

SIEM OFFSHORE INC.
REPORT FOR FOURTH QUARTER AND THE FISCAL YEAR 2023



On 27 February 2024 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) announces results for fourth quarter and the fiscal year ended 31 December 2023.

SELECTED FINANCIAL INFORMATION

	2023	2022	2023	2022
<i>(Amounts in USD millions)</i>	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	85.2	64.3	336.0	274.3
Operating margin	40.1	20.8	164.5	103.8
Operating margin, %	47%	32%	49%	38%
Operating profit (loss)	90.5	5.5	163.3	39.4
Net profit (loss)	100.1	-8.7	173.1	27.7
Net profit (loss) attributable to shareholders	100.0	-6.5	174.5	30.9
Net cash flow before debt repayment	40.7	20.9	113.9	60.0
Net interest bearing debt	365.1	474.0	365.1	474.0
Repayment of interest bearing debt	45.9	14.6	112.1	55.0
Contract Backlog	319.5	441.7	319.5	441.7
Total Equity	529.2	359.4	529.2	359.4
Cash and Cash equivalents	97.3	94.9	97.3	94.9

HIGHLIGHTS FOR THE FOURTH QUARTER

- Entered into a term contract for the AHTS “Siem Sapphire” with an oil major in Australia. The firm duration of the contract is approximately 1 year plus options up to 6 months.
- Signed a LOI with Helix Energy Solutions Group for a possible long-term extension of charter contracts for “Siem Helix 1” and “Siem Helix 2”.
- Recorded a gain of USD 67.0 million in reversal of impairments for four vessels.
- Recorded a gain of USD 18.5 million related to revaluation of deferred tax asset.

SUBSEQUENT EVENTS

- Signed agreements for the Well Intervention Vessels “Siem Helix 1” and “Siem Helix 2”. The new contracts will commence on 1 January 2025 and 1 January 2026 and replace the existing contracts. The new contracts have a duration of 6 years for each vessel, with subsequent options of up to 5 years.
- Entered into a one-year firm contract plus one year option for the OSCV “Siem Spearfish” with PXGEO. The vessel will be engaged within the marine geophysical segment and support charterer's operations world-wide. The vessel will commence its new charter upon completion of the current class renewal mid-February 2024.

MARKET AND OUTLOOK

The fourth quarter was as expected, characterized by reduced activity as we move into the low season for offshore operations. The North Sea spot market was particularly challenging for the AHTS segment in general, with many available vessels, which lead to low day rates. The PSV market was more stable, especially for large, sophisticated vessels which received the best utilization in the segment. Large AHTS vessels in Asia and Australia have experienced increased activity and contributed positively to the segment. The subsea segment was tight, with good utilization and high day rates. Demand from both Oil and Gas, as well as the renewables segment resulted in a good quarter.

The expected increase in activity around the world continues to strengthen, backed by a stable oil price. For almost all OSV segments, there is an increase in numbers of multi-year contracts hitting the market, which is a strong signal that charterers are positioning themselves strategically to reduce the risk of not having control over capable assets to carry out already booked projects and planned campaigns in the coming years.

The Company is well positioned with vessels ready to target long-term opportunities within the PSV, AHTS and OCV segments, which is considered to be beneficial in a rising market.

The long-term outlook for our OSV fleet continues to strengthen due to need for adequate and secure energy supply. The renewable energy segment is also under parallel pressure to increase production, in addition to the long-term transition for a more sustainable energy production perspective. The Company is well-positioned to compete with its peers based on its modern fleet, strong balance sheet, quality backlog, strong operating record, positive reputation, and its proven ability to provide employment on a global scale both within the fossil and renewable energy segments.

RESULTS AND FINANCE

Income Statements (4Q 2023 over 4Q 2022)

Operating revenues were USD 85.2 million (2022: USD 64.3 million). The operating margin was USD 40.1 million (2022: USD 20.8 million). The increase in revenues and margin from 4Q 2022 was caused by uplift in charter rates, generated by increased demand for OSV vessels and in particular for the AHTS-segment. Administrative expenses were USD 6.7 million (2022: USD 6.6 million).

Operating profit/(loss) was USD 90.5 million (2022: USD 5.5 million) after depreciation and amortization expenses of USD 16.4 million (2022: USD 15.2 million) and after reversal of impairments of USD 67.0 million (2022: nil).

