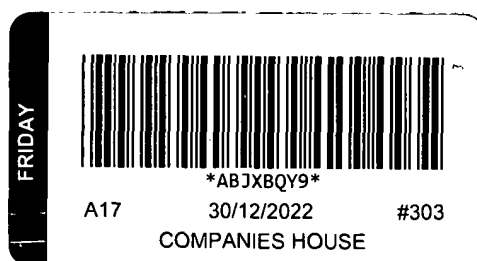

ATLANTIS INVESTORCO LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**



ATLANTIS INVESTORCO LIMITED

COMPANY INFORMATION

Directors	W Ainslie (appointed on 13 August 2021) R Bugbee (appointed on 13 August 2021) F Lauro (appointed on 13 August 2021) C Mackey (appointed on 13 August 2021)
Secretary	Burness Paull LLP
Auditor	Rawlinson & Hunter Audit LLP Statutory Auditor & Chartered Accountants Eighth Floor 6 New Street Square New Fetter Lane London United Kingdom EC4A 3AQ
Registered Office	South Denes Business Park, South Beach Parade Great Yarmouth, Norfolk NR30 3QR
Registered No.	07964020

ATLANTIS INVESTORCO LIMITED

COMPANY INFORMATION

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ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT

The directors present their strategic report and the financial statements of Atlantis Investorco Limited ("the Company") and its subsidiary undertakings ("the Group") for the 9 month period ended 31 December 2021 (referred to hereafter as "FY2021").

The Group's year end date was amended to 31 December during the current period to align with that of its ultimate parent company, Eneti Inc. The comparative figures are for the 12 month period ended 31 March 2021.

Principal activity and review of the business

The Group's principal activity is the ownership, management and operation of self-propelled jack up vessels servicing primarily the offshore wind and oil and gas industries under the Seajacks trade name. The Company's principal activity is that of a parent undertaking.

The Group's (or Seajack's) operating markets are principally global offshore wind and offshore UK/European oil and gas. In FY2021 the Group anticipated and experienced continued growth in the global offshore wind market, particularly Asia-Pacific, resulting in a significant overall recovery in Group financial performance.

Rising demand for renewable energy resulted in global growth in the offshore wind market in FY2021; a trend which is expected to continue. The Group realised USD 168 million of brought forward firm contract backlog in Asia-Pacific and, due to market leading vessels and operational experience, the Group will realise approximately USD 132 million of brought forward contract backlog in Asia-Pacific for FY 2022. As of the filing of these financials, the Group has secured additional firm contract backlog in Asia-Pacific of USD 32 million in FY 2023 and continues to generate opportunities in the region.

The Group anticipates strengthening offshore wind activity in UK/Europe market beyond FY 2022, and as of the filing of these financials approximately USD 69 million of firm European contract backlog has been secured in FY 2023.

The Group was acquired by Eneti Inc (or "Eneti") on 12 August 2021, being an NYSE listed maritime company seeking to invest in the growing offshore wind market. Eneti has entered into a binding agreement to construct two NG16000X vessels, both of which are expected to add significant capacity and capability to the Group in FY 2024 – 2025.

The Group experienced a small recovery in UK/European oil and gas utilisation during FY 2021. However, the oil and gas market was relatively soft in FY2021 driven largely by postponement of offshore oil/gas projects due to COVID-19, which led to an under-utilisation of 2500X vessels. The Group expects that many of the UK/European oil and gas projects that were postponed from FY 2020 – FY 2021 due to COVID-19 will materialise during FY 2022- 2023 instead.

Even if the negative effects of COVID-19 and the conflict between Russia and Ukraine continue for an extended period of time, the Group has sufficient firm client contracts and shareholder guaranteed funding to ensure a continued business for at least the coming 12 months. The offshore wind activity level beyond FY 2022 is expected to remain high which we expect to result in significant long-term project opportunities in Europe, Asia Pacific and in the United States in the future.

ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

These improving fundamentals have led to a significant recovery of the Group's financial performance and are expected to continue in the long-term. The key performance indicators of the Group are as set out below:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Revenue	208,397	42,755
Gross Profit	135,787	6,440
EBITDA*	118,233	(4,563)

*Earnings before interest, tax, depreciation, amortisation and impairment.

The Group loss for the 9 month period after taxation amounted to US\$51,121k (year ended 31 March 2021 – loss of US\$334,719k). The Company's profit for the year amounted to US\$37,578k (year ended 31 March 2021 - loss of US\$356,253k).

Principal risks and uncertainties

Financial risks

The Group's activities expose it to a number of financial risks including interest rate risk, credit risk, liquidity risk and currency risk. The policies set out by the Group to mitigate the exposure to these risks are set out in note 23 along with quantitative and qualitative analysis.

Operational risks

The Group's activities also expose it to a number of operational risks as discussed below:

Concentration of charterer risk

The Group is dependent on income from a few charterers, and management aims to secure charter contracts six to twenty-four months in advance to ensure stability and predictability of income.

Health and safety risk

The Group is subject to various regulations designed to ensure that the vessels are operating in accordance with the relevant safety requirements. The Group operates formal procedures including daily monitoring to ensure that health and safety is always at the forefront of the Group's operations. The Group's vessels are also subject to inspections by independent third parties.

Future developments

The future prospects for the Group are positive with continued strong government efforts both in Northern Europe, the US and Asia-Pacific to significantly increase the level of offshore wind based electricity production. The Group secured significant contract coverage in Asia Pacific for FY 2022; in Europe for FY 2023; and in Europe for portions of FY 2024 and FY 2025. Specifically, the Group has a firm contract, utilising its NG14000X, for turbine installation in Taiwan at the Greater Changhua windfarm in FY 2022, after which the vessel will transit to Europe to perform turbines and / or foundation installations in FY 2023. The Group has contracted its NG5500C to install wind turbines during FY 2022 at the Akita offshore wind project in Japan, after which the vessel will transit to Taiwan for the installation of wind turbines at Yunlin offshore windfarm. The Group has also contracted one of its 2500X vessels for a short repeat offshore wind support contract in Europe within FY 2023, FY2024 and FY2025.

ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

The oil and gas maintenance market also has high potential due to old UK/European infrastructure with significant maintenance overhang and a need for well intervention and / or decommissioning services. The Group has signed seven contracts with customers in North Western Europe and UK for its NG2500X vessels in FY 2022.

The directors are monitoring the impact of the conflict between Russia and Ukraine on the business environment and global economy and, at this stage, the directors do not consider a significant impact on its business. None of the Group's vessels trade in the Black Sea and there are no Russian charterers in its customer base.

The outbreak of COVID-19 significantly impacted the global economy. The situation continued to prevail after the FY 2021 period-end. The COVID-19 situation is a significant consideration for management. The directors believe, even if the negative effects of COVID-19 should continue / increase for an extended period of time, the Group has sufficient firm client contracts and shareholder guaranteed funding and support to continue without significant impact on the business.

Statement by the Directors in Performance of their Statutory Duties in Accordance with S172(1) Companies Act 2006

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the s.172(1) Matters).

The board of directors ("the Board"), which largely comprises shareholder representatives, acts with a shared vision to offer innovative solutions to offshore oil and gas and renewable structures. The Board aims to provide long- term value to shareholders through promoting the Seajacks brand name and nurturing a global reputation based on sustainability and safety. The ambition of the Board is exemplified through strategic expansion into new global markets, namely in Asia. All decisions and risks are extensively measured by the Board to ensure the highest standards of safety and security to all stakeholders, therefore ensuring long-term security to Group assets and values.

As a result of Eneti's acquisition of the Group on 12 August 2021, the Board was renewed to reflect new shareholder representatives. The duties, ambitions and expectations of the revised Board remain the same.

Stakeholders

The Board explores principal stakeholders and carefully considers how to engage with them. To ensure that the Group (or Seajacks) is operating in line with good corporate practice, open communication is encouraged both internally and externally in order to receive feedback quickly and directly through our flat management structure.

The Board is committed to its obligations to stakeholders and meets on a regular basis to discuss strategic matters affecting the business in both the short and longer-term. Below is a summary of key stakeholder engagements.

ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and decision making
Shareholders Company shareholders provide vital support and expertise to strengthen Seajacks' interests and to promote their long-term investment. Shareholders expect Seajacks and the Board to provide financial discipline and a collective approach to implement agreed strategies and controls. Directors' should protect and enhance the reputation of the Group.	Shareholders actively engage in strategic decision making through representation of non-executive directors on the Board. The Board approves all large financial and operational decisions. Alongside regular updates, Board meetings allow executive directors to report on financial, operational, commercial and safety performances to non-executive counterparts.	Shareholder support is key to the long-term future of the Company, providing robust financial backing and bargaining power to sustain long-term strategies. The Board agenda during FY2021 has focused upon opportunities in Asia and solutions to the future cessation of loan repayment waivers to maintain financial security and long-term success.
Employees Both offshore and onshore employees contribute to the long-term success of the Company. Seajacks actively recruit skilled and ambitious employees to further its history of novel market leading solutions. It is vital to engage with employees to utilise skills and expertise. Important aspects for employees include fair treatment, open and inclusive dialogue, and to feel safe in their workplace. Seajacks does not compromise on Health, Safety or Environmental standards and the Board consider this topic to be a continuous priority; aiming to perform above and beyond industry safety standards.	Staff meetings are held on a quarterly basis with an open invite and are hosted by the executive directors. The directors seek to engage with employees on key issues and provide insight to Company strategy and direction on behalf of the Board. Such forum-style meetings allow staff to voice concerns and share information. Safety is a permanent fixture on the agenda.	Employees are encouraged to file Hazard Observation Cards to pinpoint small and large health & safety issues. These are continuously reviewed, discussed, and acted upon by the executive directors and on a monthly basis by the Board. The directors encourage remote attendance to meetings, where unable to attend in person, to promote an inclusive culture whereby everybody has a voice.

ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and decision making
Customers Seajacks prides itself on offering market leading solutions for client projects, with a focus on safety and quality. Aside from commercial factors, key customer considerations include safety, efficiency, and sustainability.	Tender feedback is sought whether successful or unsuccessful and is reviewed by the Board to address client needs. The Board continuously reviews market data to ensure that Seajack's vessels are best placed to fulfil client needs.	Seajacks maintains investment in research and development to offer market leading solutions. Seajacks is compliant in the following ISO standards to ensure that highest standards are offered to clients: ISO14001- environmental management. ISO9001- quality management. ISO45001 – health and safety.
Suppliers The Board encourages relationships with suppliers who share Seajacks' commitment to safety, sustainability, equal opportunities, and anti- corruption. Suppliers expect collaborative and responsive relationships.	Face to face meetings with our purchasing department are encouraged where safe and appropriate. New and existing suppliers are regularly updated by our HSE department with updates and requirements.	Seajacks staff, including the directors, are given anti-corruption training, and are expected to display exemplary ethics. Seajacks perform rigorous supplier checks and communication with suppliers to ensure that both parties share the same values.
Financial Lenders The primary interest of our financial lenders are the financial performance of the Company and the well-being of its assets. Lender support is imperative to the long-term success of the Group and the Board considers this to be a key relationship.	The Board engages with lenders both personally and through a central agency on key matters, taking close consideration of any and all feedback.	Both executive and non-executive directors maintain regular dialog with the Company lenders. The lenders provide guidance on acceptable financial performance, capital spending and environmental focus which is a key input to the Boards' discussions and decisions.

Community and environment

Due to its global operations, the Board considers local communities in all areas of operation. Our head office is based in Great Yarmouth (UK) and the Board is committed to supporting the local area, including local school and college events.

The environment has risen in the global agenda and the Board takes its responsibility to sustainable practices very seriously. Alongside ISO140001 accreditation, the Group arranges regular beach cleans; records and encourages green miles and adopts a paperless approach to work.

Fair treatment between members of the Company

All shareholders have representatives present at Board meetings and are encouraged to flag their opinions in order to ensure all shareholders are treated equally and fair. After 12 August 2021 Eneti are 100% shareholders of the Group.

ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

Energy Reporting

Emissions data is as follows:

	9 month period ended 31 December 2021 CO2e tonnes	Year ended 31 March 2021 CO2e tonnes
Scope 1: Combustion of gas	9	11
Scope 1: Combustion of fuel for road transport purposes	2	-
Total Scope 1	11	11
Scope 2		
Scope 2: Purchased Energy (location based)	26	39
Total Scope 2	26	39
Scope 3		
Scope 3: Business travel in rental cars of employee owned vehicles	1	2
Total Scope 3	1	2
Total	38	52

The Greenhouse Gas ("GHG") emissions intensity ratio was as set out below:

	9 month period ended 31 December 2021	Year ended 31 March 2021
Intensity Ratio (tCO2e/US\$1m)	0.2	1.8

The above emissions disclosures have been prepared in accordance with the provisions of the 'GHG Reporting Protocol - Corporate Standard' and HM Government 'Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance' issued March 2019. The UK Government greenhouse gas reporting conversion factors for 2021/22 were used in preparing this report.

The methodology to prepare the above has been based on the principles of the GHG Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. In the 'Total Footprint' summary above, purchased electricity is reported using a location-based methodology.

This report for the 9 month period ended 31 December 2021 and the year ended 31 March 2021 includes limited emissions under Scopes 1 and 2 (gas and fuel used in transport; purchased electricity), and limited emissions under Scope 3 (fuel used in personal/hire cars for business purposes).

Energy use and emissions figures relate to UK operations (including offshore energy and emissions).

During the financial period, the Company has been acquired by Eneti Inc whose financial year ends on 31 December of each year. Consequently, in order to align with the Eneti Inc's financial year, the SECR reporting period has been shortened to align with the nine month period ending 31 December 2021.

During this financial period, the Company has switched its electrical procurement to a supplier that provides

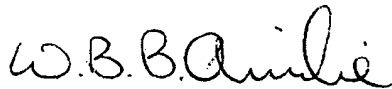
ATLANTIS INVESTORCO LIMITED

STRATEGIC REPORT (CONTINUED)

electricity from renewable energy sources which generate zero carbon emissions. The Company, like most companies, contended with the many effects and pressures of the COVID-19 pandemic on its business and travel during FY 2021, which has necessitated a strong focus on operational continuity as its main priority. Vessel activities within Asia have also necessitated increased travel outside of the UK.

An approximately 7-fold increase in revenue over the previous year has seen the primary intensity ratio decrease from 1.8 to 0.2 for the 9 month financial period.

On behalf of the Board



William Burton Blair Ainslie

Director

Date: 22 December 2022

ATLANTIS INVESTORCO LIMITED

DIRECTORS' REPORT

Directors' Report

The directors present their report and financial statements of the Company and Group for the 9 month period ended 31 December 2021.

The Company's year end date was amended to 31 December during the current period to align with that of its ultimate parent company. The comparative figures are for the 12 month period ended 31 March 2021.

The Company did not pay an interim dividend during the 9 month period (*year ended 31 March 2021 – US\$Nil*). The directors do not recommend a final dividend (*year ended 31 March 2021 – US\$Nil*).

Directors

The directors who served the Company during the year and were appointed or resigned subsequently were as follows:

T Toyoda (resigned 13 August 2021)
M Sugiyama (resigned 13 August 2021)
P Niklai (resigned 13 August 2021)
T Hisatomi (resigned 1 April 2021)
H Taiko (resigned 13 August 2021)
Y Miyake (appointed 1 April 2021, resigned 13 August 2021)
H Sawada (resigned 13 August 2021)
H Tachigami (resigned 13 August 2021)
W Ainslie (appointed 13 August 2021)
R Bugbee (appointed 13 August 2021)
F Lauro (appointed 13 August 2021)
C Mackey (appointed 13 August 2021)

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Matters covered in the Strategic Report

Information required to be included in the Directors' Report in respect of the business review, future developments, S172 statement, energy reporting and financial instruments can be found in the Strategic Report in accordance with S414C(11) of the Companies Act 2006.

Subsequent events

Details of subsequent events are provided in note 29 to the financial statements.

Going concern

The accompanying consolidated financial statements of the Group have been prepared assuming the Group will continue as a going concern. The going concern basis of presentation assumes that we will continue in operation for at least a period of one year after the date these financial statements are issued, and contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. We have experienced losses over the past years and at the end of the reporting period, current liabilities of the Group exceed current assets by US\$352,880k (*year ended 31 March 2021 – US\$382,164k*) mostly due to the Group's shareholder loans and interest-bearing loans and borrowings (notes 18 and 26).

ATLANTIS INVESTORCO LIMITED

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

In assessing the going concern basis of preparation of the consolidated financial statements for the 9 month period ended 31 December 2021, the directors have taken into consideration detailed cash flow forecasts to 31 December 2023 for the Group, the Group's forecast compliance with bank covenants, the continued availability of funding to the Company from banks and ongoing financial support provided by its shareholders.

The directors have considered the impact of the COVID-19 pandemic, the conflict between Russia and Ukraine on the Group and the resultant global economic uncertainties and have undertaken a re-assessment of the cash flow forecasts covering a period of at least 12 months from the date these financial statements are issued.

Even if the negative effects of COVID-19 and the conflict between Russia and Ukraine should continue for an extended period of time, the Group has sufficient firm client contracts and shareholder guaranteed funding to ensure a continued business for at least 12 months from the date these financial statements are issued. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements (Further details - see note 2.2).

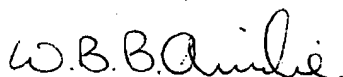
Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Rawlinson & Hunter Audit LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the Board



William Burton Blair Ainslie

Director

Date: 22 December 2022

ATLANTIS INVESTORCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with international accounting standards in conformity with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For the 9 month period ended 31 December 2021 the Company's subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its subsidiaries financial statements for the period in question in accordance with section 479.

ATLANTIS INVESTORCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS INVESTORCO LIMITED

Opinion

We have audited the financial statements Atlantis Investorco Limited ('the Company') and its subsidiaries ('the Group') for the 9 month period ended 31 December 2021, which comprise the Group statement of comprehensive income, the Group and Company statement of financial position, the Group and Company statement of changes in equity, the Group and Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, and as regards the Company financial statements, in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's loss for the 9 month period then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ATLANTIS INVESTORCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS INVESTORCO LIMITED (CONTINUED)

Other information

The directors are responsible for the other information contained within the Annual Report and Consolidated Financial Statements. The other information comprises the information included in the Annual Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ATLANTIS INVESTORCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS INVESTORCO LIMITED (CONTINUED)

Responsibilities of directors (continued)

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered low. This conclusion is reached after the consideration of the fact that there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- reviewing the audit work of the ultimate parent company, Enetic Inc, auditors in particular in respect of higher risk areas and undertaking further work as we considered necessary;
- consideration of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- challenging assumptions and judgements made in areas involving significant estimates;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Company for previously unreported related party transactions;
- targeting journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, as well as a focus on large and unusual transactions based upon our knowledge of the business; and
- making enquiries of management and those charged with governance as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements.

ATLANTIS INVESTORCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS INVESTORCO LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

The Group is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We therefore identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, maritime law and employment law.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increased the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statement, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them, in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Kulwarn Nagra (Senior Statutory Auditor)

For an on behalf of
Rawlinson & Hunter Audit LLP

Chartered Accountants
Statutory Auditor

Eighth Floor
6 New Street Square
New Fetter Lane
London
United Kingdom
EC4A 3AQ

Date: 22 December 2022

ATLANTIS INVESTORCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 9 MONTH PERIOD ENDED 31
DECEMBER 2021**

	Notes	9 month period ended 31 December 2021 US\$ 000	Year ended 31 March 2021 US\$ 000
Revenue	4	208,397	42,755
Direct vessel operating and project costs	5	(72,610)	(36,315)
Gross profit		135,787	6,440
Other operating income		5	22
Depreciation of property, plant and equipment and right of use assets	11, 12	(21,175)	(30,721)
Amortisation of intangible assets	13	(2,205)	(5,332)
Impairment of long-lived assets	11, 13	(94,706)	(289,125)
Foreign exchange (loss)/gain		(1,951)	809
Loss on derivative financial instruments	19	-	(667)
Administrative expenses		(15,608)	(11,167)
Operating Profit / (Loss)	6	147	(329,741)
Finance income	8	8,965	1,407
Finance costs	8	(21,200)	(21,571)
Loss on ordinary activities before taxation		(12,088)	(349,905)
Taxation	9	(39,033)	15,186
Loss for the financial period/year attributable to the equity holders of the parent		(51,121)	(334,719)
Other comprehensive income / (expense):			
Effective portion of gain / (loss) on hedging	19	3,290	(41)
Deferred tax provision for hedging instruments	9	(626)	8
Other comprehensive income / (expense), net of tax		2,664	(33)
Total comprehensive expense attributable to the equity holders of the parent		(48,457)	(334,752)

All amounts relate to continuing activities.

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

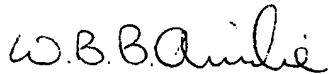
	Notes	31 December 2021 US\$ 000	31 March 2021 US\$ 000
Non-current assets			
Deferred taxation	9	-	36,103
Property, plant and equipment	11	491,199	589,248
Right of use assets	12	1,058	1,211
Intangible assets	13	53,033	72,321
Contract fulfilment costs	15	-	220
		<u>545,290</u>	<u>699,103</u>
Current assets			
Inventories – spare parts, consumables and bunkers	14	5,846	6,345
Trade and other receivables	15	21,707	11,481
Contract fulfilment costs	15	3,835	18,524
Cash and cash equivalents	16	44,034	6,976
Restricted bank balances	16	-	3,640
		<u>75,422</u>	<u>46,966</u>
Total assets		<u>620,712</u>	<u>746,069</u>
Current liabilities			
Trade and other payables	17	12,628	21,577
Lease liabilities	12	353	329
Contract liabilities	17	12,275	47,139
Interest-bearing loans and borrowings	18	87,716	281,415
Derivative financial instruments	19	-	3,290
Convertible loan notes	20	-	3,820
Cash settled share awards	21	34	8,241
Loan from shareholder	26	311,238	62,623
Corporation tax liability	9	4,058	696
		<u>428,302</u>	<u>429,130</u>
Non-current liabilities			
Lease liabilities	12	1,771	2,128
Contract liabilities	17	565	5,331
Interest-bearing loans and borrowings	18	-	70,949
		<u>2,336</u>	<u>78,408</u>
Total liabilities		<u>430,638</u>	<u>507,538</u>

ATLANTIS INVESTORCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 US\$ 000	31 March 2021 US\$ 000
Shareholders' equity			
Share capital	22	595,000	595,000
Fair value reserve	25	-	(2,664)
Accumulated losses	25	(404,926)	(353,805)
		<u>190,074</u>	<u>238,531</u>
Total liabilities and shareholders' equity		<u>620,712</u>	<u>746,069</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



William Burton Blair Ainslie

Director

Date: 22 December 2022

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	31 December 2021 US\$000	31 March 2021 US\$000
Non-current assets			
Deferred taxation	9	-	3
Investments	10	281,915	238,766
		<u>281,915</u>	<u>238,769</u>
Current assets			
Trade and other receivables	15	305,756	115
Cash and cash equivalents	16	1	1
		<u>305,757</u>	<u>116</u>
Total assets		<u>587,672</u>	<u>238,885</u>
Current liabilities			
Trade and other payables	17	324	353
Loan from shareholder	26	311,238	-
Total liabilities		<u>311,562</u>	<u>353</u>
Shareholders' equity			
Share capital	22	595,000	595,000
Accumulated losses	25	(318,890)	(356,468)
		<u>276,110</u>	<u>238,532</u>
Total liabilities and shareholders' equity		<u>587,672</u>	<u>238,885</u>

As permitted by Section 408 of the Companies Act 2006 the Statement of Comprehensive Income for the Company is not presented as part of these financial statements. The Company reported a profit for the 9 month period ended 31 December 2021 of US\$37,578k (year ended 31 March 2021 – loss of US\$356,253k).

