Agreement covering multiple end-clients. Adjusted for planned maintenance and improvement projects, the vessel's 2025 work schedule is fully firmed up. Based on experience, the schedule may be adjusted due to changes in end-client programs and deferrals within contract terms.

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

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

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

## **Other matters**

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

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



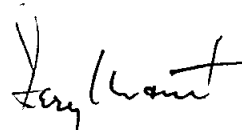
**Allocation of results**

The Board proposes the following allocation of the 2024 net profit of NOK 13.244.944

Transferred to other equity                      NOK    13.244.944

Ulsteinvik, 28.04.25

  
Morten Ulstein  
Chairman of the Board

  
Gary J. Chouest  
Board Member



## Island Offshore III KS

<b>Income statement</b>			
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>			
Freight income	2	<u>266 529 890</u>	<u>308 899 722</u>
Total revenue		<u>266 529 890</u>	<u>308 899 722</u>
<b>Operating expenses</b>			
Vessel expenses	8	47 682 890	42 083 430
Crew expenses	3,8	145 593 603	130 001 721
Depreciation	4	38 754 499	33 067 629
Impairment/Impairment Reversal	4	0	-65 545 690
Other operating expenses	3	<u>7 430 357</u>	<u>5 293 366</u>
Total operating expenses		<u>239 461 349</u>	<u>144 900 456</u>
Operating result		<u>27 068 541</u>	<u>163 999 266</u>
<b>Financial income and expenses</b>			
Other financial income	5	1 309 593	816 002
Interest paid to group companies		923 966	1 571 243
Other financial expenses	5	<u>14 209 224</u>	<u>12 316 076</u>
Net financial items		<u>-13 823 597</u>	<u>-13 071 317</u>
Ordinary result before tax		<u>13 244 944</u>	<u>150 927 949</u>
<b>Net profit or loss for the year</b>		<u>13 244 944</u>	<u>150 927 949</u>
<b>Allocated as follows</b>			
Transferred to other equity	10	13 244 944	150 927 949



## Island Offshore III KS

### Balance sheet as of December 31

	Note	2024	2023
<b>Fixed assets</b>			
<i>Tangible assets</i>			
Ships	4,6	609 710 104	624 200 078
<b>Current assets</b>			
Inventories		<u>548 353</u>	<u>562 853</u>
<i>Receivables</i>			
Trade receivables	6,8	39 593 566	43 116 367
Other receivables	8	<u>67 929 872</u>	<u>34 119 259</u>
Total accounts receivable		<u>107 523 438</u>	<u>77 235 626</u>
Cash and cash equivalents	6	<u>20 777 080</u>	<u>36 607 197</u>
Total current assets		<u>128 848 871</u>	<u>114 405 676</u>
Total assets		<u>738 558 975</u>	<u>738 605 754</u>

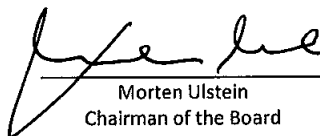


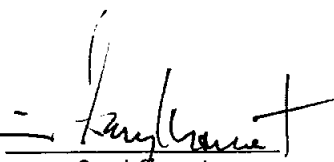
Island Offshore III KS

Balance sheet as of December 31

	Note	2024	2023
<b>Equity</b>			
<i>Paid-in capital</i>			
Equity, undistributable	11	61 700 000	61 700 000
<i>Retained earnings</i>			
Other equity		458 700 388	495 455 443
<b>Total equity</b>	10	<u>520 400 388</u>	<u>557 155 443</u>
<b>Liabilities</b>			
<i>Other long-term liabilities</i>			
Liabilities to financial institutions	6,7	159 793 752	141 250 000
Other long-term liabilities	6,7,8	12 347 502	11 899 063
<b>Total other long term liabilities</b>		<u>172 141 254</u>	<u>153 149 063</u>
<i>Current liabilities</i>			
Trade creditors	8	0	630 630
Other short-term liabilities	8	46 017 333	27 670 618
<b>Total current liabilities</b>		<u>46 017 333</u>	<u>28 301 248</u>
<b>Total liabilities</b>		<u>218 158 587</u>	<u>181 450 311</u>
<b>Total equity and liabilities</b>		<u>738 558 975</u>	<u>738 605 754</u>

