

**SIEM OFFSHORE INC.**  
**REPORT FOR SECOND QUARTER AND FIRST HALF 2022**



On 25 August 2022 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) announces results for second quarter and first half ended 30 June 2022.

**SELECTED FINANCIAL INFORMATION**

	2022	2021	2022	2021	2021
<i>(Amounts in USD millions)</i>	2Q	2Q	1H	1H	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	75.3	66.4	136.2	122.7	254.5
Operating margin	32.2	26.4	48.9	47.1	100.6
Operating margin, %	43%	40%	36%	38%	40%
Operating profit (loss)	15.5	11.3	16.3	16.0	38.2
Net profit (loss)	19.5	103.0	26.2	93.4	102.9
Net profit (loss) attributable to shareholders	19.4	104.2	27.4	96.5	107.9
Net cash flow before debt repayment	10.9	96.2	11.8	97.5	120.8
Net interest bearing debt	521.9	557.4	521.9	557.4	532.4
Repayment of interest bearing debt	14.6	82.3	26.5	83.1	124.3
Contract Backlog	410.6	390.0	410.6	390.0	297.5
Total Equity	351.5	333.3	351.5	333.3	340.3
Cash and Cash equivalents	72.6	105.5	72.6	105.5	91.8

**HIGHLIGHTS FOR THE SECOND QUARTER**

- Vessels’ supply-demand balance is in a positive trend for all segments.
- Received status on vessel class compliance from the classification society DNV, confirming that Siem Offshore has over the recent years consistently performed better than its peers on technical issues, non-conformities and findings from Port State Inspections.
- Awarded a new contract for the OSCV “Siem Spearfish”, securing firm utilization until the end of 2023.
- The Annual General Meeting of Siem Offshore Inc. was held 20 May 2022. All proposed resolutions were unanimously approved. Following the AGM and a subsequent Board meeting, the Board is: Mr. Kristian Siem, Chairman. Ms. Celina Midelfart, Director. Mr. Christen Sveaas, Director. Mr. Barry Ridings, Director.
- Decision to no longer pursue a re-domiciliation plan, as was announced in March 2022.

**SUBSEQUENT EVENTS**

- Awarded a new contract for the Brazilian vessel “Siem Maragogi” with a duration of 3 years in direct continuation of current contract in Brazil.

- Received declaration of the first of two options for the PSVs "Siem Atlas" and "Siem Giant" in Brazil. Both vessels are now firm until June 2023.
- A 3-month option declared for the AHTS "Siem Opal" commencing in September 2022.
- An 18-month extension has been signed for the Canadian vessel "Avalon Sea", ensuring continued operations well into Q2 2024.

## MARKET AND OUTLOOK

The second quarter saw a general increase in activity in most offshore support segments worldwide. The North Sea spot market started with relatively low activity for the AHTS segment, but had an impressive increase from mid-May and experienced day rates close to GBP 200,000 at the end of the quarter, levels which we have not seen in years. The AHTS market was mainly driven by low availability due to increased project work and activity in the UK sector. The PSV segment was tight for most of the period and gave better results than in recent years. The OCV market was more or less sold out already from Q1 and the few contracts that were concluded resulted in high day-rates and at reasonable contract terms.

The expected increase in activity in Brazil, West Africa and the North Sea is now showing signs of realization from 2022 and onwards. We reiterate our positive outlook that our young and advanced fleet will be in demand for many years to come. The focus is currently on securing utilization for Q4 and further into 2023 to reduce winter downtime. For the OSCV segment we now see that firm requirements for multiyear contracts are hitting the market, which is a strong signal that charterers are positioning themselves strategically to mitigate the risk of not being in control of capable assets for carrying out already booked projects in the years ahead. Having refrained from taking on long term contracts in the previously weak market, most of our OSCVs are in a position to target longer term opportunities in the coming years. The longer-term outlook for the PSV and AHTS markets has strengthened due to the increased oil price and projections where EU is targeting to reduce its dependency on Russian oil and gas. The renewable energy segment is also under a parallel pressure to increase its output for the same reason, in addition to the longer-term transition for a more sustainable energy production perspective.