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



William Burton Blair Ainslie

Director

Date: 22 December 2022

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Share capital US\$000	Accumulated losses US\$000	Fair value reserve US\$000	Total US\$000
At 1 April 2020	595,000	(19,086)	(2,631)	573,283
Total comprehensive expense for the year	-	(334,719)	(33)	(334,752)
At 1 April 2021	595,000	(353,805)	(2,664)	238,531
Total comprehensive expense for the year	-	(51,121)	2,664	(48,457)
At 31 December 2021	595,000	(404,926)	-	190,074

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Share capital US\$000	Accumulated losses US\$000	Total US\$000
At 1 April 2020	595,000	(215)	594,785
Total comprehensive expense for the year	-	(356,253)	(356,253)
At 1 April 2021	595,000	(356,468)	238,532
Total comprehensive income for the year	-	37,578	37,578
At 31 December 2021	595,000	(318,890)	276,110

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Notes	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Operating activities			
Loss for the financial period(after tax)		(51,121)	(334,719)
Adjustments for:			
Tax charge / (benefit)	9	39,033	(15,186)
Depreciation of property, plant and equipment and right of use assets	11 & 12	21,175	30,721
Amortisation of intangible assets	13	2,205	5,332
Impairment of long lived-assets	11 & 13	94,706	289,125
Loss on sale of tangible fixed assets	11	1,061	-
Finance income	8	(8,965)	(1,407)
Finance costs	8	21,200	21,571
Loss on derivative financial instruments	19	-	667
Decrease in inventories	14	499	242
Decrease/(increase) in trade and other receivables	15	4,683	(23,100)
(Decrease)/increase in trade and other payables	17	(49,174)	34,610
Interest paid on operating activities		-	(56)
Tax paid		(9)	(239)
Cash generated from operating activities		75,293	7,561
Investing activities			
Purchases of property, plant and equipment	11	(1,656)	(7,106)
Interest received	8	28	81
Cash used in investing activities		(1,628)	(7,025)
Financing activities			
Repayment of bank loan	18	(269,065)	(49,016)
Restricted bank balances	16	3,640	5,576
Drawdown of loan from shareholder	26	322,686	53,000
Repayment of loan from shareholder	26	(70,686)	-
Loan arrangement fees		(600)	(1,275)
Interest paid	8	(10,221)	(13,510)
Principal payment of lease liabilities	12	(333)	(228)
Repayment of PIK notes and convertible loan notes	20 & 21	(12,027)	-
Cash used in financing activities		(36,606)	(5,453)
Net change in cash and cash equivalents		37,058	(4,917)
Cash and cash equivalents at 1 April	16	6,976	11,893
Cash and cash equivalents at 31 December/31 March	16	44,034	6,976

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

Cash and non-cash changes in liabilities arising from financing activities

		1 April 2021	Cash flow	Other Non cash	31 December 2021
	Notes	US \$000	US \$000	US \$000	US \$000
Revolving loan facility	18	50,069	(50,852)	783	-
Interest bearing loans	18	214,604	(221,557)	6,953	-
Shareholder guaranteed bank loan	18	87,691	(676)	701	87,716
<i>Total interest-bearing loans</i>		352,364	(273,085)	8,437	87,716
Loan from shareholder	26	62,623	(249,086)	(471)	311,238
Convertible loan notes	20	3,820	(3,869)	49	-
Derivative financial instruments	19	3,290	(1,933)	(1,357)	-
Lease liabilities	12	2,457	(424)	91	2,124
<i>Total liabilities</i>		424,554	(30,225)	6,749	401,078

		1 April 2020	Cash flow	Other Non cash	31 March 2021
	Notes	US \$000	US \$000	US \$000	US \$000
Revolving loan facility	18	50,107	(1,739)	1,701	50,069
Interest bearing loans	18	264,162	(57,286)	7,728	214,604
Shareholder guaranteed bank loan	18	87,752	(1,477)	1,416	87,691
<i>Total interest-bearing loans</i>		402,021	(60,502)	10,845	352,364
Loan from shareholder	26	5,325	(53,000)	4,298	62,623
Convertible loan notes	20	3,675	-	145	3,820
Derivative financial instruments	19	4,768	(3,093)	1,615	3,290
Lease liabilities	12	2,555	(228)	130	2,457
<i>Total liabilities</i>		418,344	(10,823)	17,033	424,554

The notes on pages 23 to 66 form part of these financial statements.

ATLANTIS INVESTORCO LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Notes	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Operating activities			
Profit / (Loss) for the financial period (after tax)		37,578	(356,253)
Adjustments for:			
Taxation charge		3	-
Finance costs		5,552	-
(Reversal of)/impairment of investments	10	(43,149)	356,234
Increase in trade and other receivables	15	(305,641)	(98)
(Decrease)/increase in trade and other payables	17	(29)	117
Cash (used in) / generated from operating activities		(305,686)	-
Financing activities			
Drawdown of loan from shareholder	26	305,686	-
Cash generated from financing activities		305,686	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at 1 April	16	1	1
Cash and cash equivalents at 31 December/31 March	16	1	1

The notes on pages 23 to 66 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

1. General information

The financial statements of Atlantis Investorco Limited for the 9 month period ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors. Atlantis Investorco Limited ("the Company") is a company limited by shares incorporated and domiciled in England and Wales. The registered office is located at South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR.

The Company and its subsidiaries ("the Group") are principally engaged in the ownership, management and operation of self-propelled jack up vessels servicing the offshore wind and oil and gas industries. Information on the Group's structure is provided in note 10. Information on other related party relationships of the Group is provided in notes 26 and 30. The Company is engaged in the ownership of its subsidiaries and is a holding company.

2. Accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the UK-adopted International Financial Reporting Standards and the International Accounting Standards as issued by International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs), and in accordance with the Companies Act 2006.

The consolidated financial statements are prepared on the historical cost basis, adjusted for fair values in relation to the Group's derivative financial instruments and cash settled shares. The accounting principles set out below, unless stated otherwise, have been applied consistently for all periods presented in the Consolidated Financial Statements.

These financial statements are presented in US dollars being the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand (US\$000), except when otherwise indicated.

2.2 Going concern

The accompanying consolidated financial statements of the Group have been prepared assuming the Group will continue as a going concern. The going concern basis of presentation assumes that we will continue in operation for at least a period of one year after the date these financial statements are issued, and contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. We have experienced losses over the past years and at the end of the reporting period, current liabilities of the Group exceed current assets by US\$352,880k (*year ended 31 March 2021 – US\$382,164k*) mostly due to the Group's interest-bearing loans and borrowings (note 18) and shareholder loan (note 26).

During the 9 month period ended 31 December 2021, the Group incurred a consolidated net loss of US\$51,121k and generated positive cash flows from operating activities of US\$75,293k. As of 31 December 2021, the Group had accumulated losses of US\$404,926k and cash and cash equivalents of US\$44,034k.

The directors continue to monitor the impact of COVID-19. Based on the Group's experience during 2021, the focus of the Group and its customers has shifted towards developing processes to 'live with' COVID-19 in 2022 and beyond. For the Group's projects, COVID-19 has caused the Group some delays and extra costs, but these additional costs have primarily been borne by customers.

In assessing the going concern basis of preparation of the consolidated financial statements for the period ended 31 December 2021, we have taken into consideration detailed cash flow forecasts for the Group, the Group's forecast compliance with bank covenants, and the continued availability of funding to the Company from banks and ongoing financial support from its shareholders.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Going concern (continued)

We have considered the impact of the COVID-19 pandemic on the Group and the resultant global economic uncertainties and have undertaken a re-assessment of the cash flow forecasts covering a period of at least 12 months from the date these financial statements are issued.

Cash flow forecasts have been prepared through to December 2023 based on a range of scenarios including, but not limited to, committed contracts in place for key vessels, lower than expected levels of utilisation for the Group's other vessels, the timing of repayment of current borrowing facilities and no further debt or equity funding expected to take place over this period.

Existing charters relating to the Group's key trading vessels, for at least the coming 12 months, provide certainty relating to committed future revenue streams and cash flows. The Group has a significant order backlog in Asia-Pacific and North-Western Europe for the years ending 31 December 2022 and 31 December 2023.

On 12 August 2021, the Company was acquired by Eneti Inc, a NYSE listed company with the ability to raise new equity capital, refinance and upsize existing credit facilities. At the time of the acquisition, interest bearing loans, loan from the shareholders, convertible loan notes and cash settled share awards were repaid as part of the total debt repayment amounting to US\$342.4 million. The Group repaid the shareholder guaranteed bank loans amounting to US\$87.7 million in February 2022.

The directors do not anticipate a significant impact on the business arising from the Russian invasion of Ukraine. None of the Group's vessels trade in the Black Sea and there are no Russian charterers in its customer base.

Eneti Inc has undertaken to provide financial support to the Group to enable it to meet its obligations as they fall due, for a period of at least 12 months from the date of approval of these consolidated financial statements.

Based on the above, the consolidated financial statements have been presented on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. Accordingly, we continue to adopt the going concern basis in preparing the consolidated financial statements for the 9 month period ended 31 December 2021.

2.3 New standards and interpretations effective for the 9 month period ended 31 December 2021.

The Group and Company have adopted the following new interpretations and revised standards effective for the 9 month period ended 31 December 2021:

- Accounting Policies, changes in accounting estimates and errors (Amendment to IAS 8)
- Onerous Contracts – Cost of Fulfilling and Contract (Amendment to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance contracts;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Income taxes (Amendments to IAS 12).

The adoption of these interpretations and revised standards did not have a material impact on the disclosures and presentation of the financial statements.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Standards issued but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the 9 month period ended 31 December 2021:

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework;
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021;
- Annual Improvements to IFRSs (2018-2020 Cycle): Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the consolidated financial statements in the period of initial application.

2.5 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the company and by other parties;
- Other contractual arrangements; and
- Historical patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Foreign currencies

The presentation currency of the Group and functional currency of the Company is US dollars (US\$). Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Revenue, costs and non-monetary assets and liabilities are translated at the exchange rates ruling at the dates of transactions. Foreign exchange gains and losses are included in profit or loss. During the 9 month period ended 31 December 2021, the average GBP/USD exchange rate was 1.38 (year ended 31 March 2021 - 1.29) and the closing rate was 1.35 (31 March 2021 – 1.41).

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average rate of exchange for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as other comprehensive income. Such translation differences are recognised as income or expense in the period in which the disposal of the operation occurred.

2.7 Revenue

The Group leases out some of its vessels under time charters. Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Lease and service revenue

Time charter hire revenues are earned for exclusive use of the services of the vessel by the charterer for an agreed period of time. There is a lease component of the hire and a service component. The lease component relates to the hire revenues which are recorded on a straight-line basis over the term of the charter in accordance with IFRS 16, with due allowance made for periods of off-hire. The service component involves maintenance of the vessel in a good condition together with the deployment of the crew classified as revenue under IFRS 15. The performance obligation in relation to both the service element and lease element are satisfied over the period of the contract, therefore, such revenue is recorded on a straight-line basis.

Mobilisation and demobilisation revenue

The Group may receive fees, on either a fixed lump-sum or variable day rate basis, for the mobilisation. These activities are not considered to be distinct within the context of the contract and therefore the associated revenue is allocated to the overall performance obligation and recognised rateably over the agreed term of the related time charter contract. The Group defers mobilisation and contract preparation fees received, as well as direct and incremental costs associated with the mobilisation of equipment and contract preparation activities as "contract fulfilment costs" and amortise each on a straight-line basis, over the related time charter contract.

Lump-sum fees received for equipment moves (and related costs) as part of demobilisations are recognised when the services relating to a demobilisation are rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Revenue (continued)

Revenue financing components

As noted above, lump sum payments are sometimes received at the outset of a contract for the mobilisation of vessels or modifications required to them. These lump sum payments give rise to contract liabilities with a financing element recognised for those revenues received greater than 12 months ahead of the services being provided (note 17).

Revenue related to reimbursable expenses

The Group generally receives reimbursements from our customers for the purchase of supplies, equipment, and other services provided at their request in accordance with the terms of the contracts. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and the timing thereof are highly dependent on factors outside of the Group's influence. Accordingly, reimbursable revenue is fully constrained and not included in the total transaction price until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. The Group and its subsidiaries are generally considered a principal in such transactions and record the associated revenue at the gross amount billed to the customer.

