

Registered number: 07964961

SEAJACKS 2 LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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SEAJACKS 2 LIMITED

COMPANY INFORMATION

Directors	Cameron Mackey Hugh Lawrence Baker
Company secretary	Burness Paull LLP
Registered number	07964961
Registered office	South Denes Business Park South Beach Parade Great Yarmouth Norfolk NR30 3QR

SEAJACKS 2 LIMITED

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SEAJACKS 2 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report together with the unaudited financial statements for the year ended 31 December 2022.

The Company's year end date was amended to 31 December during the prior period to align with that of its ultimate parent company. The comparative figures are for a 9 month period.

Principal activity and review of the business

The Company's principal activity is the ownership and leasing of a self-propelled jack-up vessel, the Seajacks Leviathan. The Company bareboat charters the vessel to a fellow subsidiary to service the offshore wind farm industry and the oil and gas industry.

The loss for the year ended 31 December 2022 after taxation amounted to US\$4,209,000 (9 month period ended 31 December 2021 - US\$46,122,000).

Operations

The Group's operating markets are principally global offshore wind and offshore UK/European oil and gas. In FY2022 the Group anticipated and experienced continued buoyancy in the global offshore wind market as well as the oil and gas sector which has resulted in a strong financial performance.

The Group maintained significant revenues in FY2022 compared with FY2021, primarily through the execution of brought-forward contract backlog in Asia-Pacific. Namely, utilisation of Seajacks Scylla which provided transportation and installation services for an offshore wind farm project in Taiwan throughout 2022 and finalisation of the Akita project by Seajacks Zaratan from the second quarter of 2022 through to the year end.

The Group has developed a leading offshore wind presence in Asia-Pacific markets such as Japan and Taiwan and anticipates further growth in this region. As of the filing of these financials, the Group has secured additional firm future contract backlog in Asia-Pacific totaling approximately USD 32 million in FY2023 and USD 78 million in FY2025 and continues to explore further opportunities in the Asia-Pacific region.

The Group also anticipates strengthening offshore wind opportunities in UK/Europe market beyond FY2022, and, as of the filing of these financials approximately USD 76 million of firm UK/European wind contract backlog has been secured in FY2023 of which USD 20 million relates to our NG2500X vessels.

The Group has experienced increased utilisation of its NG2500X vessels as a result of postponed UK/European oil and gas projects executed during FY2022 following delays caused by COVID-19, as well as the increased focus on natural gas production in SNS due to the conflict in Ukraine. The Group expects that further UK/European oil and gas projects within the North Sea that were postponed from FY2020 – FY2021 due to COVID-19 will continue to materialise during FY2023. As of the filing of these financials, the group has secured USD 11 million additional firm future contract backlog for its NG2500X vessels in FY2023 relating to UK/European oil and gas.

Growth in global demand for renewable energy and the recovery of the oil and gas market, partly resulting from global priorities such as climate change and the war in Ukraine respectively, is expected to continue in FY2023 and beyond. Group strategy continues to focus on global profit generation through securing robust future vessel utilisation and optimised contracting through market knowledge, expertise and continued delivery of safe and efficient global offshore solutions.

Prior to FY2022, 100% Group shareholders Eneti Inc., 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 FY2025. Group management continue to build contract backlog for the vessels and, as mentioned above, at the time of filing the Group has agreed a firm contract for one of the newbuild vessels in FY2025 generating approximately USD 78 million revenue in Asia-Pacific.

SEAJACKS 2 LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financing

Strong financial performance has generated organic cash inflows during FY2022 and the Group may also rely on robust financial support from its ultimate parent, Eneti Inc, if required. In March 2022 the Group entered into a USD 175 million multi-currency credit facility with DNB Capital LLC, of which the USD 75 million revolving credit tranche remains undrawn at the year end.

During FY2022, the Group utilised its financing options to fully repay its USD 60 million ING Revolving Credit Facility (repaid May 2022) and its USD 87.7 million subordinated Parent Guarantee Loan (repaid February 2022).

Group management anticipates significant cash outflows relating to construction milestone payments for the two newbuild NG16000X vessels which will be funded through existing cash, loans and shareholder support.

In consideration of global events, 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. Offshore wind activity levels beyond FY2023 are expected to remain high resulting in significant long-term project opportunities in Europe, Asia Pacific and in the United States in the future.