Net financial items were USD -9.0 million (2022: USD -13.9 million) and include a net revaluation gain/(loss) of non-USD currency items of USD -3.0 million (2022: USD -7.1 million), of which USD -2.5 million was unrealized (2022: USD -8.6 million). The net currency gain /(loss) on revaluation includes a currency loss at USD 1.3 million related to a recycling of a natural currency hedge program in Brazil related to the “Siem Marataizes”. The currency recycling was also recorded under Other Comprehensive Income as currency gain, and the net effect on equity is zero. The financial expenses were USD 11.2 million (2022: USD 9.0 million). Netted interest amounts of USD 2.6 million in previous quarters has been reclassified and included in the Q4 accounts, increasing both finance income and finance cost with the same amount. Net cash effect and net P&L effect is zero. Non-USD currency items are held to match short- and long-term liabilities in similar currencies.

The net profit/(loss) attributable to shareholders was USD 100.0 million (2022: USD -6.5 million), representing USD 0.42 per share (2022: USD -0.03 per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD 534.3 million before non-controlling interest on 31 December 2023 (31 December 2022: USD 363.1 million), equivalent to USD 2.24 per share (2022: USD 1.52 per share). Non-controlling interest is USD -5.1 million. Total equity ratio was 49% (31 December 2022: 35%). Net cash flow from operating activities for the fiscal year 2023 was USD 137.6 million and the cash position on 31 December 2023 was USD 97.3 million.

The gross interest-bearing debt was equivalent to USD 462.4 million. In the fiscal year 2023, the Company made principal repayments of USD 112.1 million. In the same period, the Company made interest payments of USD 28.8 million.

The weighted average cost of debt for the Company was approximately 6.7% p.a. on 31 December 2023 (31 December 2022: 5.8%). The Company has no debt-related derivatives such as interest rate swaps and cross currency swaps. 39% of interest-bearing debt has fixed interest rate.

On 31 December 2023 USD 213 million was classified as current debt. This includes USD 170 million of outstanding debt under certain facilities that mature in December 2024. The Company is experiencing interest from various funding sources, including the bank market, and the December 2024 maturities are expected to be refinanced during the year.

The share capital is USD 238.852 million, representing a total of 238,852,052 shares with a nominal value of USD 1.00 per share.

Health, Safety, Environment & Quality (HSEQ)

The Company did not experience any serious injuries nor any serious environmental incidents in the fourth quarter of 2023.

The quarterly health and safety campaign has focused on "Healthy Marine Minds". This was rolled out to the whole fleet, to all Siem Offshore offices and to clients. Mental health – healthy marine minds campaigns on board vessels have been well received and gives crews valuable experience and ability to focus on own and others mental health in cooperation with professionals.

Clients are very satisfied with our operational and safety performance, which reflects professional crew and a well-developed safety culture throughout the Company.

Ethics, Compliance, and Integrity are key to our business; Siem Offshore is committed to carrying out its business in an ethical manner and in strict compliance with applicable laws wherever we operate. This has been a focus area in 2023, where we have further earned the trust of our clients, business partners, suppliers, and other stakeholders by acting consistently and reliably in accordance with these principles.

The Fleet

On 31 December 2023, the fleet totaled 26 vessels (2022: 28 vessels), including partly owned vessels, following the sale of the Fast Crew & Oil Spill Recovery Vessel “Siem Caetes” in December 2023. 2 vessels were in lay-up at the end of the quarter (2022: 3). In addition to the owned fleet of 26 vessels, the Company performs ship-management services for 3 vessels. The overall fleet utilization in the quarter was 87% (2022: 88%), excluding vessels in lay-up.

Results for the Fourth Quarter 2023

Re-arranging of segments

As from 1 January 2023, the reporting segments have been changed, in order to reflect how the management is following up the segments. The Scientific Core-drilling segment has been included in the segment OSCV and WIV, and the segment was renamed and is now referred to as Subsea. The Canadian-owned AHTS vessel is now included under the segment AHTS. The Brazilian fleet segment was renamed and is now referred to as Fast Crew & Oil Spill Recovery Vessels. The comparable figures of previous periods have been updated.

