FLOATEL INTERNATIONAL

INTERIM REPORT

Q1 Report 2020

Q1 2020

Floatel International Ltd

Hamilton – May 26, 2020 – Floatel International Ltd ("Floatel") presents its consolidated financial statements for the first quarter of the financial year 2020.

Highlights:

- Contract with Equinor for Martin Linge was extended on April 29, 2020 to end January 2021 with Equinor having the option to extend the charter further.
- Ineos FPS and Floatel International agreed in April 2020 to postpone the charter for Floatel Victory at the Unity platform, UK sector, Central North Sea to April 2021.
- Agreement made with Singapore authorities for Floatel Triumph to provide accommodation for healthy foreign workers in the fight against COVID-19.
- The Coronavirus lead to Ineos contract being postponed but has otherwise had limited impact on current contracts and operations. Measures have been taken to safeguard the health and safety of clients, guests and workforce.
- The Group's financial situation is unsustainable as liquidity is under pressure. The Company has stopped interest and amortization payments and discussions with secured creditors are ongoing with standstills in place. The view is that these efforts have reasonable expectations of success. The Group's vessels and business continue to operate as normal.
- The Company and Prosafe announced on February 13, 2020 that the Parties mutually have agreed to discontinue the merger process.
- Fleet status update:
  - Floatel Superior idle in Skipavika, Norway and undergoes special periodic survey.
  - Floatel Reliance idle in Tenerife in the Canary Islands awaiting next assignment.
  - Floatel Victory idle in Skipavika, Norway awaiting the Ineos charter.
  - Floatel Endurance in operation at Martin Linge field on the Norwegian Continental shelf.
  - Floatel Triumph idle outside Johor in Malaysia during the quarter. She relocated to inshore Singapore on April 10, providing housing for healthy foreign workers in the fight against COVID-19.
- First quarter fleet utilization was 27% including yard-stays and transit (80% for the comparable period last year). Total firm contract backlog (excluding options) is approximately USD 36 million as of March 31, 2020 (before Equinor extension as mentioned above) and it was USD 66 million last year.
- Revenues for the first quarter were USD 20.5 million (73.5 for comparable period in 2019).
- EBITDA amounted to USD 2.5 million (47.0) and net result was USD -29.3 million (9.9).
- Total assets March 31, 2020 amounted to USD 1,290 million (1,312 as per December 31, 2019).
- Cash and cash equivalents by March 31, 2020 were USD 48.5 million (53.7).
- The total book equity by March 31, 2020 amounted to USD 423.7 million (454.8).

Summary of business activities during the first quarter of 2020

The Coronavirus pandemic have caused unprecedented impact on the global economy and the oil price, which in turn have material impact on the industry. However, the Coronavirus pandemic has to date had in general limited impact on current contracts and operations.

Main impact is from travel restrictions interfering with crew and site team changes as well as servicemen visits. Situation has so far been managed without material cost impact. Measures have been taken to safeguard the health and safety of clients, guests and workforce.

Floatel Superior

Floatel Superior. Floatel Superior is idle in Skipavika, west coast of Norway and is currently undergoing special periodic survey. The vessel is actively marketed for new charters

Floatel Superior presently undergoing SPS which will be completed June 2020.

Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands awaiting next assignment. The vessel is actively marketed for new charters.

Floatel Reliance idle in Tenerife, Canary Islands.

Floatel Victory

Floatel Victory is idle in Skipavika, Norway a awaiting the Ineos charter.

Ineos FPS and Floatel International agreed on April 19, 2020 to suspend the charter at the Unity platform, UK sector, Central North Sea to April 2021 as a consequence of Inoes postponing their project due to COVID-19.

Floatel Victory charter for Ineos suspended to 2021

Floatel Endurance

Floatel Endurance in operation for Equinor at the Martin Linge project during the quarter. Measures have been taken onboard to safeguard the health and safety of crew and clients due to COVID-19.

Late April 2020 Equinor extended the charter to end January 2021 with Equinor having the option to extend the charter further.

Floatel Endurance now in operations for Equinor at Martin Linge field.

__Floatel Triumph__
Floatel Triumph was idle offshore Johor in Malaysia during the quarter. An agreement has been made with the Maritime and Port Authority of Singapore for Floatel Triumph to provide accommodation for healthy foreign workers in the fight against COVID-19 She relocated to inshore Singapore on April 10, 2020 for the assignment.