31 December 2024  
Ulsteinvik, 28 April 2025

  
Morten Ulstein  
Chairman of the Board

  
Gary J. Chouest  
Member of the Board



## Cash Flow Statement

### Island Offshore III KS

	2024	2023
<i>Cash flow from operating activities</i>		
Profit before tax	13 244 944	150 927 949
- Taxes paid	0	0
+ Ordinary depreciation	38 754 499	33 067 629
+ Impairment provision	0	-65 545 690
-/+ Change inventory	14 500	-39 366
-/+ - Increase/ + reduction accounts receivable	3 522 801	-39 486 035
+/- + Increase/ - reduction accounts payable	-630 630	566 255
+/- Change in other accruals	-17 096 706	-15 305 199
= Net cash flow from operating activities	<u>37 809 408</u>	<u>64 185 543</u>
<i>Cash flow from investment activities</i>		
- Payments purchase of fixed assets	<u>-24 264 525</u>	<u>-6 851 121</u>
= Net cash flow from investment activities	<u>-24 264 525</u>	<u>-6 851 121</u>
<i>Cash flow from financing activities</i>		
+ Drawdown of long term liabilities	185 000 000	0
- Repayment of long term liabilities	-164 375 000	-28 000 000
- Dividend payment	<u>-50 000 000</u>	<u>0</u>
= Net cash flow from financing activities	<u>-29 375 000</u>	<u>-28 000 000</u>
= Net change in cash and cash equivalents	<u>-15 830 117</u>	<u>29 334 422</u>
+ Cash reserve 1.1.	<u>36 607 197</u>	<u>7 272 775</u>
= Cash reserve 31.12	<u>20 777 080</u>	<u>36 607 197</u>



## Notes to the financial statements 2024

### Island Offshore III KS

#### NOTE 1 ACCOUNTING PRINCIPLES

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

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

The significant principles are described below.

##### Classification criteria

Assets to be owned or utilized permanently and receivables falling due later than one year from the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets.

##### Valuation of current assets

Receivables are recorded net of expected future losses.  
Bunkers and lube oil expenses are accrued in the balance sheet at cost based on consumption.

##### Fixed assets and depreciation

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

##### Shipbuilding contracts

Yard installments for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are also capitalized.

##### Capitalized periodical maintenance (dry docking)

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

##### Financing expenses

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

##### Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and liabilities are recorded at the exchange rate at the balance sheet date. Contract revenue in foreign currency is hedged by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.

Island Offshore III KS



## Notes to the financial statements 2024

### Island Offshore III KS

#### Revenue and expense recognition

Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting period. Commissions are recognized as revenue when earned.

#### Taxes

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

#### Cash flow statement

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

#### **NOTE 2 GEOGRAPHICAL SPLIT OF REVENUE**

In NOK mill	2024	2023
Norway	241,4	288,2
UK	25,1	-
Angola	-	20,7
<b>Total Revenue</b>	<b>266,5</b>	<b>308,9</b>

Average utilization in 2024 was 74% compared with 91% in 2023. In 2024, the vessel was on yard stay from mid-January to end of February with stack replacement work and main engine overhaul work.

Outlays invoiced to customer is NOK 3.7 mill in 2024 compared with NOK 4.3 mill in 2023. Reported gross in Income Statement, thus equivalent expenses reported under vessel expenses.