Revenues related to construction supervision

Construction supervision revenues relate to advisory and support services provided to third parties during the design and construction phases of new vessels. Revenue is recognised in accordance with the satisfaction of the performance obligations. Advisory services are recognised in line with the agreed milestones and support services are recognised evenly over the duration of the contract, as set out in the contractual terms.

Contract asset and liability

In certain cases, the measurement of revenue will not be the same as amounts invoiced to a customer. In these circumstances, the Group recognises either a contract asset or a contract liability for the difference between cumulative revenue recognised and cumulative amounts billed for that contract. A contract asset is recognised when the Group's right to consideration, in exchange for goods or services delivered to the customer, is conditional on the entity's future performance. Conversely, where the Group receives a payment for consideration in relation to goods or services to be provided in the future, the amount is recorded as a contract liability.

Where the Group identifies non-current contract liabilities relating to mobilisation and contract preparation fees received from customers in advance, which are deferred until the commencement of the associated contracts, the Group measures the amount of revenue to recognise on execution of the contracts by calculating a financing component at the interest rate that would have applied had the Group borrowed the funds from its customer.

2.8 Taxation

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Taxation (continued)

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9 Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

2.10 Property, plant and equipment

(i) Vessels

Vessels are stated at cost less accumulated depreciation and any provisions for impairment. For vessels acquired through a business combination, cost represents the fair value of the vessels at acquisition.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Property, plant and equipment (continued)

Depreciation is provided on the basis that the book value of the vessel, less any estimated residual value, is written off on a straight-line basis over the remaining useful economic life, taken to be 30 years from the date the vessel is available for its intended use. The residual value is based on management's estimates of the value of the vessel at the reporting date assuming they were already of an age and condition expected at the end of their useful economic life, usually with reference to expected scrap value.

Vessel related project equipment is capitalised as a component part of the vessel cost and is depreciated on a straight-line basis over useful economic lives ranging from 1 to 7 years. Depreciation commences on commencement of the project.

(ii) Non-vessel fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the following useful economic lives:

Office equipment	–	3 to 5 years
Leasehold improvements	–	15 years
Non-vessel related project equipment	–	1 to 7 years

There are certain non-vessel related project equipment that are capitalised and not depreciated until the commencement of the project, with their useful economic lives being determined to be the length of the project as many are project specific.

2.11 Intangible assets

Intangible assets are recognised at cost, less any amortisation and any impairment losses. The cost of intangible assets acquired is their fair value at the date of acquisition. Each identifiable asset is amortised over its own estimated useful economic life as follows:

Trade name	–	33 years
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Useful economic lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Customer contracts are derecognised when the contract is completed.

An intangible asset is derecognised on disposal or when no further future economic benefits are expected from its use. Gains or losses arising on de-recognition are recognised in profit or loss as they arise.

Purchased intangible assets are capitalised at fair value on the date of acquisition if they relate to a business combination and otherwise capitalised at cost, less any amortisation and any impairment losses.

2.12 Impairment of non-financial assets (excluding deferred taxes)

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Impairment of non-financial assets (excluding deferred taxes) (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Based on the above, the Group has determined at the reporting date that it has three CGUs comprising of its pool of 2500X vessels, 5500C vessel and 14000X vessel including related intangibles (31 March 2021 – one CGU reported).

The assessment of whether there is an indication that an asset is impaired is made with reference to trading results, predicted trading results, market rates, technical and regulatory changes and market values. If any such indication exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of any impairment loss.

The first step in this process is the determination of the lowest level at which largely independent cash flows are generated, starting from the individual asset level. A CGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated from other assets or groups of assets. In identifying whether cash inflows from an asset or group of assets are largely independent, and therefore determining the level CGUs, the Group considers many factors including management's trading strategies, how management makes decisions about continuing or disposing of the assets, nature and terms of contractual arrangements and actual and predicted employment of the vessels. CGU's cannot be larger than an individual operating segment. Based on the above, the Group has determined at the reporting date that it has three CGUs comprising of all the Group's vessels and related intangibles.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs to sell is determined as the amount at which assets may be disposed of on a willing seller, willing buyer basis, less directly associated costs of disposal. In estimating fair value, the Group considers recent market transactions for similar assets, and the views of reputable shipbrokers.

If the recoverable amount is less than the carrying amount of the asset or the CGU, the asset is considered impaired and an expense is recognised equal to the amount required to reduce the carrying amount of the vessel or the CGU to its recoverable amount. The expense is recognised in profit or loss.

Management's impairment assessment as at 31 December 2021 is explained in more detail in note 11.

A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Such reversal is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed.

2.13 Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less provisions for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Inventories

Inventories comprise critical vessel spares that are held in storage and recorded in the profit or loss when transferred for use onboard the vessels. Critical spares are parts considered by management to be of critical importance to the operation of the vessel or have long a lead time which may result in vessel off-hire if ordered at short notice. Inventories may also comprise bunker fuel on board the vessels which are stated at the lower of cost or net realisable value using the first-in-first-out method.

2.15 Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (See "financial liabilities" for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the (loss)/gain on derivatives financial instruments line in operating activities. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents includes short-term highly liquid investments readily convertible into known amounts of cash but excludes restricted amounts held in the Group's bank accounts. They are normally represented by bank deposits with an original maturity of less than three months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship (see hedge accounting below), the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "financial assets" for in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the (loss)/gain on derivatives financial instruments line in operating activities.

The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss

Other financial liabilities include the following items:

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing loans, borrowings and overdrafts are initially measured at fair value (proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method.

Hedge accounting

The Group uses interest rate swaps and forward currency contracts to hedge exposures to interest rate and foreign exchange rate movements which are normally designated in cash flow hedges. The Group applies IFRS 9 when accounting for hedging. Changes in the fair value of the derivative financial instruments that are designated, and effective hedges of future cash flows, are recognised in other comprehensive income and the ineffective portion is recognised immediately in profit or loss in the statement of comprehensive income through (loss)/gain on derivative financial instruments included in operating activities.

The forward currency contract hedges the foreign currency risk due to spot rate fluctuations associated with the receipt of firm contracted Euro denominated income.

The interest rate swap hedges the interest rate risk arising on the variable interest payable on certain interest-bearing loan and borrowings, hedged with a fixed interest rate swap.

Hedge ineffectiveness on these contracts and swaps, being the extent to which the change in fair value of future expected cash flows of the hedging instrument not offsetting those of the hedged item, may occur as a result of a major change in credit risk of the counterparty of any forward contracts entered into, or a significant change in the hedged item itself.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Fair value of financial instruments

The Group measures financial instruments, such as derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 23. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as a gain or loss on loan modification.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 Leases – Group as lessee

The Group leases various offices and fleet wharfage from third parties.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 Leases – Group as lessee (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office and IT equipment.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.18 Convertible loan notes

The proceeds received on issue of the Group's convertible loan notes are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

2.19 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of equity shares which are settled in cash (cash settled transactions).

Cash-settled share awards

The cost of cash-settled transactions is measured initially at fair value at the grant date using an annualised consolidated EBITDA. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. At each reporting date until the end of the vesting period, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period. On 12 August 2021, cash-settled share awards were repaid as part of the total debt repayment within the terms of Eneti Inc's acquisition of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.20 Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

2.21 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

2.22 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Non-current asset impairment testing – critical judgement and estimation

The Group and Company reviews its intangibles and other non-current assets if indicators exist for impairment at each reporting date. At the reporting date, it was determined that the acquisition of the Company by the new parent company, Eneti (Bermuda) Limited, combined with the outbreak and prolonged impact of Covid-19 since March 2020 which had reduced the utilisation of vessels in employment across the sector were both indicators that an impairment may be required.

The assessment of impairment indicators requires judgement to be exercised and changes in circumstances means such judgements may not be borne out over time. In order to assess if impairment exists, management estimates discounted future cash flows, residual values and the remaining economic lives of assets, a suitable discount rate and recoverable amounts based on comparable market transactions. Market factors affecting expected future revenue, utilisation rates, operating expenses and residual values may affect the discounted future cash flows. Actual outcomes may differ from the estimates and judgements made which could result in potential impairment losses recognised in future periods. Further details are set out in notes 11 and 13.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

3. Critical accounting estimates and judgements (continued)

Classification of revenue – critical judgment

The time charter revenues of the Group's shipping operations contain both lease revenue and revenue from contracts with customers. The Group uses judgement in determining the amount of revenue classified as lease revenue and the amount classified as revenue from contracts with customers based on observable bareboat charter rates, the level of operating costs incurred by the vessel and the level of operating costs that would be expected based on industry benchmarks. This judgment determines whether the income should be accounted for under IFRS 15 as revenue based on the fulfilment of performance obligations, or as lease income under IFRS 16.

Intangible asset useful economic life – critical estimate

The Group amortises its trade name over a useful economic life of 33 years. The 'Seajacks' trade name is deemed to be transferable between the subsidiary vessel operating entities and management consider that the 33 years is reflective of the benefit that will be derived to the Group, which is also aligned with the remaining useful economic life of the Group's vessels that existed at the time of acquiring the trade name.

Deferred tax assets – critical judgement and estimation

The Company and certain subsidiaries in the Group recognised deferred tax assets in relation to tax losses incurred in past years. The Group reviewed the carrying amount of deferred tax assets at the reporting date and assessed if sufficient taxable profits will be available to allow all of the deferred tax asset to be utilised. To assess the availability of future taxable profits, management estimates future revenues and costs, capital allowances and tax planning opportunities. The Group critically reviews supporting evidence for recognition of deferred tax assets and assesses the probability of future profits that will be generated, including from confirmed contracts, resulting in projected taxable profits over the next three years. Changes in tax laws, applicable tax rates and market factors affecting expected future revenue and operating expenses may impact the future profitability and actual outcome may differ from the estimates and judgements made which could result in part of the deferred tax asset to remain unutilised.

Deferred tax assets – critical judgement and estimation. (continued)

Largely due to the future projections for the unwind of the tax losses, the Group and subsidiaries have concluded that the recognition of deferred tax assets for the 9 month period ended 31 December 2021 is not justified and have therefore reversed the deferred tax asset included in the financial statements for the year ended 31 March 2021.

Management also assessed the availability of tax deductions on the amortisation of intangible assets transferred between two of the wholly owned subsidiaries and concluded that any transfer of assets within the group entities does not change the Group's tax position and hence is likely to have no tax impact on the already available tax deductions.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

4. Revenue

Revenue analysis by activity:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Lease income	17,794	18,050
Vessel construction supervision income	2,734	14,005
Service income	89,461	10,700
Construction income	97,203	-
	<u>208,397</u>	<u>42,755</u>

Service income relates to catering and other similar costs incurred and recharged to the charterers and provision of vessel management services as part of the time charter arrangement.

Geographical analysis

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
United Kingdom	4,957	26,054
Taiwan	71,309	-
Belgium	-	1,577
USA	2,734	14,005
Japan	98,797	1,119
Denmark	7,243	-
China	21,737	-
Netherlands	1,620	-
	<u>208,397</u>	<u>42,755</u>

All of the amounts in the table relate to continuing operations.

During the 9 month period ended 31 December 2021, revenue recorded from four major customers contributing more than 10% revenue each were US\$21,796k, US\$55,006k, US\$47,537k and US\$28,391k (year ended 31 March 2021 – two major customers contributing more than 10% each were US\$24,138k and US\$14,005k).