Platform Supply Vessels (PSVs)

The Company had 6 PSVs in the fleet at the end of the quarter (2022: 6). The PSVs recorded operating revenues of USD 11.6 million and had 95% utilization (2022: USD 9.4 million and 96%). The operating margin before administrative expenses for the PSVs was USD 3.6 million (2022: USD 1.8 million).

Subsea Vessels

The Company had 4 Offshore Subsea Construction Vessels (OSCVs), 2 Well-Intervention Vessels (WIVs) and 1 Scientific Core-drilling vessel at the end of the quarter (2022: 4 OSCVs, 2 WIVs and 1 Scientific core-drilling vessel). The Subsea vessels earned operating revenues of USD 45.7 million and had 94% utilization (2022: USD 40.4 million and 95%). The operating margin before administrative expenses was USD 30.2 million (2022: USD 23.7 million). The revenues and margin increased from 2022 due to increased charter rates.

Anchor-Handling Tug Supply (AHTS) Vessels

The Company had 8 large AHTS vessels and 1 small AHTS vessel at the end of the quarter (2022: 8 + 1). The AHTS fleet earned operating revenues of USD 23.7 million and had 71% utilization (2022: USD 10.2 million and 75% excluding vessels in lay-up). The operating margin before administrative expenses was USD 11.1 million (2022: USD -0.3 million). No vessels were in lay-up at the end of the quarter (2022: 1 vessel). The revenues and margin increased from 2022 due to increased charter rates.

Other Vessels

The Company had a fleet of 4 smaller Fast Crew & Oil Spill Recovery Vessels at the end of the quarter (2022: 5). Two vessels were in lay-up at the end of the quarter (2022: 2 vessels). Two vessels operated under term contracts in Brazil. The fleet earned operating revenues of USD 3.7 million and had 100% utilization excluding vessels in lay-up (2022: USD 3.8 million and 95%). The operating margin before administrative expenses for the fleet was USD 1.2 million (2022: USD 1.4 million). The Bareboat charterer of “Siem Caetes”, has exercised its option to purchase the vessel. The vessel was formally sold and delivered in December 2023. The sale had an insignificant effect on the consolidated income statement and the cash position.

The 41%-ownership in the 1984 built Well Stimulation Vessel “Big Orange XVIII” recorded a share of profit of USD -0.1 million (2022: USD 0.2 million). These results are recorded in accordance with the equity method. “Big Orange XVIII” was sold for green recycling in August 2023.

Environmental, Social and Governance

Environmental, Social and Governance (ESG) has a high priority for the Company. Siem Offshore continuously strives to meet and exceed expectations from its stakeholders in all areas, including sustainability.

Environment

For fleet emissions, Siem Offshore reports on the Carbon Intensity Indicator (CII), a proxy that measures grams CO₂ per vessel-hour in operation.

The CII was 133.1g/kWh for the quarter (Q3 2023: 136.6g/kWh), slightly above target compared to reaching the goal of 50% reduction in 2030 compared to 2008 levels (Scope 1 emissions for the fleet). This goal has been set by Siem Offshore in line with recommendations given by the Norwegian Shipowners Association.

In the quarter, there was no major oil spill to sea and no other environmental incidents.

As part of the Company’s ambition towards reaching 50% emission reduction in 2030, several projects and studies are ongoing on alternative fuel and new energy technology onboard.

Social

The Company’s main KPI on safety, Total Recordable Injury Frequency (TRIF), was 1.80 for the quarter and 2.08 for the fiscal year (excl. four vessels in Brazil). The target was below 2.4.

In the quarter there were zero Lost Time Incidents (LTI), now 17 months since last LTI.

At end of the quarter, the relative share of female staff was 39% onshore and 4.9% offshore.

As per our Human Rights policy, Siem Offshore is committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality, beliefs, or other factors.

Governance

The Company is aligned with the requirements in the Norwegian Transparency Act (Norwegian: “Åpenhetsloven”). Further work will be to perform specific audits of high-risk activities and publish relevant results from such.

For the new regulation on sustainability reporting, EU’s Corporate Sustainable Reporting Directive (CSRD), where Siem Offshore is classified as a large and listed company, it will become eligible with effect from the fiscal year 2024. To meet the requirements of the CSRD, coordination work and preparation for data collection are ongoing.