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

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

#### **Auditor**

Audit fees total NOK 339.671 excluding VAT and can be specified as follows:

Audit incl. assessment going concern	250.000
Advisory and tax filing	75.200
Other	14.471
<b>Sum</b>	<b>339.671</b>

**Notes to the financial statements 2024**

## Island Offshore III KS

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

**NOTE 4 FIXED ASSETS**

	Vessel	Projects in progress	Capitalized maintenance	Total
Acquisition cost 1.1	984 480 615	550 216	95 145 723	1 080 176 554
Additions	-	1 677 473	22 587 052	24 264 525
Accumulated impairment provision	-	-	-	-
Accumulated depreciation 31.12.	-413 677 985	-	-81 052 990	-494 730 975
<b>Book value 31.12.</b>	<b>570 802 630</b>	<b>2 227 689</b>	<b>36 679 785</b>	<b>609 710 104</b>
This year's depreciation charge	23 855 640	-	14 898 859	38 754 499
Economic life	20 yrs	-	3-5 yrs	-
Depreciation plan	Linear	-	Linear	-

The estimated market value of Island Constructor obtained from independent ship brokers, is higher than the net book value of the vessel.

The overall impairment assessment do not indicate impairment on vessel value. On the contrary, considering improved market terms and increased utilization with satisfactory current backlog, there are excess value for the vessel. Previous years' impairment provision on vessel value was reversed with NOK 65.5 mill in the income statement for 2023. The net book value of the vessel is in accordance with the Company's ordinary depreciation plan as per 31.12.24.

In 2024, the European Union (EU) implemented the Corporate Sustainability Reporting Directive (CSRD), which has been incorporated into the Norwegian Accounting Act. Norway is aligned with the EU's timeline for the implementation of this directive. Recent developments within the EU have indicated potential changes to the CSRD and its implementation timeline. Notably, on April 3rd, the EU Parliament endorsed the "stop the clock" Directive, which postpones the CSRD reporting requirements for companies subject to the CSRD from the originally scheduled 2025 reporting period to 2027. It is important to note that this new Directive has not yet been adopted into Norwegian law. We will continue to monitor the situation closely to ensure compliance with any future changes. 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.

**Notes to the financial statements 2024**

## Island Offshore III KS

**NOTE 5 SPECIFICATIONS**

	<u>2024</u>	<u>2023</u>
Interest income from bank	1 293 451	666 852
Foreign exchange gain realized	414	260 253
Foreign exchange not realized	-	-120 832
Other financial income	15 728	9 729
<b>Total other financial income</b>	<b>1 309 593</b>	<b>816 002</b>

	<u>2024</u>	<u>2023</u>
Foreign exchange loss on currency	178 621	482 083
Other financial interest expenses	125	1 446
Depreciation capitalized financial expenses	231 252	-
Interest cost long term loan	13 798 336	11 780 305
Other financial costs	890	52 242
<b>Total other financial costs</b>	<b>14 209 223</b>	<b>12 316 076</b>

**NOTE 6 MORTGAGE AND GUARANTEE LIABILITIES**

	<u>2024</u>	<u>2023</u>
Liabilities secured by mortgage	161 875 000	141 250 000
Book value of pledged assets:		
Ships	609 710 104	624 200 078
Cash deposits	20 777 080	36 607 197
Factoring	39 593 566	43 116 367
<b>Total</b>	<b>670 080 750</b>	<b>703 923 642</b>

**NOTE 7 LONG TERM LOANS**

	<u>2024</u>	<u>2023</u>
Loans from financial institutions	161 875 000	141 250 000
Capitalized financial expenses	-2 081 248	-
Loan from general partner	12 347 502	11 899 063
<b>Total</b>	<b>172 141 254</b>	<b>153 149 063</b>

In June 2024, the Company refinanced its loan with new facility of NOK 185 million with final maturity 30.08.2028.



## Notes to the financial statements 2024

### Island Offshore III KS

The loan is financed by one financial institution. Annual installments, in total NOK 46.25 mill, are paid quarterly throughout the year.

In accordance with Norwegian Accounting Principles, the loans from financial institution is classified as long term loan as per 31.12.24.

#### NOTE 8 RELATED PARTIES

	2024	2023
Other receivables	36 000 000	25 345 025
Other long term liabilities	-12 347 502	-11 899 063
Other short term liabilities	-41 382 830	-16 278 893

Other receivables are prepayment on operating expenses towards Island Offshore Management AS.