ATLANTIS INVESTORCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

5. Direct vessel operating and project costs

Direct vessel operating and project costs comprises:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Crew cost	22,229	16,160
Maintenance cost	5,843	8,490
Operating costs	2,749	4,964
Fuel and other consumptions	4,251	2,513
Catering	2,977	1,535
Other project costs	33,172	1,705
Insurance	1,389	948
	<u>72,610</u>	<u>36,315</u>

6. Operating profit / (loss)

This is stated after charging/(crediting):

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Auditor's remuneration: - audit of the Company	40	13
- audit of the subsidiaries	-	238
- taxation services	-	92
Depreciation: - property, plant and equipment (note 11)	21,022	30,359
- right of use assets (note 12)	153	362
Impairment of long-lived assets (notes 11 and 13)	94,706	289,125
Vessel operation and insurance costs	11,366	7,986
Vessel maintenance costs	5,843	8,490
Amortisation of intangible assets (note 13)	2,205	5,332
Net foreign exchange loss/(gain)	<u>1,951</u>	<u>(809)</u>

The fees for the audit of the subsidiaries are borne by Eneti Inc.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

7. Staff and crew costs

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Wages and salaries	7,203	7,456
Social security costs	853	808
Pension contributions	292	275
Offshore crew costs	17,493	16,160
Other staff costs	776	184
	<u>26,617</u>	<u>24,883</u>

Staff costs are included in:

Direct vessel operating and project costs	17,493	16,160
Administrative expenses	9,124	8,723
	<u>26,617</u>	<u>24,883</u>

The average monthly number of persons employed by the Group during 9 month period ended 31 December 2021 were:

	9 month period ended 31 December 2021 No.	Year ended 31 March 2021 No.
Management	3	3
Operations	54	43
Administrative	31	34
Offshore crew	181	150
	<u>269</u>	<u>230</u>

Included within staff costs are directors' remuneration as follows:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$ 000
Wages and salaries	388	575
Social security costs	172	127
Pension contributions	58	52
	<u>618</u>	<u>754</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

7. Staff and crew costs (continued)

One director (*year ended 31 March 2021 – one*) has been accruing benefits under a defined contribution pension scheme. The amounts paid to the highest paid director during the period were as follows:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Wages and salaries	388	537
Social security costs	172	127
Pension contributions	58	52
	<u>618</u>	<u>716</u>

Staff costs also include amounts paid to key management personnel amounting to US\$2,171k (*year ended 31 March 2021 – US\$2,373k*) of which US\$483k (*year ended 31 March 2021 – US\$704k*) was paid to a company controlled by a member of key management, as per note 26.

Key management personnel remuneration is made up of the following:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Wages and salaries	1,893	2,107
Social security costs	197	187
Pension contributions	81	79
	<u>2,171</u>	<u>2,373</u>

Company

The Company does not have any employees and therefore has no staff costs.

8. Finance income and costs

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Finance Income:		
Interest income	28	81
Gain on loan modification (note 18)	8,937	1,326
	<u>8,965</u>	<u>1,407</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

8. Finance income and costs (continued)

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Finance costs:		
Interest expense on financial liabilities measured at amortised cost	18,987	19,221
Interest expense on convertible loan notes	49	145
Interest expense on lease liabilities	91	130
Interest expense on non-current contract liabilities	410	1,366
Other interest and finance charges	1,663	709
	<u>21,200</u>	<u>21,571</u>

9. Income tax

a) Tax on loss on ordinary activities

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Current income tax:		
Foreign taxation	4,067	624
Current tax on losses for the period	-	-
Adjustment in respect of prior year	(512)	481
Total current income tax	<u>3,555</u>	<u>1,105</u>
Deferred tax:		
Current year	35,662	(16,051)
Adjustment in respect of prior year	(184)	(240)
	<u>35,478</u>	<u>(16,291)</u>
Tax charge / (benefit) in the statement of comprehensive income	<u>39,033</u>	<u>(15,186)</u>
Tax charge / (benefit) in the statement of other comprehensive income	<u>626</u>	<u>(8)</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

9. Income tax (continued)

b) Reconciliation of the total tax charge/(benefit)

The tax charge/(benefit) in the Statement of Comprehensive Income for the year is higher as (year ended 31 March 2021 - lower than) the standard rate of corporation tax in the UK of 19% (year ended 31 March 2021 - 19%). The differences are explained below:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Loss on ordinary activities before taxation	(12,088)	(349,905)
Multiplied by UK standard rate of corporation tax of 19% (year ended 31 March 2021 – 19%)	(2,297)	(66,482)
Effects of:		
Disallowable expenses	26,482	47
Income not taxable	(23,068)	(4,550)
Adjustment in respect of prior years	(512)	241
Unrecognised deferred tax	36,298	54,934
Foreign tax	2,130	624
Total tax charge / (benefit) in the statement of comprehensive income	39,033	(15,186)

c) Deferred tax

	US\$000
At 1 April 2020	19,805
Short-term timing differences – prior year	240
Short-term timing differences – current year	16,051
Short term timing differences – other comprehensive income	7
At 31 March 2021	36,103
Short-term timing differences – prior year	-
Short-term timing differences – current period	(35,478)
Short term timing differences – other comprehensive income	(625)
At 31 December 2021	-

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

9. Income tax (continued)

Shown as:	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Deferred tax asset – non current	-	36,103
Deferred tax liability – non current	-	-
	<u>-</u>	<u>36,103</u>

The deferred tax asset is arising from:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
Temporary trading differences	-	14
Derivative financial instruments	-	625
Tax losses carried forward	-	28,407
Loan relationships	-	6,985
Other	-	72
	<u>-</u>	<u>36,103</u>

The Company had a deferred tax asset of US\$Nil (year ended 31 March 2021 - US\$3k)

In September 2021, as previously announced and enacted in Finance Act 2021, the rate of corporation tax will remain at 19% for 2022/23, but there will then be an increase to 25% from April 2023 applying to profits over £250,000. The rate of the diverted profits tax will rise at the same time to 31% to maintain the differential with mainstream corporation tax. As at 31 December 2021, the proposal to increase the rate to 25% had not been substantively enacted, therefore its effects are not included in these financial statements.

Unrecognised deferred tax assets arising from taxable losses as a result of the impairment of intangible and tangible assets exist, with a value of US\$115,058k at 31 December 2021 (year ended 31 March 2021 – US\$54,934k).

A corporate tax payable of US\$4,058k arose on income from foreign operations (year ended 31 March 2021 – US\$696k).

ATLANTIS INVESTORCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

10. Investments

Company	US\$000
Cost:	
At 1 April 2021 and 31 December 2021	595,000
Impairment:	
At 1 April 2021	(356,234)
Reversed in the 9 month period (refer below)	43,149
At 31 December 2021	(313,085)
Net book value:	
At 31 December 2021	281,915
At 31 March 2021	238,766

The subsidiaries of the Company as at 31 December 2021 are set out below.

Company name	Registered office	% of voting rights
Atlantis Equityco Limited	*4	100%
Atlantis Midco Limited*1	*4	100%
Seajacks International Limited*2	*4	100%
Seajacks 1 Limited*3	*4	100%
Seajacks 2 Limited*3	*4	100%
Seajacks 3 Limited*3	*4	100%
Seajacks 4 Limited*3	*4	100%
Seajacks 5 Limited*3	*4	100%
Seajacks UK Limited*3	*4	100%
Seajacks Crewing Services Limited*3	*4	100%
Seajacks Merman Marine Limited*3	*5	100%
Seajacks Japan LLC*3	*6	100%
Seajacks 3 Japan LLC*3	*6	100%
Seajacks Installation Services Limited*3	*4	100%

*1 Owned indirectly via Atlantis Equity co Limited

*2 Owned indirectly via Atlantis Midco Limited

*3 Owned indirectly via Seajacks International Limited. The shares in Seajacks 1 Limited, Seajacks 2 Limited, Seajacks 3 Limited, Seajacks 4 Limited and Seajacks 5 Limited are pledged as security against the Group's bank loans (note 18).

*4 South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR

*5 Seajacks Merman Marine Ltd, Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton, HM Ex, Bermuda

*6 10th Floor Stork Building, 3-2-6 Nihonbashi Hongokucho, Chuo-ku, Tokyo, 103-0021, Japan

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

10. Investments (continued)

Based on the impairment assessment performed by management, in reflection of the improvement in the fair value of the underlying assets, the impairment made against the Company's investments as at 31 March 2021 amounting to US\$356,234k has been partially reversed by \$43,149k, leaving an impairment provision at 31 December 2021 of \$313,085k.

11. Property, plant and equipment

Group	Vessels	Other fixed assets	Total
	US\$000	US\$000	US\$000
Cost:			
At 1 April 2020	888,086	14,845	902,931
Additions	2,412	4,694	7,106
At 31 March 2021	<u>890,498</u>	<u>19,539</u>	<u>910,037</u>
Additions	179	1,477	1,656
Disposals	<u>(39,713)</u>	<u>(9,079)</u>	<u>(48,792)</u>
At 31 December 2021	<u><u>850,964</u></u>	<u><u>11,937</u></u>	<u><u>862,901</u></u>
Depreciation:			
At 1 April 2020	(189,051)	(13,457)	(202,508)
Charge for the year	(29,911)	(448)	(30,359)
Impairment	(85,461)	(2,461)	(87,922)
At 31 March 2021	<u>(304,423)</u>	<u>(16,366)</u>	<u>(320,789)</u>
Charge for the year	(20,211)	(811)	(21,022)
Disposals	39,713	8,018	47,731
Impairment	<u>(77,615)</u>	<u>(7)</u>	<u>(77,622)</u>
At 31 December 2021	<u><u>(362,536)</u></u>	<u><u>(9,166)</u></u>	<u><u>(371,702)</u></u>
Net book value:			
At 31 December 2021	<u><u>488,428</u></u>	<u><u>2,771</u></u>	<u><u>491,199</u></u>
At 31 March 2021	<u>586,075</u>	<u>3,173</u>	<u>589,248</u>
At 1 April 2020	<u>699,035</u>	<u>1,388</u>	<u>700,423</u>

Impairment of property, plant and equipment is considered together with intangibles impairment assessment below. The vessels are pledged as security against the Group's bank loan (note 18).

Capitalised borrowing costs

Borrowing costs amounting to US\$2,964k (year ended 31 March 2021 - US\$2,964k) have been capitalised to date in the carrying amount of property, plant and equipment. There are no borrowing costs capitalised during the period (year ended 31 March 2021 - US\$Nil).

Impairment

The Group's vessels and trade name are tested for impairment annually. This together with impairment factors identified by the Group during the period ended 31 December 2021 and the year ended 31 March 2021 has meant that the Group has carried out an impairment assessment against the carrying value of the cash generating units with a combined carrying value of US\$687,828k (year ended 31 March 2021 - US\$921,863), using value in use calculations and fair values.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

11. Property, plant and equipment (continued)

Forecast cash flows, used to determine value in use, represent pre-tax projections over the remaining life of the Group's vessels, based on financial forecasts approved by senior management, excluding significant capital expenditure that would enhance the scale of the business which is not already contracted. The Group has already secured significant contract coverage in Asia-Pacific for FY2023.

The outbreak and prolonged impact of Covid-19 since March 2020 has reduced the utilisation of vessels in employment across the sector and this has been realised in the results for the Group's three smaller vessels in FY 2020 and FY 2021. The Group has forecasted a recovery in both rates earned and utilisation of its three smaller vessels over the next two years. For its two larger vessels, the Group has forecasted significant prospects for the coming 12 – 24 months after the end of the reporting period due to the committed contracts in place. Management has considered the current order backlog for the vessels and contracts under negotiation at the time of preparing these financial statements and overall market expectation. For the period beyond 24 months, the Group has minimal order backlog, but expects an increase both in demand and supply, which is expected to imply favourable market conditions beyond 2025.

The discount rate was estimated based on a market derived weighted average cost of capital, calculated based on the market projected average cost of debt over the remaining life of the Group's vessels and a market cost of equity derived using the capital asset pricing model assuming a long term equity risk premium and an appropriate equity beta. The pre-tax discount rate applied to future cash flows was 8.5% (2021 – 12.5%). The decrease in the discount rate used as at 31 December 2021 compared to 31 March 2021 reflects the early repayment of shareholder guaranteed bank loans and financing arrangements with previous shareholders. Furthermore, the Group has considered and incorporated additional business risk factors relating to its changing strategy, which includes more focus on the fast growing and developing offshore wind turbine installation sector and in particular, in the Asia-Pacific region.