No governance incidents or whistleblower reports were registered during the quarter.

In the quarter a total of 23 internal and external audits, vettings, class surveys, and port state controls (excluding four vessels in Brazil) have been satisfactorily completed.

Contract Backlog

The total contract backlog on 31 December 2023 was USD 320 million and is allocated as follows:

<i>(Amounts in USD millions)</i>	2024	2025	2026 and onwards	Total
Total Backlog	208	71	41	320

On behalf of the Board of Directors of Siem Offshore Inc.

27 February 2024

Kristian Siem, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

		2023	2022	2023	2022
	Note	4Q	4Q	Jan-Dec	Jan-Dec
<i>(Amounts in USD 1,000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	4	85,161	64,345	336,026	274,306
Operating expenses	9	-38,344	-36,943	-149,239	-147,934
Administrative expenses	9	-6,717	-6,649	-22,301	-22,596
Operating margin	4	40,100	20,753	164,486	103,776
Depreciation and amortization	4,5,9	-16,401	-15,153	-68,023	-64,305
Reversal of impairment of vessels	4,5,8	66,966	-	66,966	-
Gain/(loss) on sales of fixed assets	5	-177	-57	-178	-95
Operating profit/(loss)		90,488	5,543	163,251	39,376
Financial income	10	5,165	2,274	11,053	4,300
Financial expenses	9,10	-11,193	-9,035	-29,711	-24,375
Net currency gain/(loss) on revaluation	10	-3,003	-7,096	8,963	7,736
Net financial items		-9,031	-13,857	-9,695	-12,340
Result from associated companies		-75	202	550	446
Profit/(loss) before taxes		81,382	-8,112	154,106	27,482
Tax benefit/(expense)	7	18,735	-540	19,027	250
Net profit/(loss)		100,116	-8,651	173,133	27,732
<i>Attributable to non-controlling interest</i>		118	-2,197	-1,381	-3,165
Attributable to shareholders of the Company		99,998	-6,455	174,515	30,897

STATEMENT OF COMPREHENSIVE INCOME

Net profit (loss)	100,116	-8,651	173,133	27,732
Other comprehensive income / (expense)				
Items that will not be reclassified to the Income Statement:				
Pension re-measurement gain/(loss)	-739	-446	-739	-446
Items that may be subsequently reclassified to the Income Statement:				
Cash flow hedges	2,852	1,816	5,297	11,753
Currency translation differences	3,321	10,376	-7,893	-19,959
Total comprehensive profit /(loss) for the period	105,550	3,095	169,799	19,080
<i>Attributable to non-controlling interest</i>	118	-2,197	-1,381	3,165
Attributable to non-controlling interest	105,431	5,292	171,180	22,245
Weighted average number of outstanding shares(000's)	238,852	238,852	238,852	238,852
Earnings/(loss) per share (basic and diluted)	0.42	-0.03	0.73	0.13

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in USD 1,000)</i>	Note	31.12.2023	31.12.2022
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Vessels and equipment	5,8,9	845,148	804,918
Capitalized project cost	5	1,533	1,811
Investment in associates and other long-term receivables		31,788	32,319
CIRR loan deposit ¹⁾		13,759	20,638
Deferred tax asset	7	27,586	8,187
Total non-current assets		919,814	867,874
Current assets			
Trade receivables and other current assets		69,830	56,619
Cash and cash equivalents	6	97,325	94,949
Total current assets		167,155	151,568
Total Assets		1,086,969	1,019,442
EQUITY			
Share capital		238,852	238,852
Other reserves ²⁾		295,408	124,229
Total Shareholders' equity		534,261	363,081
Non-controlling interest		-5,085	-3,703
Total Equity		529,176	359,377
LIABILITIES			
Non-current liabilities			
Borrowings	6	249,861	509,994
CIRR loan ¹⁾		13,759	20,638
Other non-current liabilities	9	18,775	14,125
Total non-current liabilities		282,395	544,757
Current liabilities			
Current portion of borrowings	6	212,525	58,978
Accounts payable and other current liabilities	7,9	62,872	56,330
Total current liabilities		275,398	115,307
Total liabilities		557,793	660,065
Total Equity and Liabilities		1,086,969	1,019,442