Principal risks and uncertainties

Financial risks

The Company through its activities in the wider Group is exposed to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's board of directors meets on a regular basis to monitor and manage the Company's sensitivity to financial risk. The board reviews the management financial statements and key financial data to consider measures to mitigate financial risk.

Interest rate risk

The Company is subject to interest rates on loans issued by its parent undertaking. Interest rates are fixed and loan balances are fully supported, giving rise to minimal interest risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk concentration exists for its receivables which are all represented by receivables due from fellow subsidiaries or from the parent undertaking. At the end of the current reporting period, the Company is not exposed to any credit risk.

Currency risk

The value of monetary assets and liabilities denominated in foreign currencies will fluctuate due to changes in foreign exchange rates.

During the year, the Company did not recognise any foreign exchange gains or losses. There were no foreign currency balances at the end of prior or current year.

SEAJACKS 2 LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Liquidity risk

The Company's finance department monitors the liquidity position of the Company by preparing cash-flow forecasts to ensure sufficient funds are available. The Company's loans and receivables are adequate for the Company to meet its external obligations. The Company is dependent upon its immediate parent company's financial support to manage its liquidity risk (see note 2.3).

No table of contractual maturities of financial liabilities has been presented as all financial liabilities fall due in less than one year.

Operational risks

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

Concentration of charterer risk

The Company is dependent on bareboat charter income from a fellow subsidiary and the fee is based on a fixed daily rate. Management aim to arrange secure charter parties to third parties, six to twelve months in advance to ensure stability and predictability of income.

Health and safety risk

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

Future developments

On 16th June 2023, the Group's 100% shareholders Eneti Inc., announced its agreement with Cadeler to combine through a stock-for-stock exchange offer to be made to all stockholders of Eneti based on an exchange ratio of 3.409 Cadeler shares for each Eneti share. The combined entity will be named Cadeler and the combination is expected to close in the fourth quarter of 2023; subject to regulatory approvals and applicable conditions being met.

During FY2022 and FY2023, Eneti Inc. publicly recognised the three NG2500X vessels as non-core to its long-term renewable market objective and on 8th August 2023 announced an agreement to sell those vessels (refer to note 16).

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 FY2023 and FY2025; in Europe for FY2023; and in Europe for portions of FY2024 and FY2025.

Specifically, Seajacks Scylla (NG14000X), transited to Europe to perform turbines and / or foundation installations in FY2023 and Nessie (NG16000X) is contracted to transport and install wind turbines in Asia-Pacific within the first half of FY2025. The Group has contracted Seajacks Zaratan (NG5500C) to the installation of wind turbines at Yunlin offshore windfarm in Taiwan, commencing in the second quarter of FY2023. As of the filing of these financials, the Group has also contracted its NG2500X vessels to four UK/European offshore wind contracts within FY2023 of which one contract provides a short repeat offshore wind support project in Europe within FY2023, FY2024 and FY2025.

SEAJACKS 2 LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments (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. At the time of filing, the Group has signed three oil and gas contracts with customers in North Western Europe and UK for its NG2500X vessels throughout FY2023.

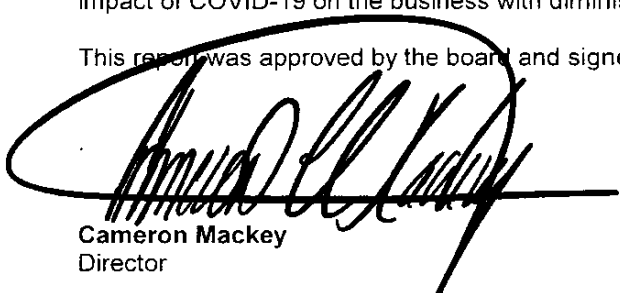
The directors are monitoring the impact of the conflict between Russia and Ukraine on the business environment and global economy and, at this stage the directors do not consider a negative significant impact on its business. None of the Group's vessels trade in the Black Sea and there are no Russian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

The outbreak of COVID-19 significantly impacted the global economy during FY2021. Whilst the situation continued to prevail during FY2022 to reduced effect, management observe minimal contractual impact during FY2023. The slow recovery of travel infrastructure, combined with additional compliance as a result of BREXIT is expected to continue to impact crew logistics within FY2023 and beyond. Management continue to monitor to impact of COVID-19 on the business with diminishing significance expected beyond FY2023.