The floating offshore wind segment is in a premature stage of development; however this segment is expected to require high-end AHTS vessels for installation of mooring and hook up projects. Due to the high capex expenditure required to build such a vessel, and the limited length of time required per installation project, it's foreseen that the current AHTS fleet will be a key contribution to the supply chain to realize the forecasted installed Giga Watt plans towards the second part of the decade.

The Company is well-positioned to compete with its peers based on its modern fleet, relatively 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 (2Q 2022 over 2Q 2021)

Operating revenues were USD75.3 million (2021: USD66.4 million). The operating margin was USD32.2 million (2021: USD26.4 million). The increase in revenues from 2Q 2021 was caused by improved utilization and uplift in charter rates, generated by increased demand for OSV vessels. Administrative expenses were USD5.5 million (2021: USD4.8 million).

Operating profit/(loss) was USD15.5 million (2021: USD11.3 million) after depreciation and amortization expenses of USD16.6 million (2021: USD16.3 million). No impairment charge was recognized in 2Q 2022 (2021: nil). The Company closed all of its currency hedging derivatives in 2Q 2021 (currency exchange gain/(loss) recorded on currency derivative contracts in 2Q 2021 was USD0.2 million, of which USD1.4 million was unrealized).

Net financial items were USD4.0 million (2021: USD91.9 million) and include a net revaluation gain/(loss) of non-USD currency items of USD9.0 million (2021: USD8.9 million) of which USD1.9 million was unrealized (2021: USD1.4 million). In Q2 2021 the Company concluded a financial restructuring with its lenders. As part of a debt-to-equity conversion USD92 million was recognized as financial income. The financial expenses of USD5.7 million (2021: USD9.7 million) include no unrealized gain/(loss) from mark-to-market valuation of interest rate swap agreements as these were closed in April 2021 (2021: USD(0.8) million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies.

The natural currency hedge program related to financing of vessels in Brazil is recognized in Other Comprehensive income, and recorded a loss of USD5.8 million (2021: USD8.2 million).

The net profit/(loss) attributable to shareholders was USD19.4 million (2021: USD104.2 million), representing USD0.08 per share (2021: USD1.08 per share). The 2021 profit includes a financial gain from the restructuring at USD92 million.

### Statements of Financial Position and Cash Flows

Shareholders' equity was USD353.3 million before non-controlling interest on 30 June 2022 (31 December 2021: USD340.8 million), equivalent to USD 1.48 per share (2021: USD 1.42 per share). Non-controlling interest is USD-1.8 million. Total equity ratio was 34% (31 December 2021: 32%). Net cash flow from operating activities for the first six months 2022 was USD29.6 million and the cash position on 30 June 2022 was USD72.6 million.

The gross interest-bearing debt is equivalent to USD594.5 million. In the first six months 2022, the Company made principal repayments of USD26.5 million, inclusive of a cash sweep of USD10.8 million, according to the cash sweep mechanisms in the loan agreements with the European lenders. The Company made interest payments of USD8.3 million.

The weighted average cost of debt for the Company was approximately 4.3% p.a. on 30 June 2022 (30 June 2021: 3.4%). The Company has no debt-related derivatives such as interest rate swaps and cross currency swaps.

The share capital is USD238.852 million representing a total of 238,852,052 shares with a nominal value of USD1.00 per share.

## **Health, Safety, Environment & Quality (HSEQ)**

The Company has not experienced any serious injuries nor any serious environmental incidents in the second quarter of 2022. There have been a few incidents which had a serious potential, these are being thoroughly investigated in cooperation with relevant clients. The reports and lessons learned will be shared and discussed during officer's conferences in Q3 in addition to regular distribution to the parties involved.

The quarterly safety campaign has focused on "Protecting your eyes". This campaign is based on some developments regarding an increase of eye-related incidents, not serious however, but the need to focus on this was revitalized.

Siem Offshore ESG (Environmental, Social and Governance) strategy is being worked on across several departments and management and will be presented in Q3.

During Q2, business compliance, ethics and due diligence has been focus areas and training of all employees is ongoing. The revised Siem Offshore Code of Conduct has been released and all employees are being trained via E-Learning.