1) Commercial Interest Reference Rate

2) Share premium reserves have been included in Other reserves

The accompanying Notes are in integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2023	2022
<i>(Amounts in USD 1,000)</i>	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operating activities		
Net profit/(loss)	173,133	27,732
Interest expense	34,209	23,370
Interest income	-11,059	-4,245
Currency hedge recycling	1,329	6,232
Tax benefit/(expense)	-19,027	-250
Results from associated companies	-550	-446
Loss/(gain) on sale of assets	178	95
Reversal of impairment related to vessels and long-term receivables	-72,737	-
Depreciation and amortization	68,023	64,305
Unrealized currency gain/(loss)	-12,546	-13,822
Changes in short-term receivables, payables and other accruals	-5,920	-2,648
Other changes	2,324	-531
Cash flow from operating activities	157,356	99,792
Interest paid	-28,761	-17,432
Interest received	8,450	2,599
Taxes paid	579	-786
Net Cash flow from operating activities	137,624	84,172
Cash flow from investing activities		
Capital expenditure in vessels and equipment	-33,492	-24,923
Proceeds from sale of fixed assets	16	97
Change in other non-current receivables	5,960	763
Dividend from associated companies	2,578	-
Cash flow from investing activities	-24,937	-24,062
Cash flow from financing activities		
Contribution from non-controlling interests	3,109	1,791
Paid leases	-1,847	-1,812
Changes in other non-current liabilities	-	-126
Repayment of long-term borrowings	-112,145	-54,963
Cash flow from financing activities	-110,883	-55,109
Net change in cash and cash equivalents	1,804	5,001
Cash and cash equivalents, beginning of period	94,949	91,839
Effect of exchange rate differences	571	-1,890
Cash and cash equivalents, end of period	97,325	94,949

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
Equity at 1 January 2022	238,852,052	238,852	582,875	-30,725	-450,166	340,836	-538	340,298
Net profit/(loss) for the period	-	-	-	-	30,897	30,897	-3,165	27,732
Pension re-measurement	-	-	-	-	-446	-446	-	-446
Cash flow hedge	-	-	-	11,753	-	11,753	-	11,753
Currency translation differences	-	-	-	-19,959	-	-19,959	-	-19,959
Reallocation of retained loss	-	-	-419,715	-	419,715	-	-	-
Equity at 31 December 2022	238,852,052	238,852	163,160	-38,931	-	363,081	-3,703	359,377

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
Equity at 1 January 2023	238,852,052	238,852	163,160	-38,931	-	363,081	-3,703	359,377
Net profit/(loss) for the period	-	-	-	-	174,515	174,515	-1,381	173,133
Pension re-measurement	-	-	-	-	-739	-739	-	-739
Cash flow hedge	-	-	-	5,297	-	5,297	-	5,297
Currency translation differences	-	-	-	-7,893	-	-7,893	-	-7,893
Equity at 31 December 2023	238,852,052	238,852	163,160	-41,527	173,775	534,261	-5,085	529,176

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The financial statements have been prepared under the assumption that the Company and the Parent are going concerns. The assumption is based on the terms of the financing facilities, contract backlog, Company's strong equity position, cash position and forecasted cash flows.

The consolidated financial information for the period 1 January to 31 December 2023 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial information should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS standards.

Note 2 – Accounting Policies

The accounting policies applied are consistent with those of the audited annual financial statements for the year ended 31 December 2022 and with new standards, amendments to standards and interpretations that have become effective in 2023.

Note 3 –Key Risks

The Company is exposed to financial, commercial and operational risks that affect the financial position, earnings and cash flow of the Company.

3.1 Interest Risk

The Company is exposed to changes in interest rates as approximately 61% of the long-term interest-bearing debt was subject to floating interest rates at the end of December 2023. The remaining portion of the debt is subject to fixed interest rates.

3.2 Currency Risk

The Company is exposed to currency risk as revenues and costs are denominated in various currencies. See Note 6 for details. The Company is also exposed to currency risk on long-term debt and cash position held in non-USD currencies. The Company has closed all of its currency hedging derivatives in compliance with the financial restructuring agreements.