Other long term liabilities are loan from general partner Island Offshore XI AS. Other short term liabilities are due to Island Offshore Crewing AS for payroll expenses and unpaid operating expenses towards ship manager including accrued interests.

Loans are charged at market rates.

	2024	2023
Management services	-5 074 338	-4 827 177
Crew hire	-145 593 602	-130 001 722
Agent contract revenue	-	28 739 416

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

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



## Notes to the financial statements 2024

### Island Offshore III KS

#### NOTE 9 TAXES

##### Ordinary taxation:

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

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

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

	<u>2024</u>	<u>2023</u>
Gains/loss account	3 339 052	4 173 815
Fixed assets	501 905 082	502 872 104
Deferred interest expenses	2 081 248	-
<b>Total temporary differences</b>	<b>507 325 382</b>	<b>507 045 919</b>
<b>Deferred tax</b>	<b><u>111 611 584</u></b>	<b><u>111 550 102</u></b>
<b>Tax rate</b>	<b><u>22 %</u></b>	<b><u>22 %</u></b>

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

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

	<u>2024</u>	<u>2023</u>
<b>Ordinary result before taxes</b>	<b>13 244 944</b>	<b>150 927 949</b>
<i>Permanent differences</i>		
Non-deductible expenses	400	9 500
<i>Change in temporary differences</i>		
Gains/loss account	834 763	1 043 454
Fixed assets	967 022	-88 358 917
<b>Tax base</b>	<b><u>15 047 129</u></b>	<b><u>63 621 986</u></b>
Adjustment interests expenses	-2 081 248	-196 583
<b>Annual tax base</b>	<b><u>12 965 881</u></b>	<b><u>63 425 403</u></b>



## Notes to the financial statements 2024

### Island Offshore III KS

#### NOTE 10 EQUITY

	2024	2023
Tied up capital	61 700 000	61 700 000
Free capital	-	-
Registered capital	61 700 000	61 700 000
Uncalled capital	-	-
<b>Paid in capital</b>	<b>61 700 000</b>	<b>61 700 000</b>
Other equity 01.01	495 455 443	344 527 494
Dividend	-50 000 000	-
Forgiveness of long term liability	-	-
Annual net result	13 244 944	150 927 949
<b>Retained earnings 31.12</b>	<b>458 700 388</b>	<b>495 455 443</b>
<b>Total equity 31.12</b>	<b>520 400 388</b>	<b>557 155 443</b>

#### NOTE 11 OWNERSHIP

Participants at 31.12.2024:

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

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



## Notes to the financial statements 2024

### Island Offshore III KS

#### NOTE 12 INFORMATION ABOUT FINANCIAL INSTRUMENTS

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

There are no forward contracts used to hedge future freight revenue as per 31.12.24.

#### NOTE 13 GOING CONCERN

The current Restructuring Agreement with secured lenders was agreed in June 2024. The senior secured lenders agreed to extend their loans until end of August 2028. The Company has serviced its debt according to the agreed revised amortization plan. In addition, the market is good and the 2025 backlog for the vessel is strong.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption.

The basis for this assumption is the financial position of the Company at 31.12.2024.



Shape the future  
with confidence

Statsautoriserte revisorer  
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen  
Postboks 6163, 5892 Bergen

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

www.ey.no  
Medlemmer av Den norske Revisorforening

To the Partnership Meeting in Island Offshore III KS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Island Offshore Iii KS (the Company), which comprise the balance sheet as at 31 December 2024, 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 statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 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)* (the 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

The Board of Directors (management) is responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory 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.



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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **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 skepticism 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, 16. May 2025  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jørn Knutsen  
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Offshore III KS 2024

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: LOOQM-BCRM7-DKSYO-OFBQL-E38P2-VBRV1



## PENNEO

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### Knutsen, Jørn

Statsautorisert revisor

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