The conflict in Ukraine is challenging in many ways, primarily the hardships and uncertainties for the personnel from Ukraine. We have constant and clear focus, tight communication with seafarers regarding safety focus and necessary support from day-to-day.

## **The Fleet**

On 30 June 2022, the fleet totaled 28 vessels (2021: 28 vessels), including partly owned vessels. 3 vessels were in lay-up at the end of the quarter (2021: 5). In addition to the owned fleet of 28 vessels, the Company performs ship-management services for 3 vessels. The overall fleet utilization in the quarter was 94% (2021: 89%), excluding vessels in lay-up.

## **Results for the Second Quarter 2022**

### **Platform Supply Vessels (PSVs)**

The Company has 6 PSVs in the fleet at the end of the quarter (2021: 6). The PSVs recorded operating revenues of USD10.1 million and had 96% utilization (2021: USD8.9 million and 88%). The operating margin before administrative expenses for these PSVs was USD2.4 million (2021: USD2.8 million). The revenues increased due to improved utilization. However, the margin was negatively affected by repair and maintenance cost and Covid-19 cost.

### **Offshore Subsea Construction Vessels (OSCVs) and Well-Intervention Vessels (WIVs)**

The Company has 4 OSCVs and 2 WIVs at the end of the quarter (2021: 4 OSCVs and 2 WIVs). The OSCVs and WIVs earned operating revenues of USD33.7 million and had 98% utilization (2021: USD29.3 million and 90%). The operating margin before administrative expenses was USD20.7 million (2021: USD16.8 million). The revenues and margin benefitted from higher utilization and higher charter-rates as the supply-demand balance for these vessels was tightening in.

### Anchor-Handling Tug Supply (AHTS) Vessels

The Company has 8 AHTS vessels at the end of the quarter (2021: 8). The AHTS fleet earned operating revenues of USD16.6 million and had 84% utilization excluding vessels in lay-up (2021: USD12.8 million and 82%). The operating margin before administrative expenses was USD6.2 million (2021: USD1.6 million). One vessel was in lay-up at the end of the quarter (2021: 3 vessels). The revenues and margin improved from 2021 as two vessels were taken out of lay-up. Charter rates and utilization improved caused by increased demand for AHTS vessels.

### Other Vessels

The Company has a fleet of 5 smaller Brazilian-flagged vessels (fast supply vessels, fast crew vessels and oil-spill recovery vessels) at the end of the quarter (2021: 5). Two vessels were in lay-up at the end of the quarter (2021: 2 vessels). Two vessels operated under term contracts in Brazil. One vessel is on a Bareboat contract. The fleet earned operating revenues of USD4.3 million and had 100% utilization excluding vessels in lay-up (2021: USD3.9 million and 99%). The operating margin before administrative expenses for the fleet was USD2.0 million (2021: USD2.2 million).

The Company has one Canadian-owned vessel operating offshore Canada at the end of the quarter (2021: 1). The vessel earned operating revenues of USD2.4 million and had 100% utilization (2021: USD3.6 million and 100%). The operating margin before administrative expenses was USD1.2 million (2021: USD2.6 million). The revenues and margin is down from 2021 due to Covid-19 support from the Canadian Government in 2021.

The Company owns one scientific core-drilling vessel that recorded operating revenues of USD7.8 million (2021: USD7.5 million) and an operating margin before administrative expenses of USD4.3 million (2021: USD4.3 million).

The 41%-ownership in the “Big Orange XVIII” recorded a share of profit of USD0.0 million (2021: USD-0.1 million). These results are recorded in accordance with the equity method.