3.3 Inflation Risk

The Company is exposed to inflation risk. The revenues may not be inflated at levels that could compensate for inflated operating cost. In addition to general inflation-rates, the operating expenses related to spare parts, service-personnel and logistics within the shipping industry are further exposed to inflation.

NOTES TO THE FINANCIAL STATEMENTS

3.4 Liquidity Risk

On 31 December 2023 USD 213 million was classified as current debt. This includes USD 170 million of outstanding debt under certain facilities that mature in December 2024. The Company is experiencing interest from various funding sources, including the bank market, and the December 2024 maturities are expected to be refinanced during the year. See Annual Report 2022 note 12 for further details.

3.5 Commercial and operational risk

The Company is exposed to commercial risk as it operates in the cyclical oil and gas service markets and in the offshore renewables market with significant volatility in charter rates. Operational risk is related to availability of experienced crew and technical incidents with vessels and equipment. The Company is exposed to credit risk related to counter parties' ability to meet their financial obligations.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Segment Reporting

	2023 4Q	2022 4Q	2023 Jan-Dec	2022 Jan-Dec
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue by segments				
Platform Supply Vessels	11,581	9,417	48,419	36,157
Subsea Vessels	45,745	40,380	186,981	158,911
Anchor Handling Tug Supply Vessels	23,744	10,166	85,031	61,568
Fast Crew & Oil Spill Recovery Vessels	3,678	3,823	14,272	16,126
Other/Intercompany elimination	413	559	1,323	1,543
Total operating revenue	85,161	64,345	336,026	274,306
Operating margin by segments				
Platform Supply Vessels	3,574	1,764	17,919	7,410
Subsea Vessels	30,243	23,665	123,932	91,561
Anchor Handling Tug Supply Vessels	11,086	-262	34,394	17,126
Fast Crew & Oil Spill Recovery Vessels	1,229	1,391	4,273	7,541
Other/Intercompany elimination	686	844	6,270	2,733
Administrative expenses	-6,717	-6,649	-22,301	-22,596
Total operating margin from segments	40,100	20,753	164,486	103,776
Depreciation by segments				
Platform Supply Vessels	-2,583	-1,993	-10,069	-9,330
Subsea Vessels	-8,241	-8,778	-35,592	-34,283
Anchor Handling Tug Supply Vessels	-4,659	-4,061	-18,264	-16,435
Fast Crew & Oil Spill Recovery Vessels	-553	46	-2,730	-2,883
Other/Intercompany elimination	-365	-367	-1,369	-1,374
Total depreciation by segments	-16,401	-15,153	-68,023	-64,305
Reversal of vessel impairment by segments				
Platform Supply Vessels	4,966	-	4,966	-
Subsea Vessels	62,000	-	62,000	-
Total reversal of vessel impairment by segments	66,966	-	66,966	-

NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Vessels, Equipment and Project Cost

<i>(Amounts in USD 1,000)</i>	Land and buildings	Vessels and equipment	Capitalized project cost	Total
Purchase cost at 1 January 2023	3,560	2,189,776	8,240	2,201,576
Capital expenditure	732	32,760	-	33,492
Additions related to IFRS16 (see note 9)	3,407	1,317	-	4,724
Movement between groups	-	-38,165	-	-38,165
The period's disposal at cost	-	-433	-	-433
Effect of exchange rate differences	80	9,751	-70	9,761
Purchase cost at 31 December 2023	7,778	2,195,007	8,170	2,210,955
Accumulated depreciation at 1 January 2023	-2,818	-838,321	-6,429	-847,568
Accumulated impairment at 1 January 2023	-	-547,279	-	-547,279
Movement between groups	-	38,165	-	38,165
The year's depreciation	-526	-67,225	-273	-68,023
The year's reversal of impairment	-	66,966	-	66,966
The year's disposal of accumulated depreciation	-	184	-	184
Effect of exchange rate differences	-65	-6,718	64	-6,719
Accumulated depreciation and impairment at 31 December	-3,408	-1,354,229	-6,637	-1,364,274
Net book value at 31 December 2023	4,369	840,778	1,533	846,680

The balance of capitalized project costs relates to specific contracts. The costs are amortized over the term of the specific charter contracts.

The Company identified indicators of reversal of impairments for vessels, and a value-in use testing was made for all vessels. See Note 8.