Floatel Triumph providing inshore accommodation service for MPA Singapore.

Financial development

The accounts are prepared on the assumption of a going concern. However, the Company's and the Group's financial situation is unsustainable as liquidity is under pressure. It was announced on April 14, 2020 that the Company has stopped payment at present time of amortisation, interest and commitment fees under its credit facilities and bond issuances. There is a material uncertainty to whether the Company will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months.

The long-term viability of the business depends on finding a solution to the financial situation. The Company has initiated discussions with its key creditors, and the board's view is that the Company's efforts in this respect have reasonable expectations of success. See also note 2.

Within the offshore accommodation market, we face prolonged downturn and foresee weaker outlook than estimated before. Management therefore performed in the 2019 financial statements an impairment assessment of its vessels in accordance with IFRS based on value in use. The assessment has been updated for the Q1 interim report due to potential impact from the Coronavirus pandemic. The updated assessment resulted in no additional impairment charges. Please refer to note 6 of the Consolidated Financial Statement for further information and assumptions for the assessment.

If the discussions with the creditors are unsuccessful and if there are no other realistic alternatives available to secure the liquidity situation in the Company, going concern can no longer be assumed meaning that the valuation of the assets in the Company will no longer be made under the going concern assumption which involves a risk for significant write-downs of the group's assets as realizable vessel values may be significantly lower than carrying values assuming value in use .

__Revenue and operating result for the first quarter 2020__
USD 20.5 million (43.5) in total consolidated revenues and USD -18.0 million (-26.4) in total Operating expenses before depreciation resulted in an EBITDA for the quarter of USD 2.5 million (47.0).

USD -15.5 million (-15.3) in total Depreciation included in Cost of providing services resulted in an Operating result for the quarter of USD -13.0 million (31.8).

Net financial items were USD -15.2 million (-14.9). The net result for the first quarter was USD -29.3 million (9.9).

The current backlog based on committed work was at the end of reporting period approximately USD 36 million excluding options (66).

Financial position as per March 31, 2020
Total assets were USD 1,290 million (1,311 as per December 31, 2019). Non-current assets totalled USD 1,191 million (1,206) whilst Net working capital totalled USD 1.3 million (12.8).

The Group's cash and bank reserves totalled USD 48.5 million (53.7). The book equity at the end of the period totalled USD 423.7 million (454.8). USD 0.8 million in expenses related to the merger with Prosafe booked directly towards equity during the quarter.

Total interest-bearing debt totalled USD 814.1 million (813.4). In the reported total interest-bearing debt, prepaid borrowing expenses of USD 11.4 million are included. The expenses amortize over the life of the facilities. Net interest-bearing debt totalled USD 765.6 million (759.7).

Market outlook

Utilisation for the worldwide semi-submersible accommodation fleet was 43% in Q1 2020 (63% in Q1 2019). In comparison, Floatel International's utilisation in Q1 was 27% (80%), which includes charter periods; yard-stays; mob/demobs periods and paid standby periods. The global semi fleet utilisation was 55% in 2019 versus 59% in 2018.

The overall offshore market was slowly improving from the downturn during 2019 driven by oil price development combined with continued pressure to reduce cost levels for the operators, however COVID-19 stopped the gradual improvement.

The Covid-19 pandemic has caused unprecedented impact on the global economy with reduced energy consumption and OPEC's disagreement on production limits have recently forced the oil price to unprecedented low levels. Almost all industries are or will be affected. This has resulted in many oil and gas companies announcing cuts in 2020 capital expenditure and creates uncertainties for the near term and may also have a negative impact on the demand for offshore accommodation services in the medium-term pending closure of the pandemic and oil price recovery. Ongoing offshore oil and gas projects have been suspended and several projects planned to be executed in the near term have been postponed to a later date.

Within the offshore accommodation market, we face prolonged downturn which will be even longer due to COVID-19 effects with low fleet utilisation and weaker outlook than estimated before and especially in the North Sea. However we still believe that the market will recover once the situation stabilise.

The worldwide operating purpose built semi-submersible accommodation fleet presently comprises 24 vessels following recent announcements by competitors to scrap older vessels plus two vessels yet to be delivered. It is expected that the present market condition will accelerate further scrapping of older vessels which will in the longer perspective improve the supply/demand balance.