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 negative significant impact on its business, for example rising fuel costs are offset by increased investment to European offshore energy assets. 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 during FY2021. Whilst the situation continued to prevail during FY2022 to reduced effect, management observe minimal contractual impact during FY2023. The slow recovery of travel infrastructure, combined with additional compliance as a result of BREXIT is expected to continue to impact crew logistics within FY2023 and beyond. Management continue to monitor to impact of COVID-19 on the business with diminishing significance expected beyond FY2023.

This report was approved by the board and signed on its behalf.



Cameron Mackey
Director

Date: 16 OCT 2023

SEAJACKS 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the unaudited financial statements for the year ended 31 December 2022.

The Company's year end date was amended to 31 December during the prior period to align with that of its ultimate parent Company. The comparative figures are for a 9 month period.

Results and dividends

The loss for the year ended 31 December 2022, after taxation amounted to \$4,209,000 (*9 month period ended 31 December 2021 - \$46,122,000*).

The Company did not pay an interim dividend during the year ended 31 December 2022 (*9 month period ended 31 December 2021 - US\$Nil*). The directors do not recommend the payment of a final dividend (*9 month period ended 31 December 2021 - US\$Nil*).

Directors

The directors who served during the year and up to the date of signing this report were:

Cameron Mackey
Hugh Lawrence Baker

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.

Going concern

The accompanying financial statements of the Company have been prepared assuming the Company 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. At the end of the reporting period, current liabilities of the Company exceeded current assets by US\$183,809,000 (*9 month period ended 31 December 2021 - US\$168,000*) mostly due to amounts due to parent undertakings (note 12).

In assessing the going concern basis of preparation of the Company's financial statements for the year ended 31 December 2022, the directors have taken into consideration detailed cash flow forecasts for the Company, the Company'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 and the conflict between Russia and Ukraine on the Company 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. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements (Further details - see note 2.3).

Matters covered in the Strategic Report

Information required to be included in the Directors' Report in respect of the financial instruments can be found in the Strategic Report in accordance with S414C(11) of the Companies Act 2006.

SEAJACKS 2 LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

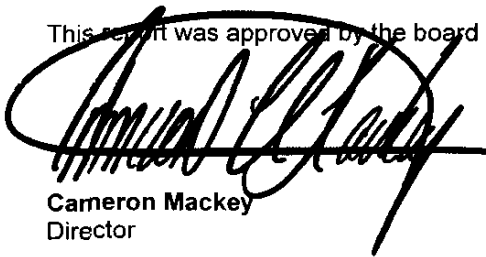
Post reporting date events

Refer to note 16.

Exemption from audit

The Company has availed of the exemption from audit for the year ending on 31 December 2022 in pursuance of the provisions contained under section 479A of the Companies Act 2006. All the members of the Company have consented to the audit exemption being claimed by the Company.

This report was approved by the board and signed on its behalf.



Cameron Mackey
Director

Date: 16 OCT 2023

SEAJACKS 2 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 Company and of the profit or loss of the 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 accounting 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For the year ended 31 December 2022 the Company was 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 financial statements for the period in question in accordance with section 479A.

SEAJACKS 2 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022 \$000	9 month period ended 31 December 2021 \$000
	Note		
Revenue	4	12,773	9,624
Gross profit		<u>12,773</u>	<u>9,624</u>
Administrative expenses		(3,429)	(4,799)
Impairment losses		(10,147)	(47,386)
Operating loss	5	<u>(803)</u>	<u>(42,561)</u>
Interest payable and similar expenses	7	(3,406)	(2,566)
Loss before tax		<u>(4,209)</u>	<u>(45,127)</u>
Tax (charge)/credit	8	-	(995)
Loss for the financial year		<u><u>(4,209)</u></u>	<u><u>(46,122)</u></u>

All amounts relate to continuing activities

There was no other comprehensive income for the year ended 31 December 2022 (9 month period ended 31 December 2021 - US\$Nil).

The notes on pages 12 to 26 form part of these financial statements.