Based on the assessment performed, management determined a value in use of US\$724.9 million at 31 December 2021 (2021 – US\$632.7 million). At 31 December 2021 management identified three CGUs (i. Pool of 2500X vessels ii. 5500C vessel iii. 1400X vessel), of which a resulting impairment of US\$94.7 million was identified against the 2500X pool only when comparing discounted cashflows against Market Value (2021 – impairment US\$289.1 million against all plant and equipment, intangible assets, goodwill, right of use assets). The impairment of long-lived assets charged to profit and loss for the year ended 31 December 2021 has been allocated across the 2500X applicable assets on a pro-rata basis. Vessels have been impaired down to the fair value less costs to sell, as supported by independent broker valuations, as follows:

	9 month Period ended 31 December 2021	Year ended 31 March 2021
	US\$ 000	US\$ 000
Property, plant and equipment – Vessels	77,615	85,461
Property, plant and equipment – Other assets	7	2,461
Right of use assets	-	940
Intangible assets	17,083	56,094
Goodwill	-	144,169
	<u>94,705</u>	<u>289,125</u>

Company

The Company has no property, plant and equipment.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

12. Right of use assets and lease liabilities

Group

Right of use assets	Property Leases US\$000	Total US\$000
Cost		
At 1 April 2020	2,834	2,834
Additions	-	-
At 31 March 2021	2,834	2,834
Additions	-	-
At 31 December 2021	2,834	2,834
Depreciation and impairment		
At 1 April 2020	(321)	(321)
Charge for the year	(362)	(362)
Impairment	(940)	(940)
At 31 March 2021	(1,623)	(1,623)
Charge for the year	(153)	(153)
At 31 December 2021	(1,776)	(1,776)
Net book value:		
At 31 December 2021	1,058	1,058
At 31 March 2021	1,211	1,211
Lease Liabilities	31 December 2021 US\$000	31 March 2021 US\$000
Current	353	329
Non-Current	1,771	2,128
	2,124	2,457
Lease liabilities		
At 1 April 2021	2,457	2,555
Interest expense	91	130
Additions	-	-
Lease payments and foreign exchange movements	(424)	(228)
At 31 December 2021	2,124	2,457

No impairment of right of use assets has been deemed necessary in this period (year ended 31 March 2021 - \$940k)

Company

The Company has no right of use assets or lease liabilities.

ATLANTIS INVESTORCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

13. Intangible assets

Group

	Trade name US\$000
Cost:	
At 1 April 2021 and 31 December 2021	<u>175,959</u>
Amortisation and impairment:	
At 1 April 2020	(42,212)
Charge for the year	(5,332)
Impairment	(56,094)
At 31 March 2021	<u>(103,638)</u>
Charge for the period	(2,205)
Impairment	(17,083)
At 31 December 2021	<u>(122,926)</u>
Net book value:	
At 31 December 2021	<u>53,033</u>
At 31 March 2021	<u>72,321</u>
At 1 April 2020	<u>133,747</u>

The impairment of intangible assets is considered in note 11.

The amortisation of intangible fixed assets is included with administrative expenses.

Company

The Company has no intangible fixed assets.

14. Inventories

Group	31 December 2021 US\$000	31 March 2021 US\$000
Bunker fuel	1,132	1,101
Spare parts and consumables	<u>4,714</u>	<u>5,244</u>
	<u>5,846</u>	<u>6,345</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Company

The Company does not hold any inventory.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

15. Trade and other receivables and contract fulfilment cost assets

Group – current

	31 December 2021 US\$000	31 March 2021 US\$000
Trade receivables	10,988	2,700
Prepayments	3,474	1,761
Contract assets	5,950	3,911
VAT and other receivables	1,295	3,109
	<u>21,707</u>	<u>11,481</u>

All trade receivables in respect of charter contracts with duration of 6 months or more are secured against the Group's bank loans (note 18).

Trade receivables are normally due within 30 days from the date the invoice is issued. Trade receivables are considered past due based on their respective credit periods. All balances were deemed fully recoverable at the reporting date.

Contract assets comprises contract income relating to consultancy services and crewing recharges of which performance obligations have been completed ahead of billing.

The ageing analysis of trade receivables is as follows:

	Expected Credit Losses	31 December 2021 US\$000	31 March 2021 US\$000
Not due	0%	10,600	2,589
Past due but not impaired 0 - 30 days	0%	340	1
Past due 31 - 60 days	10%	41	110
Past due 61 – 90 days	50%	7	-
Past due 91 – 120 days	100%	-	-
Past due more than 120 days	100%	-	-
		<u>10,988</u>	<u>2,700</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above which approximate their fair value at the reporting date. The Group does not hold any collateral as security.

The expected credit losses are considered insignificant as most of the trade receivables are neither past due nor impaired and have been recovered subsequent to the year end.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

15. Trade and other receivables and contract fulfilment cost assets (continued)

	31 December 2021 US\$000	31 March 2021 US\$000
Group – non current		
Contract fulfilment costs	-	220
Group – current		
Contract fulfilment costs	3,835	18,524

Contract fulfilment costs relate to expenditures incurred on the mobilisation of a vessel and contract preparation which are not considered to be distinct performance obligations within the context of the contract. These are capitalised and deferred until the start of time-chartering activities during the year ending 31 December 2022 when the Group will be eligible to commence recognising revenue and expense related costs on the contracts.

	31 December 2021 US\$000	31 March 2021 US\$000
Company		
Other receivables	-	4
Amounts due from subsidiary undertakings (note 26)	305,756	111
	<u>305,756</u>	<u>115</u>

The amounts due from subsidiary companies are unsecured and repayable on demand.

16. Cash and Cash Equivalents

	31 December 2021 US\$000	31 March 2021 US\$000
Group		
Cash at bank and short term cash deposits	44,034	6,976

Restricted bank balances for the Group and Company amounting to US\$Nil (31 March 2021 – US\$3,640,000) are held in escrow and held as security against the Group's bank loans and to fulfil debt servicing costs (note 18). Restricted bank balances are not included in the Group's cash and cash equivalents noted above at the financial reporting date. All restricted bank balances were released during the current year.

	31 December 2021 US\$000	31 March 2021 US\$000
Company		
Cash at bank and short term cash deposits	1	1

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

17. Trade and other payables and contract liabilities

	31 December 2021 US\$000	31 March 2021 US\$000
Group – current		
Trade payables	5,838	11,981
Accruals	6,790	7,606
Taxation and social security	-	820
Other liabilities	-	1,170
	<u>12,628</u>	<u>21,577</u>
 Contract liabilities	 <u>12,275</u>	 <u>47,139</u>
 Group – non current		
 Contract liabilities	 <u>565</u>	 <u>5,331</u>

Contract liabilities relate to mobilisation and contract preparation fees received from customers in advance which are deferred until the commencement of the associated contracts. The advances accrue interest using the Group's incremental borrowing rate of 5% (year ended 31 March 2021 - 4.5%) per annum.

	31 December 2021 US\$000	31 March 2021 US\$000
Company – current		
Accruals	16	17
Amounts due to subsidiary companies (note 26)	308	336
	<u>324</u>	<u>353</u>

Amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

18. Interest bearing loans and borrowings

	31 December 2021 US\$000	31 March 2021 US\$000
Group		
Current		
Secured bank loans	-	193,724
Shareholder guaranteed bank loan	87,716	87,691
	<u>87,716</u>	<u>281,415</u>
 Non-current		
Secured bank loans	-	70,949
	<u>-</u>	<u>70,949</u>
 Total interest-bearing loans and borrowings	 <u>87,716</u>	 <u>352,364</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

18. Interest bearing loans and borrowings (continued)

Secured bank loans

SJ1-4 Facility: The syndicated term loan facility of US\$275,000k was drawn down on 26 February 2015 and was due for repayment in full by November 2021. The bank loan carried a fixed interest rate of 2.45% plus 3-month US\$ LIBOR per annum.

SJ-5 Facility (commercial): The syndicated term loan facility of US\$50,200k was drawn down in November 2015 and was due for repayment in full by November 2021. The bank loan carried a fixed interest rate of 2.45% plus 3-month US\$ LIBOR per annum.

SJ-5 Facility (K-Sure): The syndicated term loan facility of US\$125,500k was drawn down in November 2015 and is due for repayment in full by March 2025. The bank loan carried a fixed interest rate of 1.75% plus 3-month US\$ LIBOR per annum.

Revolving Loan Facility: The Group has a short-term revolving loan facility of US\$50,000k which was drawn down in full on 17 July 2019. The facility carried a fixed interest rate of 2.45% plus 3-month US\$ LIBOR per annum.

In August 2020, the Group and the Lenders contracted a Loan Amendment Agreement, which amended the quarterly repayment schedule for the SJ1-4 and SJ5 facilities for 5 quarters starting in August 2020 and increased the fixed interest rates on the majority of the loans. In addition to this amendment, the Group also made a one-off repayment across the facilities and incurred loan arrangement costs of US\$1,275k. The Loan Amendment Agreement did not result in a derecognition of the financial liability as it was not a substantial modification. A gain of \$1,326k was recognised in profit and loss account in the year ended 31 March 2021.

At 31 March 2021, the bank loans were secured against, inter alia, the share capital of certain of the Company's subsidiaries (note 10), the vessel component of tangible fixed assets (note 11), certain earnings and trade and other receivables from the operation of vessels (note 15) and certain cash and cash equivalents (note 16).

Upon completion of the acquisition by Eneti Inc on 12 August 2021, the above loans were fully settled resulting in a gain of \$8,937k being recognised in the profit and loss account.

Shareholder guaranteed bank loan

The Group has a bank loan guaranteed by the shareholder amounting to US\$87,650k (*year ended 31 March 2021 - US\$87,650k*). The loan bears an interest rate of 0.88% plus 3-month US\$ LIBOR per annum (*year ended 31 March 2021 - 3-month US\$ LIBOR plus 0.88%*) and is unsecured. The loan was repayable between 30 September 2021 and 30 November 2021 however, certain amounts have been rescheduled for repayment to September 2022.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

19. Derivative financial instruments

Group

The fair value of the Group's derivative financial instruments is as follows:

	Non Hedging instruments Foreign currency contracts US\$000	Hedging instruments Foreign currency contracts US\$000	Interest rate swap US\$000	Total US\$000
At 1 April 2021	-	(1,065)	(2,225)	(3,290)
Recognised in profit or loss	-	-	-	-
Effective portion recognised in other comprehensive income	-	1,065	2,225	3,290
At 31 December 2021	-	-	-	-
At 1 April 2020	667	1,519	(4,768)	(2,582)
Recognised in profit or loss	(667)	-	-	(667)
Effective portion recognised in other comprehensive income	-	(2,584)	2,543	(41)
At 31 March 2021	-	(1,065)	(2,225)	(3,290)
			31 December 2021 US\$000	31 March 2021 US\$000
Shown as :				
Current liabilities			-	(3,290)
			-	(3,290)

The Group enters into foreign exchange swap contracts with the intention to hedge the foreign exchange risk of expected revenue and expenses. Notional amounts are as provided in note 23.

The Group's interest bearing financial liabilities are exposed to the risks associated with fluctuations in prevailing levels of market interest rates on its financial position and cash flows.

In accordance with the terms of the loan agreements and its strategy of protecting itself from fluctuations in interest rates, the Group has entered into interest rate swap and interest rate cap contracts for certain term loans which fixes the interest rate payable (note 18). In addition, loans from related parties have fixed rates of interest.

The derivative financial instruments were all settled during the current period.

Company

The Company holds no derivative financial instruments

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

20. Convertible loan notes**Group**

In prior periods, the Group issued 9,579,000 loan notes with a par value of US\$1 each to key management as part of the consideration due on the acquisition of the Seajacks group (PIK notes). The loan notes were fixed at an interest rate of 5% per annum and were repayable in tranches over a vesting period of at least three years. Interest accretion for the 9 month period ended 31 December 2021 totalled US\$49k (*year ended 31 March 2021 - US\$145k*), with a total balance accrued as at 31 December 2021 of US\$Nil (*year ended 31 March 2021 - US\$956k*).

The loan note holders have the right to request the Group to repay the loan note at par value or convert to ordinary shares on each vesting. The conversion price is fixed at the par value plus an interest rate of 10% compounding annually. The fair value of the conversion option at inception and at the reporting date was not considered to be significant and therefore has not been recognised. The convertible loan notes were settled during the 9 month period ended 31 December 2021.