Merger with Prosafe

The Company and Prosafe announced on February 13, 2020 that the Parties mutually have agreed to discontinue the merger process. The conclusion was that any near-term completion of a merger is unlikely was reached in the light of the Norwegian Competition Authorities announced on October 28, 2019 that it prohibits the merger and that the UK competition authorities (CMA) on January 30, 2020, announced their provisional findings which conclude that blocking the merger may be the only way to mitigate their concerns.

Significant event after the end of the reporting period

Operations

Contract with Equinor for Martin Linge was extended on April 29, 2020 to end January 2021 with Equinor having the option to extend the charter further.

It was agreed with Ineos in April 2020 to suspend the charter for Floatel Victory to support the repair and maintenance at the Unity platform to April 2021.

Floatel Triumph started an inshore charter with the Marine & Port Authority of Singapore in April 2020 to house healthy foreign workers in the fight against COVID-19

Financial situation

The Company announced April 17, 2020 that it is in constructive negotiations with its bank lenders (the "Lenders") and ad hoc committee of holders of the 1L Bonds (the "AHC") and that a forbearance and deferral agreement has been entered into with the AHC (subject to the satisfaction of certain conditions) in relation to payments of amortisation, interest and commitment fees due under the bank facilities and the 1L and 2L bond issuances (the "Relevant Payments").

Furthermore, the Company announced on May 19, 2020 that it remains in constructive negotiations with the Lenders and the AHC and that the Company has extended the Forbearance Agreement to 15 June 2020. The Company will continue not make the Relevant Payments at the present time.

As part of the discussions, the Lenders have blocked certain earnings accounts related to Floatel Endurance, however arrangements are being made such that certain expenses related to the Endurance and the banks collateral should be covered by proceeds in the blocked accounts. The Lenders have confirmed in writing that they remain supportive of the Group and do not intend to take any further action at this time.

The Group's vessels and business continue to operate as normal.

Hamilton – May 26, 2020
The Board of Directors of Floatel International Ltd

Condensed consolidated Income Statement

Figures in USD thousands	Notes	Q1 - 2020	Q1- 2019	2019
Revenue	5	20 514	73 470	159 112
Cost of providing services *	6	-30 591	-38 592	-168 300
Gross result		**-10 077**	**34 878**	**-9 188**
Administrative expenses	6	-2 898	-3 126	-14 018
Operating result	**4**	**-12 975**	**31 752**	**-23 206**
Finance income		173	816	2 171
Finance cost		-15 387	-15 721	-59 728
Finance costs - net		**-15 214**	**-14 905**	**-57 557**
Result before income taxes		**-28 189**	**16 847**	**-80 763**
Income tax expense		-1 065	-6 924	-8 095
Result attributable to owners of Floatel International Ltd		**-29 254**	**9 923**	**-88 858**
** Includes a impairment charge of USD -30.3 million full year 2019.*				
Earnings per share, basic (USD)		-0,28	0,09	-0,85
Earnings per share, diluted (USD)		-0,28	0,09	-0,85

Condensed consolidated Statement of Comprehensive Income

Figures in USD thousands	Q1 - 2020	Q1- 2019	2019
Net result	**-29 254**	**9 923**	**-88 858**
Items that are or may be reclassified as profit or loss			
Foreign currency translation - foreign operations	-1 002	-296	-637
Other comprehensive income	**-1 002**	**-296**	**-637**
Total comprehensive income	**-30 256**	**9 627**	**-89 495**

Condensed consolidated Statement of Financial Position

Figures in USD thousands	Notes	2020-03-31	2019-03-31	2019-12-31
Assets				
Non-current assets				
Property, plant and equipment	6	1 191 419	1 273 985	1 205 701
Deferred tax asset		64	104	56
Total non-current assets		**1 191 483**	**1 274 089**	**1 205 757**
Current assets				
Inventory		23 011	23 832	23 972
Trade receivables		7 874	32 308	6 772
Tax receivables		2 016	0	2 335
Other current receivables		17 393	30 258	19 049
Cash and cash equivalents		48 515	100 663	53 733
Total current assets		**98 809**	**187 061**	**105 861**
Total assets		**1 290 292**	**1 461 150**	**1 311 618**
Equity and liabilities				
Equity				
Share capital		2 144	2 144	2 144
Additional Paid in capital		325 563	325 563	325 563
Other reserves		1 244	1 695	1 244
Retained earnings incl. Profit of the year		94 773	227 417	125 806
Total equity		**423 724**	**556 819**	**454 757**
Liabilities				
Non-current liabilities				
Other long term liabilities		72	518	**188**
Interest-bearing debt	7	241 500	800 940	787 385
Total non-current liabilities		**241 572**	**801 458**	**787 573**
Current liabilities				
Trade payables		10 995	6 803	9 648
Current portion of interest-bearing debt	7	572 617	41 000	26 000
Income tax liabilities		5 357	7 437	6 328
Other current liabilities		36 027	47 633	27 312
Total current liabilities		**624 996**	**102 873**	**69 288**
Total equity and liabilities		**1 290 292**	**1 461 150**	**1 311 618**