SEAJACKS 2 LIMITED
REGISTERED NUMBER:07964961

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$000	31 December 2021 \$000
Non-current assets			
Intangible assets	9	17,568	19,388
Property, plant and equipment	10	32,765	44,362
		<u>50,333</u>	<u>63,750</u>
Current assets			
Trade and other receivables	11	255	-
		<u>255</u>	<u>-</u>
Current liabilities			
Trade and other payables	12	(184,064)	(168)
		<u>(183,809)</u>	<u>(168)</u>
Net current liabilities		<u>(183,809)</u>	<u>(168)</u>
Total assets less current liabilities		<u>(133,476)</u>	<u>63,582</u>
Non-current liabilities			
Trade and other payables: Amounts falling due after more than one year	13	-	(192,849)
		<u>(133,476)</u>	<u>(129,267)</u>
Net liabilities		<u>(133,476)</u>	<u>(129,267)</u>
Capital and reserves			
Share capital	14	-	-
Accumulated Losses	15	(133,476)	(129,267)
		<u>(133,476)</u>	<u>(129,267)</u>

SEAJACKS 2 LIMITED
REGISTERED NUMBER: 07964961

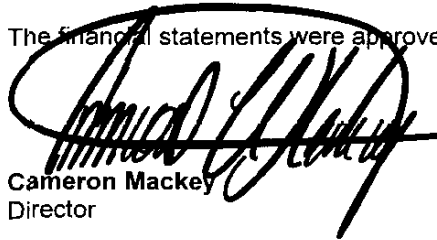
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

For the year ended 31 December 2022 the company was entitled to exemption under section 479A of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year ended in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

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



Cameron Mackey
Director

Date: 16 OCT 2023

The notes on pages 12 to 26 form part of these financial statements.

SEAJACKS 2 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital \$000	Accumulated losses \$000	Total equity \$000
At 1 January 2022	-	(129,267)	(129,267)
Comprehensive income for the year			
Loss for the year	-	(4,209)	(4,209)
Total comprehensive income for the year	-	(4,209)	(4,209)
At 31 December 2022	-	(133,476)	(133,476)

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

	Share capital \$000	Accumulated losses \$000	Total equity \$000
At 1 April 2021	-	(83,145)	(83,145)
Comprehensive income for the period			
Loss for the period	-	(46,122)	(46,122)
Total comprehensive income for the period	-	(46,122)	(46,122)
At 31 December 2021	-	(129,267)	(129,267)

The notes on pages 12 to 26 form part of these financial statements.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Seajacks 2 Limited is a private Company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements for the current period consists of a year ending on 31 December 2022. The comparatives are presented for the 9 month period ending 31 December 2021 and hence the comparatives are not comparable. The Company has changed the reporting period to December in the prior period to align the same with its parent Company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is US Dollars (US\$). Values are rounded to the nearest thousand US Dollars (US\$).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by Company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 of IAS 8 to disclose the future impact of new IFRS's in issue but not yet effective at the reporting date;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The accompanying financial statements of the Company have been prepared assuming the Company 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. At the end of the reporting period, current liabilities of the Company exceeded current assets by US\$183,809,000 (*9 month period ended 31 December 2021 - US\$168,000*) mostly due to amounts due to parent undertakings (note 12).

In assessing the going concern basis of preparation of the Company's financial statements for the year ended 31 December 2022, the directors have taken into consideration detailed cash flow forecasts for the Company, the Company'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 and the conflict between Russia and Ukraine on the Company 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. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 New interpretations and revised standards effective for the year ended 31 December 2022

The Company has adopted the following new interpretations and revised standards effective for the year ended 31 December 2022:

- Presentation of Financial Statements (Amendment to IAS 1);
- Accounting Policies - changes in accounting estimates and errors (Amendment to IAS 8);
- Income Taxes (Amendment to IAS 12);
- Property, Plant and Equipment (Amendment to IAS 16);
- Provisions, Contingent Liabilities and Contingent Assets (Amendment to IAS 37);
- Business Combinations (Amendment to IFRS 3);
- Leases (Amendment to IFRS 16); and
- Insurance Contracts (Amendment to IFRS 17).

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

2.5 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 year ended 31 December 2022:

- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to IFRS 16 Leases; and
- Amendments to IFRS 17 Insurance Contracts.

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.

2.6 Revenue / lease income

The Company bareboat charters its vessel to a fellow subsidiary. Bareboat charter agreements are determined to be lease contracts which fall under IFRS 16 Leases, therefore this is out of scope of IFRS 15.

When the Company acts as a lessor, it determines at the inception of the lease whether each lease is a financial lease or an operating lease.

The lease of assets whereby the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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:

- 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.

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.