### Contract Backlog

The total contract backlog on 30 June 2022 was USD411 million and is allocated as follows:

<i>(Amounts in USD millions)</i>	2022	2023	2024 onwards	Total
OSVs	71	109	163	344
Other	15	30	22	67
<b>Total Backlog</b>	<b>87</b>	<b>139</b>	<b>185</b>	<b>411</b>

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

25 August 2022

Kristian Siem, Chairman

Bernt Omdal, Chief Executive Officer

## CONSOLIDATED INCOME STATEMENTS

		2022	2021	2022	2021	2021
<i>(Amounts in USD 1,000)</i>	Note	2Q	2Q	1H	1H	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	4	75,267	66,404	136,221	122,667	254,493
Operating expenses	8	-37,622	-35,242	-76,504	-65,904	-134,115
Administrative expenses	8	-5,451	-4,789	-10,782	-9,686	-19,793
<b>Operating margin</b>	<b>4</b>	<b>32,195</b>	<b>26,373</b>	<b>48,936</b>	<b>47,077</b>	<b>100,585</b>
Depreciation and amortization	4,5,8	-16,614	-16,256	-32,557	-32,334	-63,539
Gain / (loss) on sales of fixed assets	5	-38	1,023	-38	1,115	997
Gain/(loss) on currency derivative contracts		-	202	-	144	204
<b>Operating profit/(loss)</b>		<b>15,544</b>	<b>11,342</b>	<b>16,342</b>	<b>16,002</b>	<b>38,247</b>
Financial income	9	777	92,678	1,521	93,631	96,727
Financial expenses	8,9	-5,730	-9,706	-10,923	-17,090	-28,573
Net currency gain (loss) on revaluation	9	8,963	8,946	18,646	2,075	-4,531
<b>Net financial items</b>		<b>4,010</b>	<b>91,918</b>	<b>9,244</b>	<b>78,616</b>	<b>63,623</b>
Result from associated companies		-3	-92	64	-483	42
<b>Profit/(loss) before taxes</b>		<b>19,551</b>	<b>103,169</b>	<b>25,650</b>	<b>94,134</b>	<b>101,912</b>
Tax benefit/(expense)	7	-4	-154	508	-699	1,000
<b>Net profit/(loss)</b>		<b>19,548</b>	<b>103,014</b>	<b>26,158</b>	<b>93,436</b>	<b>102,912</b>
Attributable to non-controlling interest		145	-1,150	-1,275	-3,040	-4,947
<b>Attributable to shareholders of the Company</b>		<b>19,403</b>	<b>104,165</b>	<b>27,433</b>	<b>96,476</b>	<b>107,858</b>
Weighted average number of outstanding shares(000's)		238,852	96,659	238,852	53,727	147,050
Earnings/(loss) per share (basic and diluted)		0.08	1.08	0.11	1.80	0.73
<b>Statements of Comprehensive Income</b>		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
<i>(Amounts in USD 1,000)</i>		<b>2Q</b>	<b>2Q</b>	<b>1H</b>	<b>1H</b>	<b>Jan-Dec</b>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Net profit (loss)</b>		<b>19,548</b>	<b>103,014</b>	<b>26,158</b>	<b>93,436</b>	<b>102,912</b>
<b>Other comprehensive income (expense)</b>						
Items that will not be reclassified to the Income Statement:						
Pension re-measurement gain/(loss)		-	-	-	-	-203
<b>Items that may be subsequently reclassified to the Income Statement:</b>						
Cash flow hedges		-5,801	8,219	4,952	3,296	-2,217
Currency translation differences		-11,341	-8,772	-19,880	-2,420	825
<b>Total comprehensive loss for the period</b>		<b>2,405</b>	<b>102,462</b>	<b>11,229</b>	<b>94,312</b>	<b>101,317</b>
Attributable to non-controlling interest		145	-1,150	-1,275	3,039	4,947
<b>Attributable to shareholders of the Company</b>		<b>2,260</b>	<b>103,612</b>	<b>12,504</b>	<b>97,351</b>	<b>106,263</b>