Condensed consolidated Statements of Changes in Equity

Figures in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings incl profit of the year	Total equity
Equity 2019-01-01	**2 144**	**325 563**	**1 881**	**217 604**	**547 192**
Total comprehensive income					
Net result for the year	**0**	**0**	**0**	**-88 858**	**-88 858**
Other comprehensive income	**0**	**0**	**-637**	**0**	**-637**
Total comprehensive income	**0**	**0**	**-637**	**-88 858**	**-89 495**
Option proceeds				**37**	**37**
Merger expenses	**0**	**0**	**0**	**-2 977**	**-2 977**
Equity 2019-12-31	**2 144**	**325 563**	**1 244**	**125 806**	**454 757**
Total comprehensive income					
Net result for the year	**0**	**0**	**0**	**-29 254**	**-29 254**
Other comprehensive income	**0**	**0**	**-1 002**	**0**	**-1 002**
Total comprehensive income	**0**	**0**	**-1 002**	**-29 254**	**-30 256**
Merger expenses	**0**	**0**	**0**	**-777**	**-777**
Equity 2020-03-31	**2 144**	**325 563**	**242**	**95 775**	**423 724**

FLOATEL INTERNATIONAL

Condensed consolidated Cash Flow Statement

Figures in USD thousands	Q1 - 2020	Q1 - 2019	2019
Cash flow from operating activities			
Operating result	-12 975	31 752	-23 206
Interest received	173	816	2 171
Interest paid	-1 715	-2 120	-53 860
Income tax paid	-1 725	-2 748	-7 317
Adjustment for depreciation and impairment	15 477	15 292	91 959
Adjustments for other non-cash related items	-82	-305	1 979
Total cash flow from operations before changes in working capital	**-847**	**42 687**	**11 726**
Changes in inventories	961	-250	-390
Changes in trade receivables	-1 102	-8 642	16 894
Changes in trade payables	1 347	-4 292	-1 447
Other changes in working capital	-2 853	6 491	7 527
Cash flow from operating activities	**-2 494**	**35 994**	**34 310**
Cash flow from investing activities			
Payments for property, plant and equipment	-1 435	-298	-9 177
Net cash flow from investing activities	**-1 435**	**-298**	**-9 177**
	-3 929	35 696	25 133
Cash flow from financing activities			
Repayment of debt	0	-10 250	-41 000
Other financial items paid	-673	-970	-2 039
Merger Expenses / Proceeds from equity	-777	0	-2 940
Net cash flow from financing activities	**-1 450**	**-11 220**	**-45 979**
Cash flow for the period	**-5 379**	**24 476**	**-20 846**
Cash and cash equivalents, beginning of period	53 733	76 512	76 512
Currency effect on cash	161	-325	-1 933
Cash and cash equivalents, end of Period	**48 515**	**100 663**	**53 733**

Key Financials

	Q1 - 2020	Q1- 2019	2019
EBITDA	2 502	47 044	68 753
EBITDA margin	12,2%	64,0%	43,2%
Equity ratio	32,8%	38,1%	34,7%
Net working capital *	1 256	31 962	12 833
Net interest-bearing debt	765 602	741 277	759 652
Total number of ordinary shares	107 165 289	107 165 289	107 165 289
Average number of ordinary shares	107 165 289	107 165 289	107 165 289
Average number of ordinary shares (diluted)	107 165 289	107 165 289	107 165 289

**Tax net debt not inkluded in Net working capital. The amount updated from Q1 Report 2019*

Notes to the interim report

1. General information

Floatel International Ltd ("the Company") is a limited liability company, incorporated 2006 under the laws of Bermuda. Floatel International Ltd and its subsidiaries ("the Group") provide offshore accommodation and construction support services to the global oil and gas industry. The Group currently operates five new built semi-submersible accommodation vessels. They were delivered in 2010 (2), 2013, 2015 and 2016 respectively. The Company's registered office is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

2. Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting.