	31 December 2021 US\$000	31 March 2021 US\$000
Current portion	-	3,820
	-	3,820

Company

The Company has no convertible loan notes.

21. Cash settled share awards

Cash settled shares awards issued to key management and employees are recognised at the estimated future exercise value at the reporting date taking account of the period over which any incremental value vests.

The Group believes that its success depends to a high degree on the future performance of the key management team and also recognises the importance of ensuring that all key employees are incentivised and identify closely with the profitability of the Group.

In May 2012, consideration amounting to a fair value of US\$19,217k due to key management on the acquisition of the Seajacks group during the 2013 financial year was reinvested in a mixture of A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares.

The A ordinary shares issued to key management and employees have put options that vest in three equal tranches every year after the date of issue being May 2013, May 2014 and May 2015. The exercise price is computed using an EBITDA exit multiple formula. Management exercised and repaid the put option twice. In FY 2013 management exercised their first option to sell back to the Company 6,468,571 A ordinary shares. In FY 15 management exercised their second option to sell back to the Company 6,490,355 A ordinary shares. In December 2016, 670,292 A shares were repaid at the value of US\$346,643 plus US\$ 175,000 deferred payment which carries variable interest.

The value at the reporting date is calculated using the annualised Group EBITDA and recognised over the vesting period in profit or loss. At the reporting date this value has been calculated US\$34k (*year ended 31 March 2021 - US\$8,241k*) and an income of US\$Nil (*year ended 31 March 2021 - US\$Nil*) has been recognised in profit and loss for the movement in the value, which takes account of the vesting period.

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

21. Cash settled share awards (continued)

Interest accretion was US\$Nil for the 9 month period ended 31 December 2021 (year ended 31 March 2021 - US\$7k). Total interest accrued as at the reporting date was US\$Nil (year ended 31 March 2021 - US\$37k).

The B ordinary, B 1, B2, B3 ordinary, C ordinary and D ordinary shares (together referred to as "sweet equity shares") have put options that vest between 2017 and 2020 if the Group internal rate of return exceeds 15%. The exercise price is based on a formula using the internal rate of return. The fair value of these shares was recognised over the vesting period.

The cash settled share awards were primarily all paid out during the current period.

22. Share capital

	No.	31 December 2021	No.	31 March 2021
		US\$000		US\$000
<i>Allotted, called up, issued and fully paid</i>				
Ordinary shares of US\$1 each	595,000,016	595,000	595,000,016	595,000

The issued shares are fully paid, are of the same class and have the same voting rights. The ordinary shares were issued at par for cash consideration.

23. Financial instruments

Financial risk management

The Group, through its activities, is exposed to a variety of financial risks, market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's board of directors meets on a regular basis to monitor and manage the Group's sensitivity to financial risk. The Group makes use of interest rate swaps, interest rate caps and forward currency contracts to moderate certain risk exposures to fluctuations in interest rates and exchange rates.

Categories of financial instruments

The categories of the Group's financial instruments are as follows:

	Fair Value through profit or loss		Amortised cost		Fair Value through other comprehensive income	
	Dec 2021 US\$000	Mar 2021 US\$000	Dec 2021 US\$000	Mar 2021 US\$000	Dec 2021 US\$000	Mar 2021 US\$000
Financial assets						
Cash and cash equivalents	-	-	44,034	6,976	-	-
Restricted bank balances	-	-	-	3,640	-	-
Trade and other receivables	-	-	18,233	9,720	-	-
	<u>-</u>	<u>-</u>	<u>62,267</u>	<u>20,336</u>	<u>-</u>	<u>-</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

23. Financial instruments (continued)

	Fair Value through profit or loss		Amortised cost		Fair Value through other comprehensive income	
	Dec 2021 US\$000	Mar 2021 US\$000	Dec 2021 US\$000	Mar 2021 US\$000	Dec 2021 US\$000	Mar 2021 US\$000
Financial liabilities						
Trade and other payables	-	-	12,628	21,577	-	-
Lease liabilities	-	-	2,124	2,457	-	-
Convertible loan notes	-	-	-	3,820	-	-
Cash settled share awards	-	-	34	8,241	-	-
Interest-bearing loans and borrowings	-	-	87,716	352,364	-	-
Loan from shareholder	-	-	311,238	62,623	-	-
Interest rate swaps	-	-	-	-	-	3,290
	<u>-</u>	<u>-</u>	<u>413,740</u>	<u>451,082</u>	<u>-</u>	<u>3,290</u>

The categories of the Company's financial instruments are as follows:

	Dec 2021 Book Value US\$000	Dec 2021 Fair Value US\$000	Mar 2021 Book Value US\$000	Mar 2021 Fair Value US\$000
Financial assets				
<i>Loans and receivables at amortised cost:</i>				
Trade and other receivables	305,756	305,756	115	115
Cash and cash equivalents	<u>1</u>	<u>1</u>	<u>1</u>	<u>-1</u>
	<u>305,757</u>	<u>305,757</u>	<u>116</u>	<u>116</u>
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	<u>324</u>	<u>324</u>	<u>353</u>	<u>353</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

23. Financial instruments (continued)

The following methods and assumptions were used to estimate the fair values both for the Group and the Company:

- The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximates to their carrying amounts due to the short-term maturities of these instruments.
- The fair value of term loans is computed assuming there is no parent undertaking guarantee. Revolving credit facility is short term in nature, therefore, the carrying amount is assumed to approximate the fair value. A cash flow projection approach has been used with reference to observed market returns and accords to Level 2 in the fair value hierarchy.
- The derivative financial instruments are not traded in an active market; hence their fair value is determined by using discounted cash flow valuation techniques. These valuation techniques maximise the use of observable market data where available, including credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves, and rely as little as possible on entity specific estimates (i.e. they are at Level 2 in the hierarchy).
- Fair value of fixed rate liabilities amounting to US\$Nil (year ended 31 March 2021 – US\$3,820k) is estimated to approximate their carrying amounts due to their short term maturities.
- Material differences are identified only for the following borrowings:

	Dec 2021 Carrying Amount US\$000	Dec 2021 Fair Value US\$000	Mar 2021 Carrying Amount US\$000	Mar 2021 Fair Value US\$000
Interest bearing loans and borrowings	87,716	87,716	352,364	342,429
Loan from shareholder	311,238	311,238	62,623	62,623
	<u>398,954</u>	<u>398,954</u>	<u>414,987</u>	<u>405,052</u>

Interest rate risk

The Group's and Company's interest-bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The Group is subject to interest rates on its bank loans, the shareholder loan and PIK notes issued by their parent undertaking.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

23. Financial instruments (continued)

Loans

As set out in note 18, the Group and Company entered into loans with a syndicate of banks and its key shareholder. The loans currently outstanding consist of the following facilities:

	Notional	Balance as of 31 December 2021	Balance as of 31 March 2021
SJ 1-4 Facility	US\$275,000,000	US\$Nil	US\$107,422,000
Revolving Facility	US\$50,000,000	US\$Nil	US\$50,000,000
SJ 5 Facility	US\$175,700,000	US\$Nil	US\$111,643,000
Shareholder Guaranteed bank loan	US\$87,650,000	US\$87,650,000	US\$87,650,000
Shareholder Loan	US\$305,686,000	US\$305,686,000	US\$58,000,000

Interest on the loans is charged as US\$ LIBOR plus a margin as set out in note 18. During the year, the Group drew down US\$Nil (year ended 31 March 2021 – US\$17,000k) from the Revolving Facility and US\$247,686k (year ended 31 March 2021 – US\$53,000k) from the shareholder loan facility.

The Group used an interest rate swap to manage its exposure to interest rate movements on one of the loans and entered into a contract to fix the interest rate for 45% (year ended 31 March 2021 – 45%) of the total loan facilities. At the end of the reporting period the interest swap had a notional value of US\$Nil (year ended 31 March 2021 – US\$97,891k) with fixed US\$ LIBOR payments at a per annum rate of 3.0765% for SJ1-4 Facility and 3.0935% for SJ5 Facility (year ended 31 March 2021 – 3.0765% for SJ1-4 Facility and 3.0935% for SJ5 Facility) for periods of settlement between November 2018 and November 2021. The fair value of the interest rate swap at 31 December 2021 is a liability of US\$Nil (year ended 31 March 2021 – US\$2,225k). The interest rate swap was designated as a hedge at inception and the effectiveness of the hedge was tested successfully at inception and at each reporting date. The movement in the fair value of the swap during the year was therefore recognised in other comprehensive income.

On 10 August 2021, the interest rate swaps were terminated for an amount of US\$1,235k and the movement in fair value from March 2021 to the termination of the contracts were recognized in other comprehensive income.

Shareholder Guaranteed Bank Loan – The Group and Company has entered into an intra-group loan with its key shareholder. The notional value of the loan amounts to US\$87,650k (31 March 2021 – US\$87,650k), of which \$43,825k is subject to an interest rate of 3-month US\$ LIBOR plus 0.88% (31 March 2021 – 3-month US\$ LIBOR plus 0.88%) and \$43,825k is subject to an interest rate of 3-month US\$ LIBOR plus 0.8% (31 March 2021 – US\$ LIBOR plus 0.8%). As of 31 December 2021, should interest rates have increased or decreased by 50 basis points with all other variables remaining constant, it is estimated that the decrease or increase in profits would amount to US\$438k.

Shareholder Loan - The Group and Company has a loan from its key shareholder undertaking amounting to US\$305,686k (31 March 2021 – US\$58,000k). For details of the loan with the current shareholders at 31 December 2021 refer to note 26. The loan from the previous shareholders was bearing interest of 10% per annum and repayable by 30 November 2021. This interest was charged quarterly but not subject to payment and compounded to the outstanding loan amount at the end of each quarter. As of 31 March 2021, the interest amount amounted to US\$4,623k.

PIK notes - The Group and Company also has PIK notes amounting US\$Nil (31 March 2021 – US\$3,820k) payable to key management personnel which is subject to fixed interest rate of 5% p.a., hence is not subject to volatility to changes in interest rates.

On 12 August 2021, following the acquisition by Eneti Inc, the Company settled the SJ1-4, SJ5 loan facility and amended the revolving credit facility to increase the available credit to US\$60 million, of which US\$40 million was utilised on 12 August 2021 but was repaid in November 2021. The Company also settled the PIK notes with the key management personnel. Finally, the shareholder loan from previous shareholders was settled and

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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23. Financial instruments (continued)

an agreement was reached which included a write off on the loan of \$8.9 million.

During the reporting period, a loan was agreed from the Group's ultimate parent for US\$305,686k. This shareholder loan bears interest of 5% per annum and is repayable on demand. As of 31 December 2021, the interest amounted to US\$5,552k.

The Group's Chief Financial Officer and the Treasurer monitor the sensitivity to interest rates on a regular basis and report to the Board

Currency risk

The value of monetary assets and liabilities denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The Group is subject to currency risk on its foreign currency balances, receivables, payables and foreign currency revenue contracts and also its expenses, the primary currencies to which the Group is exposed to currency risk are the Euro (EUR) and British Pound (GBP).

During the year, the Group recognised a foreign exchange loss of US\$1,951k (*year ended 31 March 2021 – US\$809k gain*) which arose on transactions in EUR and GBP, the retranslation of monetary assets and liabilities and forward currency contracts which are not designated as cash flow hedges.

Below is a summary of the Group's trade receivables, cash balances and trade payables in foreign currencies:

	Dec 2021 GBP denominated in US\$000	Dec 2021 EUR denominated in US\$000	Mar 2021 GBP denominated in US\$000	Mar 2021 EUR denominated in US\$000
Trade Receivables	-	4,317	5	437
Cash and Cash Equivalents	233	2,565	2,821	2,139
Trade Payables	<u>(1,316)</u>	<u>(6,112)</u>	<u>(2,686)</u>	<u>(5,576)</u>

A ten per cent strengthening of the US\$ against GBP would result in a decrease of profit by US\$ 108k (*year ended 31 March 2021 – US\$14k*). A ten per cent strengthening of the US\$ against the Euro would result in a decrease of profit by US\$ 611k (*year ended 31 March 2021 – US\$300k*). Management monitor the exposure to currency risk on a regular basis and partially mitigate the risk by using foreign currency contracts. The fair value of the foreign currency contracts is shown in note 19.