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Interest-Bearing Debt

<i>(Amounts in USD 1,000)</i>	31.12.2023	31.12.2022
	<i>Unaudited</i>	<i>Audited</i>
Total cash and cash equivalents	97,325	94,949
Current portion of borrowings	-212,525	-58,978
Non-current portion of borrowings	-249,861	-509,994
Gross interest-bearing debt	-462,387	-568,972
Net interest-bearing debt	-365,062	-474,023

The interest-bearing debt is denominated in currencies as follows: USD 95% and NOK 5 %. The cash position is denominated in USD at 49% and other currencies at 51%. Restricted funds were USD 6.3 million.

The long-term interest bearing-debt per 31 December 2023 includes a shareholder's loan from the minority shareholder in Siem AHTS Pool AS at USD 7.8 million. The loan is subordinated to other financial debt and any debt servicing is contingent on lending bank's approval. The current portion of borrowings includes a cash sweep estimate of USD 44.0 million.

Note 7 – Taxes

The Company is subject to taxes in several jurisdictions where significant judgement is required in calculating the tax provision for the Company. There are several transactions for which the ultimate tax cost is uncertain and for which the Company makes provisions based on internal estimates, tax treaties and tax regulations in countries of operation and appropriate external advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax charge in the period in which the outcome is determined. The Company holds around USD 986 million (of which USD 520 million is reserved Siem AHTS Pool AS) of losses carried forward and other tax positions that may be offset against future tax positions, provided that the Company earns taxable profits and that current tax regulations are maintained. As the timing and valuation of the tax positions are uncertain, the Company has included only a minor share of its potential deferred tax asset in the Balance sheet.

For the fiscal year 2023, the Company has revaluated its tax position from losses carried forward and has recognized a deferred tax asset at an increased amount. The revaluation had a positive effect of USD 18.5 million on net profits and equity.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Reversal of impairments

	2023	2022	2023	2022
<i>(Amounts in USD 1,000)</i>	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Platform Supply Vessels	4,966	-	4,966	-
Subsea Vessels	62,000	-	62,000	-
Total reversal of impairment for vessels	66,966	-	66,966	-

The Company identified indicators that vessel values should be tested in compliance with IAS 36. The indicators were increased charter rates, Company's financial results and position, cash flows and the Company's market capitalization versus book equity. Value-in-use calculation (VIU) was made for all vessels, which are considered separate cash generating units. Broker valuations were collected from two independent brokers and the average value was used as a reference for recoverable values. Based on the value-in-use calculations the Company concluded to reverse impairments for four vessels at a total of USD 67.0 million. For other vessels there were minor positive and negative variances to book values. However, the net effect of such variances was considered immaterial. The weighted average cost of capital (WACC) was recalculated based on parameters observed and estimated at the end of the quarter. The WACC was 9.46% on 31 December 2023 (31 December 2022: 9.17%). VIU is based on the present value of discounted cash flows for each separate CGU for the remaining lifetime, based on firm contracts, market views for future revenues, operating cost, drydocking and periodic maintenance cost and at a discount rate calculated as the WACC. Three scenarios have been considered, and a weighted average of the scenarios has been calculated. Operational expenses, class renewals and periodic maintenance that are directly attributable to the CGU are based on actuals and forecasts as applicable.

NOTES TO THE FINANCIAL STATEMENTS

Note 9 - Leases

The Company has entered into various operating leases for office premises, office machines and communication satellite equipment for the vessels. The lease period for the lease agreements varies and most of the leases contain an option for extension. The interest rates in the calculation of net present values are in the range of 9%-13% depending on the base currency, the nature of the lease and the length of the leasing agreement.

Consolidated Statements of Financial Position:

(Amounts in USD 1,000)

Right of use assets at 1 January 2023	1,712
Additions in 2023	5,463
The period's depreciation	-1,502
Effect of exchange rate differences	7
Right of use assets at 31 December 2023	5,680

The balance sheet shows the following amounts relating to leases:

<i>(Amounts in USD 1,000)</i>	31.12.2023	31.12.2022
Right of use assets*		
Office premises	4,363	735
Vessels and Equipment	1,317	977
Total	5,680	1,712

*included in the line item "Vessels and equipment" in the Consolidated Statements of Financial Position.