The accounts are prepared on the assumption of a going concern. However, the Company's and the Group's financial situation is unsustainable as liquidity is under pressure and that the Company has stopped payment at present time of amortisation, interest and commitment fees under its credit facilities and bond issuances. There is therefore a material uncertainty to whether the Company will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months which cast significant doubt on the Company's ability to continue as a going concern.

The long-term viability of the business depends on finding a solution to the financial situation. The Company has initiated discussions with its key creditors, and the going concern assumption is based on the board's view that the Company's efforts in this respect have reasonable expectations of success.

If the discussions with the secured creditors are unsuccessful and if there are no other realistic alternatives available to secure the liquidity situation in the Company, going concern can no longer be assumed meaning that the valuation of the assets in the Company will no longer be made under the going concern assumption which involves a risk for significant write-downs of the group's assets as realizable vessel values may be significantly lower than carrying values assuming value in use.

The effects of COVID-19, oil price development and other macroeconomic factors have resulted in a dramatic impact on the global economy, oil demand and consequently capital markets and market outlook. This has resulted in many oil and gas companies announcing cuts in 2020 capital expenditure and creates uncertainties for the near term and may also have a negative impact on the demand for offshore accommodation services in the medium-term pending closure of the pandemic and oil price recovery. The Group has so far experienced suspended charters from 2020 to 2021 but has not experienced and do not expect at this time cancellations or being out on standby albeit such actions being experienced by peers. As a result, there is no additional material uncertainty arising from COVID-19 and as a result the company has prepared its financial statements on a going concern basis with the concerns as described above.

These interim financial statements should be read in conjunction with the Company's financial statements as at 31 December 2019. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements and accompanying notes for the financial year ended 31 December 2019.

Financial instruments at fair value

Derivatives are classified into the category Fair value through profit or loss as Floatels derivatives are mainly used in economic hedges where the changes in fair value are taken directly through profit or loss. The FX forwards and interest rate derivatives are measured based on current exchange rates and forward curves. The derivatives are categorized within level 2 of the fair value hierarchy. All inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

New and updated accounting standards

There are no IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Group.

4. Operating result

Figures in USD thousands	Q1 - 2020	Q1 - 2019	2019
Revenue	20 514	73 470	159 112
Operating expenses	-15 316	-23 300	-77 639
Administrative expenses	-2 696	-3 126	-12 720
EBITDA	2 502	47 044	68 753
Depreciation	-15 477	-15 292	-61 659
Impairment charge	0	0	-30 300
Operating result	-12 975	31 752	-23 206

5. Revenues

Figures in USD thousands	Q1- 2020	Q1- 2019	2019
Charter revenues	16 619	58 192	124 922
Other revenues	0	0	1 197
Catering and rechargeble expenses	3 129	13 059	28 535
Mobilisation/demobilisation fees	766	2 219	4 458
	20 514	73 470	159 112

The group has no significant seasonal variations.

6. Property, plant and equipment

Figures in USD thousands	2020-03-31	2019-03-31	2019-12-31
Opening balance aquisition cost	1 633 573	1 631 420	1 631 420
Purchases during the year	1 435	298	9 177
Disposals	0	0	-6 452
Currency revaluation	-442	-122	-573
Closing aquisition cost	1 634 566	1 631 596	1 633 572
Opening balance depreciation	-363 437	-308 164	-308 164
Depreciation for the period	-15 477	-15 292	-61 659
Disposals	0	0	6 192
Currency revaluation	203	-19	196
Closing balance depreciation	-378 711	-323 475	-363 435
Opening balance impairment	-64 436	-34 136	-34 136
Impairment loss for the year	0	0	-30 300
Closing balance impairment	-64 436	-34 136	-64 436
Net book value end of period	1 191 419	1 273 985	1 205 701

Within the offshore accommodation market, we face prolonged downturn and foresee weaker outlook than estimated before. Management therefore performed an impairment assessment of its vessels in accordance with IFRS in the 2019 financial statements. The assessment has been updated for the Q1 interim report due to potential impact from the Coronavirus pandemic which has caused unprecedented impact on the global economy forcing the oil price to unprecedented low levels. This has resulted in many oil and gas companies announcing cuts in 2020 capital expenditure and creates uncertainties for the near term and may also have a negative impact on the demand for offshore accommodation services in the medium-term pending closure of the pandemic and oil price recovery.

Each vessel is considered to be a cash generating unit. The updated assessment resulted in no additional impairment charges (in 2019 an amount of USD 30.3 million were made). Book value of vessels after impairment 1 188.6 million (1 202.4). In general terms new contracts and contract extensions have counter-balanced the weaker short and medium-term outlook.

The recoverable amounts have been identified by calculating the valuation-in-use (VIU). Impairments have been made in the accounts for vessels with VIU less than their net book value. The VIU calculations are based on a long-term forecast until the end of each vessel´s useful life. The main assumptions used in the computations are charter rates, utilisation, operating expenses and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilization - The utilisation is estimated to improve over the years to come from current level to 75% from 2025.
- Revenues – The revenues until 2024 is based on current contracts and estimated new contracts reflecting current market conditions for each vessel and has been updated to reflect estimated consequences from the Coronavirus pandemic. Assumptions reflect gradual improvement and return to normal market conditions from year 2025, so assumptions from 2025 and onwards have broadly been left unchanged.
- Expenses – Operating expenses reflect current market conditions.
- Capital expenditures – Capital expenditure is based on special periodic survey plans, current activity plans and expected mid-life upgrade/refurbishment of each vessel as well as normal maintenance expenditure.
- Discount rate of 10.5% (WACC) and long-term growth rate (inflation) of 1.7%.

Sensitivity

- A 0.5% decrease in the discount rate would lead to USD 75 million increase of the carrying values and a 0.5% increase would lead to USD 69 million decrease in carrying values.
- A 10% decrease in the long-term utilization from 75% to 65% would lead to a decrease of the carrying values with USD 96 million whilst a change with 10% of the long-term day rates would lead to a change of the carrying values with USD 148 million.

7. Interest bearing debt

Figures in USD thousands	**2020-03-31**	**2019-03-31**	**2019-12-31**
1st lien bond	400 000	400 000	400 000
2nd lien bond	75 000	75 000	75 000
Bank vessel facility	109 000	139 750	109 000
Subordinated shareholder loan	241 500	241 500	241 500
Less prepaid financing fees	-11 383	-14 310	-12 115
	814 117	841 940	813 385
The long-term debt is repayable as follows:			
Within one year	584 000	41 000	26 000
Between one and two years	0	26 000	21 000
Between two and five years	0	83 000	537 000
After five years	241 500	706 250	241 500
	825 500	856 250	825 500

A liability is under IFRS repayable on demand if loan conditions have been breached and the waiver does not provide a period of grace ending at least 12 months after the reporting date and the lability should in such case is classified as current.

There are events and/or circumstances that has occurred and is continuing which constitute or may constitute Defaults and/or Events of Default, inter alia since the Group at present times has not paid amortisation, interest and commitment fees due under the bank facilities and the 1L and 2L bond issuances due in April (the "Relevant Payments"). This provides the lenders with the right to repayment on demand subject to existing forbearance and standstill agreements.

8. Legal issues

The Group has currently no material legal issues pending. As a result of the group's global presence, the individual companies in the group will from time to time be subject to tax investigations and tax audits from tax authorities as well as disputes and litigations in the ordinary course of business in countries where the group operates. There are ongoing investigations/legal processes in the group and the risks have individually been reported as a contingent liability or provision to the extent required but no cases are deemed material to be disclosed separately.

9. Forward-looking statements

This report contains forward-looking statements. These statements are based on various assumptions, including the Company management's examination of historical operating trends. Factors that, in the Company's view, could cause actual results to differ materially from the forward-looking statements contained in this report are the following:

(i) The competitive nature of the offshore accommodation service industry.
(ii) Oil and gas prices.
(iii) Changes in economic conditions or political events.
(iv) Government regulations.
(v) Changes in the spending plans of our clients.
(vi) Changes in Floatel's operating expenses including crew salaries.
(vii) Insurance.
(viii) Repair and maintenance.

10. Related party transactions

During the first quarter 2020 the Group has, in the ordinary course of business on arm's length basis, sold services for USD 0 million and purchased for USD 0 million from the Keppel Group Keppel Offshore Pte Limited, which is part of the Keppel Group owning 49.9 % of the Company. The Keppel Group has provided a USD 242 million subordinated loan, which stems from the delivery of Floatel Triumph in 2016.

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