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 set off 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 Property, plant and equipment

The vessel is stated at cost less accumulated depreciation and any provisions for impairment. For the vessel acquired during a prior period, cost represents the fair value at acquisition. 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.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are initially 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.

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.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Impairment of assets

At the end of each financial reporting period, the Company assesses whether there is any indication that its vessels, other fixed assets and intangible assets may have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

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 cash generating unit (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 Company 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 Company has determined at the reporting date that it has one CGU comprising of the individual vessel.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Impairment of assets (continued)

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 Company 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.

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.

2.13 Financial instruments

Financial assets and liabilities are initially recognised on the statement of financial position at fair value when the group has become party to the contractual provisions of the instruments.

All financial assets other than derivatives are categorised as financial assets at amortised costs. Such assets are subsequently carried at amortised cost using the effective interest method if the time value of money may have a significant impact on their value.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. The 12 months ECL is applied to financial instruments which have not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset). The simplified approach is applied for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less allowances for credit losses. The Company reviews the ageing analysis of receivables on a regular basis.

Trade and other payables

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

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Fair value of financial instruments

The Company initially measures financial instruments at fair value at each reporting date. 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 by the Company. 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 Company 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 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 financial statements on a recurring basis, the Company 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 Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 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.

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.

3. Critical accounting estimates and judgements

In the application of the Company's accounting policies, management are 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:

Asset impairment testing - critical judgement and estimation

The Company reviews its intangibles and other non-current assets, if indicators exist, for impairment at each reporting date. The assessment of impairment indicators requires judgement to be exercised and changes in circumstances means such judgements may not be borne out over time. The current bareboat charter rates charged by the vessel owning entities are set as a percentage of the vessel value. This rate can be changed at managements discretion with no restraints. Management will utilise this option in order to avoid an impairment of its non-current assets and intangibles assets.

Leases - critical judgement

The Company is party to leasing arrangements as a lessor under bareboat charter of its vessel. Accounting for leases is mainly determined by the judgement of whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction and the terms and conditions of the leasing arrangements in judging whether all the risks and rewards of ownership are transferred and concluded that these are operating leases.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgments in applying accounting policies (continued)

Intangible asset useful economic life - critical estimate

The Company amortises its trade name over a useful economic life of 33 years. The useful economic life is an estimate as it reflects the commercial basis of the transaction and the amount of consideration allocated to Seajacks 2 Limited for the price paid of the 'Seajacks' trade name on behalf of the overall group. The 'Seajacks' trade name can be transferable between the fellow subsidiary vessel operating entities and the 33 years is reflective of the useful economic life of the group's vessels since acquiring the trade name.

4. Revenue

The whole of the turnover is attributable to the principal activity of the Company.

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2022 \$000	9 month period ended 31 December 2021 \$000
Depreciation of property, plant and equipment	2,438	3,745
Impairment of property, plant and equipment	9,159	38,154
Amortisation of intangible assets	831	920
Impairment of intangible assets	989	9,232

6. Employees

The Company has no employees. Staff are employed by another group company and the cost of this is charged via a management fee.

7. Interest payable and similar expenses

	Year ended 31 December 2022 \$000	9 month period ended 31 December 2021 \$000
Interest on amount due to parent undertaking	3,406	2,566

SEAJACKS 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Taxation

	Year ended 31 December 2022 \$000	<i>9 month period ended 31 December 2021 \$000</i>
Current tax on losses for the year/period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	995
Total deferred tax	-	995
Taxation on loss on ordinary activities	-	995

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Year ended 31 December 2022 \$000	<i>9 month period ended 31 December 2021 \$000</i>
Loss on ordinary activities before tax	(4,209)	(45,127)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (9 month period ended 31 December 2021 - 19%)	(800)	(8,574)
Effects of:		
Amounts not recognised	1,694	6,600
Group relief	(894)	2,969
Total tax charge for the year/period	-	995

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Taxation (continued)

Factors that may affect future tax charges

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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 2022, the proposal to increase the rate to 25% had been substantively enacted, therefore its effects are included in these financial statements.

9. Intangible assets

	Trade name \$000
Cost	
At 1 January 2022	71,866
At 31 December 2022	71,866
Amortisation and impairment	
At 1 January 2022	52,478
Charge for the year on owned assets	831
Impairment charge	989
At 31 December 2022	54,298
Net book value	
At 31 December 2022	17,568
At 31 December 2021	19,388

Impairment of intangible assets is considered together with Property, Plant and Equipment impairment assessment, as described in note 10.