(Amounts in USD 1,000)

Lease liability at 1 January 2023	1,961
Additions in 2023	5,463
Lease payments	-1,847
Interest cost	122
Effect of exchange rate differences	10
Lease liability at 31 December 2023	5,709

<i>(Amounts in USD 1,000)</i>	31.12.2023	31.12.2022
Lease liabilities**		
Current	918	1,666
Non-Current	4,791	294
Total lease liabilities	5,709	1,961

**included in the line item "other liabilities" for current and non-current liabilities respectively in the Consolidated Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

Note 10 – Financial Items

	2023	2022	2023	2022
<i>(Amounts in USD 1,000)</i>	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Interest income	5,135	2,273	11,029	4,245
Other financial income	31	1	24	54
Total financial income	5,165	2,274	11,053	4,300
Interest expenses	-10,847	-7,004	-34,209	-23,370
Reversal of impairment related to Seller's credit Siem Marlin	-	-	5,771	-
Other financial expenses	-346	-2,031	-1,274	-1,005
Total financial expenses	-11,193	-9,035	-29,711	-24,375
Net currency gain/(loss)	-1,675	-7,096	10,292	13,968
Hedge accounting recycling	-1,329	-	-1,329	-6,232
Total currency gain/ (loss) on revaluation	-3,003	-7,096	8,963	7,736
Net financial items	-9,031	-13,857	-9,695	-12,340

Netted interest amounts of USD 2.6 million in previous quarters have been reclassified and included in the Q4 accounts, increasing both finance income and finance cost with the same amount. Net cash effect and net P&L effect is zero.

Hedge accounting recycling refers to a termination of a hedging accounting arrangement held in Brazil implicating reclassification of former currency losses recognized under Other Comprehensive Income. Former currency losses of USD 1.3 million is therefore recognized in the P&L. However, same amount appears as a gain under Other Comprehensive Income. There is no cash effect or effect on equity.

The net effect of currency items in the Income Statement and in the Statement of Other Comprehensive Income, including currency translation differences and currency hedges, was USD 3.2 million in 4Q 2023 and USD 6.4 million Jan-Dec 2023.

ALTERNATIVE PERFORMANCE MEASUREMENT (APM)

The Company has identified several APMs that are consistently applied for the reporting periods. The APMs are supplementary to the Financial Statements that are disclosed in compliance with IFRS. The APMs are disclosed to give a broader understanding of the operations, financial position, and associated risk of the Company.

Operating margin - Operating margin is the net of operating revenue and operating expenses. For 2022 operating revenues USD 274.3 million less operating and administrative expenses at totally USD 170.5 million equals operating margin at USD 103.8 million. The Company considers the operating margin to be a key number when analyzing the fleets operating performance and the margin that can be applied to the finance of capital expenditures, debt service and other cash disbursements.

Operating margin percentage – Operating Margin, % is the nominal operating margin calculated as a percentage of operating revenue. For 2022 the operating margin at USD103.8 million equals 38% of the operating revenue at USD 274.3 million. The operating margin percentage is used to compare, period by period, the development in relative margin from operations. The operating margin-% is also used for comparing segments' relative performance.

Equity Ratio – Total Equity (including Non-controlling interest) relative to Total Equity and Liabilities.

OTHER DEFINITIONS

Contract backlog – the total, nominal value of future revenues from firm contracts, excluding optional periods. The contract backlog is categorized per year, and reflects coming years' operating revenues that are considered firm following contracts agreed with clients.

Utilization – vessels' effective time on hire relative to total time available in the reporting period, excluding vessels in lay-up. The relative utilization is reflecting the time that a vessel or the fleet has been on hire with clients. Zero utilization is reported when a vessel is off-hire caused by technical issues or when idle, awaiting employment.

Capital expenditure - gross capital expenditure related to tangible assets at acquisitions, upgrades, class renewals (Dry-docking) and major periodic maintenance.

Earnings per share - Result attributable to the shareholders divided by weighted average number of shares.

Comprehensive income per share – Comprehensive income for the period for the Group divided by weighted average number of shares at the end of the reporting period.

Interest-bearing debt – Current and long-term interest-bearing debt.

Net interest-bearing debt – Interest-bearing debt less cash and cash equivalents.

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