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in USD 1,000)</i>	<b>Note</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>ASSETS</b>		<i>Unaudited</i>	<i>Audited</i>
<b>Non-current assets</b>			
Vessels and equipment	5,8	832,989	844,652
Capitalized project cost	5	2,085	2,433
Investment in associates and other long-term receivables		31,688	33,244
CIRR loan deposit <sup>1)</sup>		24,078	36,763
Deferred tax asset	7	8,839	8,945
<b>Total non-current assets</b>		<b>899,679</b>	<b>926,037</b>
<b>Current assets</b>			
Trade receivables and other current assets		69,425	55,621
Cash and cash equivalents	6	72,612	91,839
<b>Total current assets</b>		<b>142,037</b>	<b>147,460</b>
<b>Total Assets</b>		<b>1,041,716</b>	<b>1,073,497</b>
<b>EQUITY</b>			
Paid-in capital		821,727	821,727
Other reserves		-45,654	-30,725
Retained earnings		-422,733	-450,166
<b>Total Shareholders' equity</b>		<b>353,340</b>	<b>340,836</b>
Non-controlling interest		-1,814	-538
<b>Total Equity</b>		<b>351,527</b>	<b>340,298</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	6	539,117	576,596
CIRR loan <sup>1)</sup>		24,078	36,763
Other non-current liabilities	8	14,929	14,211
<b>Total non-current liabilities</b>		<b>578,125</b>	<b>627,570</b>
<b>Current liabilities</b>			
Current portion of borrowings	6	55,402	47,650
Accounts payable and other current liabilities	7,8	56,662	57,980
<b>Total current liabilities</b>		<b>112,064</b>	<b>105,630</b>
<b>Total liabilities</b>		<b>690,189</b>	<b>733,200</b>
<b>Total Equity and Liabilities</b>		<b>1,041,716</b>	<b>1,073,497</b>

1) Commercial Interest Reference Rate

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



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	2022 1H	2021 1H	2021 Jan-Dec
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Cash flow from operating activities</b>			
Net profit/(loss)	26,158	93,436	102,912
Interest expense	10,212	14,345	24,187
Interest income	-1,505	-1,761	-3,240
Tax expense	-508	699	-1,000
Results from associated companies	-64	483	-42
Loss/(gain) on sale of assets	38	-1,115	-997
Debt forgiveness from restructuring	-	-91,553	-91,553
Depreciation and amortization	32,557	32,334	63,539
Unrealized currency gain/(loss)	-13,715	-3,578	-3,578
Changes in short-term receivables and payables	-15,403	8,953	9,174
Other changes	-1,604	2,752	2,493
<b>Cash flow from operating activities</b>	<b>36,166</b>	<b>54,993</b>	<b>101,895</b>
Interest paid	-8,254	-12,324	-23,342
Interest received	1,670	1,573	3,183
Taxes paid	-12	-699	363
<b>Net Cash flow from operating activities</b>	<b>29,570</b>	<b>43,543</b>	<b>82,099</b>
<b>Cash flow from investing activities</b>			
Capital expenditure in vessels and equipment	-19,161	-9,664	-27,736
Proceeds from sale of fixed assets	-	52,581	52,463
Change in other non-current receivables	380	3,410	4,202
<b>Cash flow from investing activities</b>	<b>-18,781</b>	<b>46,327</b>	<b>28,929</b>
<b>Cash flow from financing activities</b>			
Contribution from non-controlling interests of consolidated subsidiaries	1,092	9,599	10,000
Effect from restatement of bonds to convertible bonds	-	-1,833	-
Changes in other non-current liabilities	-92	-93	-230
Repayment of long-term borrowings	-26,479	-83,123	-124,270
<b>Cash flow from financing activities</b>	<b>-25,479</b>	<b>-75,451</b>	<b>-114,500</b>
<b>Net change in cash and cash equivalents</b>	<b>-14,690</b>	<b>14,420</b>	<b>-3,472</b>
Cash and cash equivalents, beginning of period	91,839	103,225	103,225
Effect of exchange rate differences	-4,537	-12,163	-7,914
<b>Cash and cash equivalents, end of period</b>	<b>72,612</b>	<b>105,481</b>	<b>91,839</b>

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 premium capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
<b>Equity at 1 January 2021</b>	<b>934,738,777</b>	<b>9,347</b>	<b>634,959</b>	<b>-29,332</b>	<b>-557,821</b>	<b>57,152</b>	<b>-44,730</b>	<b>12,423</b>
Net profit/(loss) for the period	-	-	-	-	96,476	96,476	-3,040	93,436
Cash flow hedge	-	-	-	3,296	-	3,296	-	3,296
Currency translation differences	-	-	-	-2,420	-	-2,420	-	-2,420
Shares issues in Siem Offshore Inc	22,950,466,494	229,505	-52,084	-	-	177,421	-	177,421
Correction number of shares following reversed split	-23,646,353,219	-	-	-	-	-	-	-
Share issues in partially owned subsidiaries	-	-	-	-	-	-	49,139	49,139
<b>Equity at 30 June 2021</b>	<b>238,852,052</b>	<b>238,852</b>	<b>582,875</b>	<b>-28,456</b>	<b>-461,346</b>	<b>331,925</b>	<b>1,369</b>	<b>333,294</b>

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share premium capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
<b>Equity at 1 January 2021</b>	<b>934,738,777</b>	<b>9,347</b>	<b>634,959</b>	<b>-29,332</b>	<b>-557,821</b>	<b>57,152</b>	<b>-44,730</b>	<b>12,423</b>
Net profit/(loss) for the period	-	-	-	-	107,858	107,858	-4,947	102,912
Pension re-measurement	-	-	-	-	-203	-203	-	-203
Cash flow hedge	-	-	-	-2,217	-	-2,217	-	-2,217
Currency translation differences	-	-	-	825	-	825	-	825
Shares issues in Siem Offshore Inc	22,950,466,494	229,505	-52,084	-	-	177,421	-	177,421
Correction number of shares following reversed split	-23,646,353,219	-	-	-	-	-	-	-
Share issues in partially owned subsidiaries	-	-	-	-	-	-	49,138	49,138
<b>Equity at 31 December 2021</b>	<b>238,852,052</b>	<b>238,852</b>	<b>582,875</b>	<b>-30,725</b>	<b>-450,166</b>	<b>340,836</b>	<b>-538</b>	<b>340,298</b>

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share premium capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
<b>Equity at 1 January 2022</b>	<b>238,852,052</b>	<b>238,852</b>	<b>582,875</b>	<b>-30,725</b>	<b>-450,166</b>	<b>340,836</b>	<b>-538</b>	<b>340,298</b>
Net profit/(loss) for the period	-	-	-	-	27,433	27,433	-1,275	26,158
Cash flow hedge	-	-	-	4,952	-	4,952	-	4,952
Currency translation differences	-	-	-	-19,880	-	-19,880	-	-19,880
<b>Equity at 30 June 2022</b>	<b>238,852,052</b>	<b>238,852</b>	<b>582,875</b>	<b>-45,654</b>	<b>-422,733</b>	<b>353,341</b>	<b>-1,814</b>	<b>351,527</b>

## Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the Report for the Second Quarter and First Half 2022 includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related party transactions.

25 August 2022

Kristian Siem  
Chairman (sign.)

Barry Ridings  
(sign.)

Celina Midelfart  
(sign.)

Christen Sveaas  
(sign.)

Bernt Omdal  
CEO (sign.)

## 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 30 June 2022 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 2021 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 2021 and with new standards, amendments to standards and interpretations that have become effective in 2022.

### Note 3 – 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 62% of the long-term interest-bearing debt was subject to floating interest rates at the end of June 2022. 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. A natural currency hedging accounting arrangement is held in Brazil for vessels operating under USD financing.

#### 3.3 Inflation Risk

The Company is exposed to inflation risk as inflation rates are expected to increase. 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.

#### 3.4 Liquidity Risk

## NOTES TO THE FINANCIAL STATEMENTS

No debt will mature till end of 2024, except for debt that will be subject to cash sweep if applicable. See Annual Report note 12 for further details. The volatile market conditions and the impact of the COVID-19 pandemic on vessel operations and world economy may still have a negative influence.

### 3.5 Commercial and operational risk

The Company is exposed to commercial risk as it operates in the cyclical oil and gas service markets with significant volatility in freight rates. Operational risk is related to technical incidents with vessels and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4 – Segment Reporting

<i>(Amounts in USD 1,000)</i>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>2Q</b>	<b>2Q</b>	<b>1H</b>	<b>1H</b>	<b>Jan-Dec</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Operating revenue by segments</b>					
Platform Supply Vessels	10,114	8,925	15,961	21,413	39,869
Offshore Subsea Construction Vessels and WIV	33,687	29,286	64,807	48,976	111,718
Anchor Handling Tug Supply Vessels	16,635	12,830	25,932	22,626	43,067
Brazilian Fleet	4,274	3,904	8,329	7,897	15,698
Canadian Fleet	2,384	3,559	4,942	6,412	12,670
Other/Intercompany elimination	327	444	657	803	1,489
Scientific Core-Drilling Vessel	7,846	7,456	15,592	14,541	29,984
<b>Total operating revenue</b>	<b>75,267</b>	<b>66,404</b>	<b>136,221</b>	<b>122,667</b>	<b>254,493</b>
<b>Operating margin by segments</b>					
Platform Supply Vessels	2,416	2,793	1,999	9,244	14,812
Offshore Subsea Construction Vessels and WIV	20,709	16,772	35,182	27,651	64,387
Anchor Handling Tug Supply Vessels	6,215	1,620	5,588	1,406	3,780
Brazilian Fleet	2,018	2,180	4,145	4,433	8,922
Canadian Fleet	1,234	2,574	2,584	4,509	9,140
Other/Intercompany elimination	720	935	1,342	1,618	2,892
Scientific Core-Drilling Vessel	4,334	4,287	8,877	7,900	16,445
Administrative expenses	-5,451	-4,789	-10,782	-9,686	-19,793
<b>Total operating margin from segments</b>	<b>32,195</b>	<b>26,373</b>	<b>48,936</b>	<b>47,077</b>	<b>100,585</b>
<b>Depreciation by segments</b>					
Platform Supply Vessels	-2,476	-2,485	-4,824	-4,919	-9,755
Offshore Subsea Construction Vessels and WIV	-7,449	-6,428	-14,554	-12,834	-26,042
Anchor Handling Tug Supply Vessels	-3,670	-4,365	-7,212	-8,684	-15,554
Brazilian Fleet	-1,023	-822	-1,978	-1,620	-3,334
Canadian Fleet	-556	-572	-1,109	-1,111	-2,244
Other/Intercompany elimination	-336	-532	-671	-1,063	-2,193
Scientific Core-Drilling Vessel	-1,104	-1,052	-2,208	-2,103	-4,417
<b>Total depreciation by segments</b>	<b>-16,614</b>	<b>-16,256</b>	<b>-32,557</b>	<b>-32,334</b>	<b>-63,539</b>

## 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
<b>Purchase cost at 1 January 2022</b>	<b>3,506</b>	<b>2,171,967</b>	<b>8,512</b>	<b>2,183,985</b>
Capital expenditure	-	19,161	-	19,161
The period's disposal at cost	-	-1,864	-	-1,864
Effect of exchange rate differences	52	-1,365	-295	-1,608
<b>Purchase cost at 30 June 2022</b>	<b>3,558</b>	<b>2,187,899</b>	<b>8,217</b>	<b>2,199,674</b>
<b>Accumulated depreciation at 1 January 2022</b>	<b>-2,257</b>	<b>-778,827</b>	<b>-6,079</b>	<b>-787,163</b>
<b>Accumulated impairment at 1 January 2022</b>	<b>-</b>	<b>-549,737</b>	<b>-</b>	<b>-549,737</b>
The period's depreciation	-250	-32,011	-296	-32,557
The period's disposal of accumulated depreciation	-	1,643	-	1,643
Effect of exchange rate differences	-30	3,001	243	3,214
<b>Accumulated depreciation and impairment at 30 June 2022</b>	<b>-2,538</b>	<b>-1,355,931</b>	<b>-6,132</b>	<b>-1,364,600</b>
<b>Net book value at 30 June 2022</b>	<b>1,020</b>	<b>831,969</b>	<b>2,085</b>	<b>835,074</b>

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

The Company did not recognize impairment charges in the first six months of 2022. The market outlook has slightly improved and there are early signs of improvement on charter rates and vessel utilization. If this trend continues it could trigger reversal of impairment for certain vessels in the future.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6 – Interest-Bearing Debt

<i>(Amounts in USD 1,000)</i>	<b>30.06.2022</b>	<b>31.12.2021</b>
	<i>Unaudited</i>	<i>Audited</i>
<b>Total cash and cash equivalents</b>	<b>72,612</b>	<b>91,839</b>
Current portion of borrowings	-55,402	-47,650
Non-current portion of borrowings	-539,117	-576,596
<b>Gross interest-bearing debt</b>	<b>-594,519</b>	<b>-624,246</b>
<b>Net interest-bearing debt</b>	<b>-521,907</b>	<b>-532,407</b>

The interest-bearing debt is denominated in currencies as follows: USD 94% and NOK 6 %. The cash position is denominated in USD at 63% and other currencies 37%. Restricted funds were USD7.4 million.

The long-term interest bearing-debt per 30 June 2022 includes a shareholder's loan from the minority shareholder in Siem AHTS Pool AS at USD3.5 million. The loan is subordinated to other financial debt and any debt servicing is contingent on lending banks approval. The current portion of borrowings includes a cash sweep estimate of USD16.8 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 a significant taxable position of losses carried forward 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.



## NOTES TO THE FINANCIAL STATEMENTS

### Note 8 - 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 3%-13% depending on the base currency, the nature of the lease and the length of the leasing agreement.

Low value leases and leases with maturity of up to one year from inception are considered being insignificant to the financial statements and have been excluded from the presentation.

#### Consolidated Statements of Financial Position:

*(Amounts in USD 1,000)*

<b>Right of use assets at 1 January 2022</b>	<b>3,192</b>
The period's depreciation	-737
Effect of exchange rate differences	25
<b>Right of use assets at 30 June 2022</b>	<b>2,480</b>

The balance sheet shows the following amounts relating to leases:

<i>(Amounts in USD 1,000)</i>	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>Right of use assets*</b>		
Office premises	1,015	1,238
Vessels and Equipment	1,465	1,954
<b>Total</b>	<b>2,480</b>	<b>3,192</b>

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

*(Amounts in USD 1,000)*

<b>Lease liability at 1 January 2022</b>	<b>3,523</b>
Lease payments	-890
Interest cost	111
Effect of exchange rate differences	27
<b>Lease liability at 30 June 2022</b>	<b>2,771</b>

<i>(Amounts in USD 1,000)</i>	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>Lease liabilities**</b>		
Current	1,666	1,554
Non-Current	1,105	1,969
<b>Total lease liabilities</b>	<b>2,771</b>	<b>3,523</b>

\*\*included in the line item "other liabilities" in the Consolidated Statements of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9 – Financial Items

	2022	2021	2022	2021	2021
<i>(Amounts in USD 1,000)</i>	2Q	2Q	1H	1H	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Interest expenses	-5,342	-8,023	-10,212	-14,345	-24,187
Interest income	773	1,022	1,505	1,761	3,240
Net currency gain/(loss)	8,963	8,946	18,646	2,075	-4,531
Dividend	-	-	-	-	1,546
Other financial income	3	103	16	317	388
Other financial expenses	-388	-1,683	-711	-2,745	-4,386
<b>Restructuring effects</b>					
Gain from debt converted to equity 1)	-	91,553	-	91,553	91,553
<b>Net financial items</b>	<b>4,010</b>	<b>91,918</b>	<b>9,244</b>	<b>78,616</b>	<b>63,623</b>

1) Gain related to debt converted to equity represents the difference between book value of loans and obligations at 26 May 2021 that were converted to equity, and the fair value of shares issued used to settle these liabilities.

### Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 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 2021 operating revenues USD254,493 less operating expenses at USD153,909 equals operating margin at USD100,585. 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 2021 the operating margin at USD100,585 equals 40% of the operating revenue at USD254,493. 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.

## 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.

**Siem Offshore Inc.**

**c/o Siem Offshore AS**

Nodeviga 14  
4610 Kristiansand  
Norway

**Postal address:**

P.O. Box 425  
N-4664 Kristiansand S, Norway

**Telephone:**

+47 38 60 04 00

**E-mail:**

info@siemoffshore.com

[www.siemoffshore.com](http://www.siemoffshore.com)



@siemoffshore