The Group had the following forward rate contracts:

Currency	Hedge Accounting	Notional Value	Fixed Rate	Maturity
31 December 2021 EUR/US\$	N/A	-	-	-
31 March 2021 EUR/US\$	Applied	€40,400,000	1.1514	November 2021

Adoption of hedge accounting is determined at the inception of the contracts and is reviewed on each reporting date. At the reporting date, had the exchange rates between the USD and GBP and EUR increased/decreased by 10%, the impact on the Group's results from the forward contracts would be an increase or decrease of US\$ Nil (*year ended 31 March 2021 – US\$4,748k*) in other comprehensive income. All the instruments were settled within the current reporting period.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

23. Financial instruments (continued)

Credit risk

The Group services the offshore industry by time chartering (leasing) its vessels to third party charterers and by entering into construction contracts. The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Management mitigate this risk by, to the extent possible, only chartering the vessels to blue chip companies, obtaining payment security where possible and conducting comprehensive credit reviews of counterparties with payment terms limited to 30 days, to the extent commercially attainable. Concentration of credit risk exists to the extent that 99% (year ended 31 March 2021 – 94%) of cash and cash equivalents together with restricted bank balances are held with two (year ended 31 March 2021 – two) financial institutions with credit ratings according to S&P of A and A (year ended 31 March 2021 – A and A+).

Concentration of credit risk also exists to the extent that amounts of US\$9,785k (year ended 31 March 2021 – US\$1,578k) which represent 89% (year ended 31 March 2021 – 58%) of trade and other receivables are due from two (year ended 31 March 2021 – two) counterparties. The amounts have been recovered subsequent to the reporting date.

Liquidity risk

The Group's finance department monitors the liquidity position by preparing cash-flow forecasts including performing covenant testing on a forecast basis, maintaining adequate reserves and borrowing facilities to ensure sufficient funds are available. The Group is exposed to risks relating to the current economic environment but its cash and cash equivalents, bank loans and charter coverage are adequate for the Group to meet its obligations and finance its operations.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Within 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 5 years US\$000	Over 5 years US\$000	Total contractual cash flows US\$000
At 31 December 2021:					
<i>Non-derivatives:</i>					
Trade and other payables	12,628	-	-	-	12,628
Lease liabilities	341	390	1,396	-	2,127
Convertible loan notes	-	-	-	-	-
Cash settled share awards	34	-	-	-	34
Interest-bearing loans and borrowings	87,650	-	-	-	87,650
Loan from shareholder	311,238	-	-	-	311,238
	<u>411,891</u>	<u>390</u>	<u>1,396</u>	<u>-</u>	<u>413,677</u>
<i>Derivatives:</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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23. Financial instruments (continued)

	Within 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 5 years US\$000	Over 5 years US\$000	Total contractual cash flows US\$000
At 31 March 2021:					
<i>Non-derivatives:</i>					
Trade and other payables	20,757	-	-	-	20,757
Lease liabilities	444	476	1,411	532	2,863
Convertible loan notes	3,820	-	-	-	3,820
Cash settled share awards	8,241	-	-	-	8,241
Interest-bearing loans and borrowings	287,706	11,827	65,621	-	365,154
Loan from shareholder	62,623	-	-	-	62,623
	<u>383,591</u>	<u>12,303</u>	<u>67,032</u>	<u>532</u>	<u>463,458</u>
<i>Derivatives:</i>					
Trading derivatives	2,225	-	-	-	2,225
Gross settled (foreign currency forwards – cash flow hedges)	-	-	-	-	-
Inflow	-	-	-	-	-
Outflow	1,065	-	-	-	1,065
	<u>3,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,290</u>

24. Capital management

The capital management of the Group includes all components of equity and the bank loans. Total equity at 31 December 2021 was US\$190,074k (year ended 31 March 2021 – US\$238,531k) and the drawn down bank loan was US\$Nil (year ended 31 March 2021 – US\$269,065k). As at 31 December 2021, the Group and Company had the full US\$60million available to draw down on the remaining revolving facility. Finally the Group and Company are in receipt of a parent company loan of US\$305,686k (year ended 31 March 2021 – US\$58,000k) and a shareholder guaranteed bank loan of \$87,650k (year ended 31 March 2021 – US\$87,650k).

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern;
- to enhance the ability of the Group to reinvest in future projects by sustaining a strong financial position; and
- to provide an adequate return to its shareholders.

The Board reviews the capital management of the Group regularly. It is the Group's policy to always maintain a level of equity which enables the Group to borrow at competitive rates and to provide adequate collateral for bank financing, thus maintaining access to capital markets and keep borrowing costs under control. As part of this review, management makes adjustments to it in the light of changes in economic conditions and the risk characteristics relating to the Group's activities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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24. Capital management (continued)

The Group has bank covenants which need to be met for interest bearing loans and borrowings. The Group monitors its compliance with these covenants on an ongoing basis. The Group entered into loan Amendment Agreements (note 18) which resulted in relief of all covenants until maturity.

The Company's capital is managed in the context of the wider group as noted above.

25. Reserves*Share capital*

Share capital represents the issued and fully paid up equity share capital of the Company.

Accumulated losses

Accumulated losses represent the cumulative total comprehensive expense attributable to the Company and the Group.

Fair value reserve

The fair value reserve represents the cumulative gains and losses arising on hedging instruments used by the Group to manage interest rate and foreign currency risk. This reserve was transferred to accumulated losses in the current reporting period on settlement of all outstanding hedging instruments.

26. Related party transactions**Related party balances – Group**

Related parties represent shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. In addition to matters referred to in notes 7, 20 and 21, significant balances and transactions with related parties are as follows:

Loan from shareholder:

	31 December 2021 US\$000	31 March 2021 US\$000
Current		
Loan from shareholder	311,238	62,623

The Group previously had a loan facility from its former key shareholder up to US\$121,000k. The facility carried a fixed interest rate of 10% per annum and was unsecured. During the 9 month period ended 31 December 2021, the total loan was settled in full.

During the reporting period, a loan was agreed from the Group's ultimate parent for US\$305,686k. This shareholder loan bears interest of 5% per annum and is repayable on demand. As of 31 December 2021, the interest amounted to US\$5,552k.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021**

26. Related party transactions (continued)

Related party balances – Group (continued)
Transactions:

	9 month period ended 31 December 2021 US\$000	Year ended 31 March 2021 US\$000
<i>Finance costs relating to loan from related party:</i>		
Interest expense on convertible loan notes held by management	49	145
Interest expense on cash settled awards	-	7
Interest expense on shareholder loans	<u>8,466</u>	<u>4,298</u>
<i>Other costs:</i>		
Service charges paid to group undertakings	<u>607</u>	<u>506</u>

During the period, the Group paid consultancy fees amounting to US\$796k (year ended 31 March 2021 – US\$704k) to ScanCorp, one of the executive officers of the Group is a director and controlling shareholder of ScanCorp. The balance due to ScanCorp at 31 December 2021 is US\$10k (year ended 31 March 2021 – US\$39k).

One of the subsidiaries incurred rental costs of US\$Nil (year ended 31 March 2021 – US\$16k) charged for a property from a related party of a director for the purposes of housing staff temporarily. This is deemed to be a reasonable transaction in the course of the Group's business.

A related party of one of the directors incurred remuneration costs of US\$128k (year ended 31 March 2021 – US\$81k) as a staff member of the Group.

During the period, the Group paid US\$5k and US\$92k to Sharon Ainslie and William Ainslie (Blair Ainslie's wife and son respectively). The amounts paid to Sharon Ainslie are relating to private medical insurance in line with Company policy, while the amounts paid to William, who is a business development executive, related to the Group sighting the signed employee agreement and concluding that the salary is reasonable given the role and is in line with other staff employed in a similar capacity.

Related party balances – Company

	31 December 2021 US \$000	31 March 2021 US \$000
Loan from shareholder	<u>311,238</u>	<u>-</u>
	31 December 2021 US\$000	31 March 2021 US\$000
Due from related parties		
Balance due from subsidiary companies	<u>305,756</u>	<u>111</u>
Due to related parties		
Balance due to subsidiary companies	<u>308</u>	<u>336</u>

ATLANTIS INVESTORCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2021

27. Unsatisfied performance obligations and lease income commitments

Group

The Group has a number of unfulfilled performance obligations and lease income commitments. As at the reporting date, the significant commitments were:

	Lease income commitments US\$000	Unfulfilled performance obligations US\$000	Total US\$000
At 31 December 2021			
Within one year	65,928	46,168	112,096
Between one and two years	59,369	-	59,369
	<u>125,298</u>	<u>46,168</u>	<u>171,465</u>
At 31 March 2021			
Within one year	80,323	107,513	187,836
Between one and two years	39,898	53,403	93,301
	<u>120,221</u>	<u>160,916</u>	<u>281,137</u>

Company

The Company has no unsatisfied performance obligations or lease income commitments.

28. Insurance claims

The Group's vessels may from time to time be involved in vessel incidents and claims arising from suits and complaints, in the ordinary course of business. Although matters are defended vigorously, it is not possible to predict with certainty the outcome or timing of any matter. The Group has suitable insurance policies in place that the directors believe are reasonable and prudent. It is expected that these claims would be covered by insurances, subject to customary deductible amounts. However, there may be instances where insurance policies in place may not be applicable, sufficient or insurers may not remain solvent, which may have a material adverse effect on the financial position, results or liquidity of the Group.

29. Events after reporting date

Loans

On 10 February 2022, management chose to settle the entire remaining shareholder guaranteed bank loan of US\$87,650k.

On 30 March 2022, the Group performed a drawdown of US\$25 million from its ING revolving credit facility which was subsequently repaid and terminated on 6 May 2022.

On 31 March 2022, the Group signed a new US\$175 million multicurrency credit facility. The Credit Facility consists of three tranches: (i) a \$75 million Green Term Loan (the "Term Loan"), (ii) up to \$75 million Revolving Loans (the "Revolving Loans"), and (iii) up to \$25 million revolving tranche for the issuance of letters of credit, performance bonds and other guarantees (the "Letters of Credit"). The Credit Facility has a final maturity date of five years from the signing date, up to 100% of the amounts available under the Revolving Loans may be drawn in Euros and up to 50% of the amounts available under the Letters of Credit may be issued in Euros. The Term Loan tranche (once qualified as a green loan) bears interest at Term SOFR (along with a credit adjustment spread depending on duration of interest period) plus a margin of 3.05% per annum, the Revolving Loans tranche bears interest at Term SOFR (along with a credit adjustment spread depending on duration of interest period) plus a margin of 3.15% per annum, and any letters of credit, performance bonds or other guarantees

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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29. Events after reporting date (continued)

issued under the Letters of Credit tranche bears fees of 3.15% per annum. The amount available for drawing under the Revolving Loans is based upon 50% of contracted cash flows on a forward looking 30 months basis.

On 6 May 2022, US\$105 million was drawn from the above mentioned US\$175 million credit facility. US\$25 million was used to repay and terminate the ING revolving credit facility; US\$53 million was remitted to the group parent, Eneti Inc; US\$10 million was drawn to Seajacks International Limited; and US\$15 million used to repay ING cash collateralized performance bonds.

30. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Eneti (Bermuda) Limited, a company incorporated in Bermuda. The Group's ultimate parent undertaking is Eneti Inc., incorporated in the US.

The smallest and largest group for which consolidated financial statements including the financial statements of the Group have been prepared is Eneti Inc. The consolidated financial statements of Eneti Inc. are available to download from their website www.eneti-inc.com.

31. Change in reporting period

The Financial statements for the current period consists of a period of 9 months ended on 31 December 2021. The comparatives are presented for an entire year ended 31 March 2021 and hence the comparatives are not comparable. The Company has changed the reporting period to December to align the same with its parent company.