SEAJACKS 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Property, plant and equipment

	Vessel \$000
Cost	
At 1 January 2022	170,313
At 31 December 2022	<u>170,313</u>
Depreciation and impairment	
At 1 January 2022	125,951
Charge for the year on owned assets	2,438
Impairment charge	9,159
At 31 December 2022	<u>137,548</u>
Net book value	
At 31 December 2022	<u>32,765</u>
At 31 December 2021	<u>44,362</u>

The vessel is pledged as security against the bank loan held in the immediate parent undertaking.

The Group's vessels and trade name are tested for impairment annually. This together with impairment factors identified by the Group during the year ended 31 December 2022 and the 9 month period ended 31 December 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\$517,460,000 (31 December 2021 – US\$636,200,000), using value in use calculations and fair values.

Based on the assessment performed, management determined a value in use of US\$567,875,000 at 31 December 2022 (31 December 2021 – US\$724,900,000). At 31 December 2022 management identified three CGUs (i. Pool of NG2500X vessels ii. 5500C vessel iii. 1400X vessel), of which a resulting impairment of US\$29,300,000 was identified against the NG2500X pool only when comparing discounted cashflows against Market Value (31 December 2021 – impairment US\$94,700,000 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 2022 has been allocated across the NG2500X 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.

Based on the impairment assessment, described above, performed by management at group level, an impairment has been made against the Company's non-current assets amounting to US\$989,000 on intangible assets and US\$9,159,000 on property plant and equipment.

SEAJACKS 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Trade and other receivables

	31 December 2022 \$000	31 <i>December</i> 2021 \$000
Prepayments and accrued income	255	-
	<u>255</u>	<u>-</u>

12. Trade and other payables: Amounts falling due within one year

	31 December 2022 \$000	31 <i>December</i> 2021 \$000
Trade payables	1	-
Amounts due to subsidiary companies	-	148
Amounts due to parent undertakings	184,042	-
Accruals and deferred income	21	20
	<u>184,064</u>	<u>168</u>

The amounts due to subsidiary companies at 31 December 2021 were unsecured, interest free and repayable on demand.

The amounts due to parent undertakings are unsecured, interest free and repayable on demand.

13. Trade and other payables: Amounts falling due after more than one year

	31 December 2022 \$000	31 <i>December</i> 2021 \$000
Amounts due to parent undertakings	-	192,849
	<u>-</u>	<u>192,849</u>

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Share capital

	2022	2021
	\$	\$
Authorised, allotted, called up and fully paid		
16 (31 December 2021 - 16) Ordinary shares of \$1 each	16	16

The shares have attached to them full voting, dividend and capital distribution (including upon winding up) rights. They do not confer any rights of redemption.

15. Reserves

Reserves

The Company's capital and reserves are as follows:

Share capital

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

Retained earnings

Retained earnings represents the cumulative total comprehensive income attributable to the Company.

16. Post reporting date events

On 16th June 2023, the Company's ultimate shareholders Eneti Inc., announced its agreement with Cadeler to combine through a stock-for-stock exchange offer to be made to all stockholders of Eneti based on an exchange ratio of 3.409 Cadeler shares for each Eneti share. The combined entity will be named Cadeler and the combination is expected to close in the fourth quarter of 2023; subject to regulatory approvals and applicable conditions being met.

On 8th August 2023, the Company's ultimate shareholders Eneti Inc., announced an agreement with an unaffiliated third party to sell its pool of three NG2500X vessels, including the Company's asset, Seajacks Leviathan, amounting to approximately \$70.0 million in aggregate. Delivery of the vessels are expected to take place before the end of 2023.

SEAJACKS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Seajacks International Limited, a Company incorporated in the United Kingdom. The ultimate parent undertaking is Eneti Inc., a Company incorporated in the Marshall Islands.

The smallest group for which financial statements have been prepared for the year ended 31 December 2022 that include the Company are those of Atlantis Investesco Limited. The financial statements of Atlantis Investesco Limited are available from the Company's registered office address which is South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR.

The largest group for which financial statements have been prepared for the year ended 31 December 2022 that include the Company are those of Eneti Inc. The financial statements of Eneti Inc. are available from the Company's registered office address which is South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR.