



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 913 292 073
Organisasjonsform: Aksjeselskap
Foretaksnavn: SONGA OFFSHORE RIG 3 AS
Forretningsadresse: Maskinveien 26
4033 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Iain Inglis
Dato for fastsettelse av årsregnskapet: 22.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 02.08.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating income	2, 10	320 232 000	319 498 000
Sum inntekter		320 232 000	319 498 000
Kostnader			
Right of use depreciation	12	156 331 000	145 555 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler			157 591 000
Other operating expenses	3	218 118 000	180 983 000
Sum kostnader		374 449 000	484 129 000
Driftsresultat		-54 217 000	-164 631 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		9 000	2 259 000
Annen renteinntekt			80 000
Sum finansinntekter		9 000	2 339 000
Rentekostnad til foretak i samme konsern		91 000	881 000
Annen rentekostnad		7 000	
Other financial expense		1 385 000	-2 469 000
Lease interest expense		25 323 000	34 603 000
Sum finanskostnader		26 806 000	33 015 000
Netto finans		-26 797 000	-30 676 000
Ordinært resultat før skattekostnad		-81 014 000	-195 307 000
Income tax	7	16 045 000	11 206 000
Ordinært resultat etter skattekostnad		-97 059 000	-206 513 000
Årsresultat		-97 059 000	-206 513 000
Overføringer og disponeringer			
Transferred to other equity	5	-97 059 000	-206 513 000
Sum overføringer og disponeringer		-97 059 000	-206 513 000



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Right of use asset	12	189 698 000	358 344 000
Sum varige driftsmidler		189 698 000	358 344 000
Finansielle anleggsmidler			
Deferred mobilisation cost	9	10 332 000	19 817 000
Sum finansielle anleggsmidler		10 332 000	19 817 000
Sum anleggsmidler		200 030 000	378 161 000
Omløpsmidler			
Varer			
Inventory	11	18 733 000	17 553 000
Sum varer		18 733 000	17 553 000
Fordringer			
Kundefordringer		39 735 000	23 551 000
Deferred mobilisation costs and other	8, 9	10 441 000	10 162 000
Konsernfordringer	4	38 000	494 000
Sum fordringer		50 214 000	34 207 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		15 560 000	26 794 000
Sum bankinnskudd, kontanter og lignende		15 560 000	26 794 000
Sum omløpsmidler		84 507 000	78 554 000
SUM EIENDELER		284 537 000	456 715 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Share capital	5	5 000	5 000
Annen innskutt egenkapital	5	75 519 000	75 519 000
Sum innskutt egenkapital		75 524 000	75 524 000
Opptjent egenkapital			
Retained equity	5	-398 595 000	-301 536 000
Sum opptjent egenkapital		-398 595 000	-301 536 000
Sum egenkapital		-323 071 000	-226 012 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Deferred mobilisation revenue	9	10 332 000	19 817 000
Right of use long term liability	12	172 628 000	326 880 000
Sum annen langsiktig gjeld		182 960 000	346 697 000
Sum langsiktig gjeld		182 960 000	346 697 000
Kortsiktig gjeld			
Leverandørgjeld		1 205 000	1 357 000
Taxes payable	7	57 644 000	41 599 000
Kortsiktig konserngjeld	4	196 485 000	130 012 000
Deferred mobilisation revenue and other	6, 9	15 063 000	15 097 000
Right of use liability	12	154 251 000	147 965 000
Sum kortsiktig gjeld		424 648 000	336 030 000
Sum gjeld		607 608 000	682 727 000
SUM EGENKAPITAL OG GJELD		284 537 000	456 715 000



Songa Offshore Rig 3 AS

Annual Report

31 December 2021



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Board of Directors' report

Type of business

Songa Offshore Rig 3 AS was incorporated on 10 January 2014 and the company is based in Stavanger. The company is owned 100% by Songa Offshore SE. The business of the company consists of renting drilling rigs for subleasing to operators. Operational activities commenced in the second and third quarter of 2016.

Going concern

The directors have obtained confirmation from an appropriate parent undertaking, Transocean Inc. that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements and similar support had been extended on an annual basis. The board has also considered the group consolidated forecast, the current outlook of the offshore industry and the current efforts of the group company to extent its liquidity , including the renewal of its revolving credit facility and the execution of its at-the-market equity offering program). On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

The going concern assumption in accordance with Norwegian Accounting Act § 3-3 (accounting law) is present and the financial statements have been prepared under this assumption. The board confirms the going concern assumptions are valid.

Work environment and personnel

There are no employees in Songa Offshore Rig 3 AS. The company acquired services from Transocean Norway Operations AS for the operations of the drilling rigs. The Board of Directors currently consists of two men and one woman.

Equal treatment

There are no employees in Songa Offshore Rig 3 AS. The company adheres to the state of conduct stating that there shall be no discrimination on the background of race, religion or gender.

Environmental reporting

Songa Offshore Rig 3 AS operations does not affect the environment negatively above and beyond what is common in the industry. For further information about the groups environmental policy, please refer to the group webpage. No polluting spills were registered by the Transocean group during 2021.

Future development

Songa Offshore Rig 3 AS' income is from oil companies and the future development of the company is dependent on the oil industry generally and the oil price specifically. A continued high activity level is expected going forward. The company will continue to operate two drilling rigs, the Transocean Enabler and the Transocean Encourage. Both have a fixed contract concluding in March 2024 and November 2023 respectively.

The board of directors would like to clarify that there is normally a great level of uncertainty associated with prediction of the future operating environment of the company.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Result, cash flows, investments, financing and liquidity

The company operated two drilling rigs, the Transocean Enabler and the Transocean Encourage in 2021. The company's total operating income including amortization of deferred income was USD 320.2 million in 2021 (2020: USD 319.5 million).

The net operating loss for 2021 was USD 54.2 million compared to a net operating loss of USD 164.6 million in 2020. The reduction in costs for 2021 is mainly due the USD 157.6 million impairment recorded in 2020 which is partially offset by higher operating costs in 2021 due to both rigs having a period in the shipyard for 5 year regulatory work.

Total cash flows of the company were negative USD 11.2 million (2020: positive USD 14.1 million). The company recognizes an inventory balance of USD 18.7 million at 31 December 2021 (2020: 17.6 million). Change in accounts receivable is an increase of USD 16.2 million (2020: decrease of USD 30.1 million). Loss before taxes is USD 81.0 million (2020: USD 195.3 million). Tax charge for the year is USD 16.0 million (2020: USD 11.2 million). This is mainly related to uncertain tax position identified.

The company's short-term debt was at year end 69.9% (2020: 49.2%) of the total debt in the company.

The total assets at year end are USD 284.5 million (2020: USD 456.7 million).

The equity at 31.12.2021 is negative USD 323.1 million (2020: negative USD 226.0 million).

Financial risk

Interest risk

The company is financed by associated group companies. The internal interest cost charged from the associated group companies is equal to the interest the company is expected to obtain through external financing. The interest is subject to an annual assessment, or more often if the circumstances so require.

Currency risk

The development of exchange rates entails both a direct and indirect economic risk for the company. Songa Offshore Rig 3 AS has part of its income in Norwegian kroner and parts in USD. The majority of the costs are in Norwegian kroner (NOK) with the exception of the bareboat rig rental which is in USD.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the company's receivables from customers and intercompany.

The company's exposure to credit risk is influenced mainly by individual factors associated with each counterparty. The risk associated with internal counterparties is considered to be low.

Liquidity risk

Liquidity risk is the risk that the company will not be able to settle its financial commitments as they fall due. With regular prognoses and liquidity analysis, the company will, as far as possible, ensure that sufficient access to funds is made available in order to settle commitments on the due date without unacceptable losses or risks of damaging the company's reputation. Songa Offshore Rig 3 AS is included in the Group's overall liquidity evaluation.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Oil price risk

Our business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Prolonged reductions in oil and natural gas prices could depress the immediate levels of exploration, development and production activity.

Perceptions of longer-term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices typically have a greater impact on demand for our rigs.

Consistent with this dynamic, customers may delay or cancel many exploration and development programs, resulting in reduced demand for our services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have often contributed to oil and gas price volatility and are likely to do so in the future.

Management Liability Insurance

Transocean has a Directors and Officers Liability program for all of its directors. This includes the board of directors and General Manager for our Norwegian entities on appointment. Each director/the General Manager is granted an indemnity from Transocean Inc in respect of liabilities incurred as a result of their office, to the extent permitted by law. The Company also has in place Directors and Officers Liability Insurance on behalf of its directors and officers. The insurance covers personal legal liabilities including defense and legal costs. Neither the Company's indemnity nor insurance provides cover in the event a director or officer is proved to have acted fraudulently, with willful neglect, willful default or dishonestly. The Insurance is renewed annually and covers all past, current and future officers and directors. The insurance policies provide direct coverage to directors and officers and are issued by reputable insurers with appropriate ratings.

Subsequent Events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2021 Annual Report (Form 10K) of Transocean Limited which is available for download from www.deepwater.com.

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

We acknowledge the geopolitical environment has been affected by the Russian-Ukrainian War that has created volatility in the economic, commodities and financial markets. The effect, however, has been increased demand for hydrocarbons and, in turn, increased interest by Oil & Gas customers. We remain optimistic that increased demand will continue as the market reduces its reliance on Eastern European supplies.

Result and allocations

The board proposes to allocate the annual loss of USD 97,059 thousand as follows:

- Other equity USD'000 (97,059)

Stavanger,
22 June 2022

Knut Vavik
Chairman of the board
and General Manager

Iain Inglis
Board member

Inger Aast
Board member



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Income statement

For the year ended 31 December

Amounts in USD 1000	Note	2021	2020
Operating income	2, 10	320,232	319,498
Total operating income		320,232	319,498
Other operating costs	3	(218,118)	(180,983)
Right of use depreciation	12	(156,331)	(145,555)
Asset Impairment		-	(157,591)
Total operating costs		(374,449)	(484,129)
Operating loss		(54,217)	(164,631)
Other interest income		-	80
Interest income from group companies		9	2,259
Other interest costs		(7)	-
Other financial costs		(1,385)	2,469
Interest costs to group companies		(91)	(881)
Lease interest expense		(25,323)	(34,603)
Net financial items		(26,797)	(30,677)
Loss before income taxes		(81,014)	(195,307)
Income tax charge	7	(16,045)	(11,206)
Loss after tax		(97,059)	(206,513)

Statement of other comprehensive income for the year ended 31. December

Amounts in USD 1000	Note	2021	2020
Loss after tax		(97,059)	(206,513)
Items which will not be reclassified over profit and loss, net of tax		-	-
Items which may be reclassified over profit and loss, net of tax		-	-
Total comprehensive loss		(97,059)	(206,513)
Allocated to other equity	5	(97,059)	(206,513)
Total allocation		(97,059)	(206,513)



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Statement of financial position

as at 31 December

Amounts in USD 1000	Note	2021	2020
Assets			
Long term receivables			
Deferred mobilisation costs	9	10,332	19,817
Right of use asset	12	189,698	358,344
Total long term receivables		200,030	378,161
Current assets			
Receivables			
Accounts receivable		39,735	23,551
Group receivables	4	38	494
Inventory	11	18,733	17,553
Deferred mobilization costs and other receivables	8, 9	10,442	10,162
Cash and cash equivalents		15,560	26,794
Total current assets		84,508	78,554
Total assets		284,537	456,715

**Songa Offshore Rig 3 AS**

Org. No. 913 292 073

Statement of financial position

as at 31 December

Amounts in USD 1000	Note	2021	2020
Equity and Liabilities			
Equity			
Paid-in equity			
Share capital	5	5	5
Other paid-in equity	5	75,519	75,519
Total paid in equity		75,524	75,524
Retained equity			
Other equity	5	(398,595)	(301,536)
Total retained equity		(398,595)	(301,536)
Total equity		(323,071)	(226,012)
Liabilities			
Deferred mobilization revenue	9	10,332	19,817
Right of use long term lease liability	12	172,628	326,880
Total long term liabilities		182,960	346,696
Current liabilities			
Account payables		1,205	1,357
Current liabilities to group companies	4	196,485	130,012
Payable tax	7	57,644	41,599
Deferred mobilization revenue and other current liabilities	6, 9	15,063	15,097
Right of use lease liability	12	154,251	147,965
Total current liabilities		424,648	336,031
Total liabilities		607,608	682,727
Total liabilities and equity		284,537	456,715

Stavanger,
22 June 2022Knut Vavik
Chairman of the board
and General ManagerIain Inglis
Board memberInger Aase
Board member



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Cash flows statement

for the year ended 31 December

Amounts in USD 1000	2021	2020
Cash flows from operating activities:		
Loss before income taxes	(81,014)	(195,307)
Adjustments for:		
Financial items without cash effect	(135,649)	(142,952)
Financial items without cash effect - Depreciation	156,331	145,555
Financial items without cash effect - Impairment	-	157,591
Purchase of inventory	(1,180)	(2,691)
Change accounts receivables	(16,184)	30,133
Change account payables	(152)	35
Change in other current assets and liabilities	(315)	(1,837)
Change in liabilities and receivables group	66,929	23,587
Net cash flows from operating activities	(11,234)	14,115
Cash flows from investments:		
Investments in fixed assets	-	-
Net cash flows from investments	-	-
Net change in cash	(11,234)	14,115
Cash and cash equivalents at beginning of period	26,794	12,679
Cash at end of period	15,560	26,794

Cash and cash equivalents at 31 December 2021 and 31 December 2020 included no restricted bank deposits.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Notes to the financial statements

Note 1

Accounting principles

Basis of preparation

In the preparation of the accounts for Songa Offshore Rig 3 AS the company has used simplified IFRS in accordance with the Norwegian accounting act section 3-9. This means that the valuation principles of IFRS have been used, while at the same time using the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP) for the presentation of the notes.

In accordance with the administrative regulations for the use of simplified international accounting standards of 21 January 2008, the Company has implemented the following principles and assessments in accordance with IFRS:

IAS 10.12 and IAS 10.13 have not been followed as the treatment of dividends and group contributions have been treated in accordance with NGAAP.

Income

Income is recognized when it is probable that the transaction will generate future economic benefits that will be received by the company and the size of the benefit can be reasonably estimated. Revenues have been presented net of VAT and discounts.

In the accounts the company's income and costs in connection with the mobilization of the drilling rigs Songa Encourage and Songa Enabler have been included. The income and costs are amortized over the contract periods.

Currency

The accounts have been prepared in the currency considered as the most important economic environment in which the company operates (its functional currency). In the accounts the result and balance sheet are presented in USD, which is the company's functional currency and presentational currency.

In the preparation of the accounts transactions are translated from foreign currency to USD at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the date of the balance sheet.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Taxes

Deferred tax is calculated based on differences between the book value of assets and debt and corresponding tax values. Deferred tax is recognized on the balance sheet for all temporary differences and a deferred tax asset is recognized to the extent it is likely the company will be able to utilize the asset based on projected future profits. Such assets and liabilities are not recognized in the balance sheet if the temporary difference arises on initial recognition (except related to business combinations) of other assets or debt in a transaction which does not affect either the taxable income or the accounting earnings.

The balance sheet value of a deferred tax asset is assessed at each year end and is reduced to the extent it is no longer probable that future taxable income will be available to allow for utilization of the tax asset.

Deferred tax and deferred tax asset is measured using the expected future tax rate which is expected to be applicable in the period the debt is to be settled or the asset realized, based on tax rates (and tax law) which has been enacted or substantially enacted at the balance sheet date. The valuation of deferred tax and deferred tax asset reflects the tax position that will arise in accordance with the company's expectation, at the balance sheet date, to utilize or settle the carrying value of the assets or liabilities in the balance sheet.

Deferred tax assets and deferred tax is set off against each other when in accordance with current law and when they relate to taxes imposed by the same tax authorities and the company has the intention of setting of the tax asset and liability.

Payable tax and deferred tax is recognized as a cost or income in the profit & loss statement, except when related to items entered directly against equity, then the tax is also entered directly against equity, or when they arise as a consequence of an initial balance sheet entry related to a business combination. In cases of business combinations, the tax effect is included in the calculation of any excess value for the buyer when calculating the net fair market value of identifiable assets, debt and contingent debt over costs.

IFRIC 23 requires an entity to reflect uncertainty over income tax treatments in the recognition and measurement of current and deferred tax assets or liabilities, applying the requirements in IAS 12.

Provisions

Provisions are recognized on the balance sheet when the company has an existing legal obligation or an implied obligation, as a consequence of a previous event, when it is likely that an economical transfer is required to meet the obligation and that one reliably can estimate the size of the obligation.

Account receivables

Account receivables are recognized at cost less losses on receivables.

Inventory

Inventory is held at the lower of cost or net realisable value. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Events following the balance sheet date

Events following the balance sheet date have been considered in the accounts. Events following the balance sheet date which does not affect the company on the balance sheet date but will affect the company in the future have been commented on if considered material.

Presentation of cash flows

The presentation of the cash flows has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash, bank deposits and easily transferable assets which immediately can be converted to fixed cash amounts, and which are only exposed to immaterial changes in value.

Note 2

Operating income

USD 1000	2021	2020
Drilling Operations	300,380	311,073
Amortized deferred mobilization revenue	9,484	-
Recharged costs	10,368	8,425
Operating income	320,232	319,498

Songa Offshore Rig 3 AS operates the drilling rigs the Transocean Enabler and the Transocean Encourage. The drilling rigs started operations on the Norwegian shelf in the second and third quarter of 2016.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Note 3

Operating costs, personnel cost, employees, benefits, loan to employees and audit fees

The company operates the drilling rigs the Transocean Enabler and the Transocean Encourage from the second and third quarter of 2016.

USD 1000	2021	2020
Maintenance expenses	35,142	23,377
Other operating expenses	182,976	157,606
Other operating costs	218,118	180,983

There are no employees in the company and therefore not required to have a pension (Defined Contribution Plan). Personnel were hired from Transocean Norway Operations AS.

No remuneration has been paid to the board members. No loans or security have been provided for the general manager, board chairman or other related parties.

Auditor

The 2021 audit fee was USD 41 thousand (excluding VAT)

Amounts in USD 1000	2021	2020
Audit fee	41	34

**Songa Offshore Rig 3 AS**

Org. No. 913 292 073

Note 4

Intercompany liabilities and receivables**Current assets (due within one year)**

<u>Amounts in USD 1000</u>	<u>2021</u>	<u>2020</u>
Transocean Offshore Deepwater Holdings Ltd	15	-
Triton Voyager Asset Leasing GmbH, Asgard US	2	-
Triton Capital I GmbH, US	1	-
Triton Corcovado LLC	19	-
Triton KG2 GmbH	1	-
Songa Offshore Enabler Ltd	-	222
Songa Offshore Equinox Ltd	-	2
Transocean Offshore Ventures Inc.	-	4
Transocean Offshore (North Sea) Limited, Norway	-	237
Songa Offshore Rig 2 AS	-	27
Deepwater Pacific 1 Inc	-	2
Total	38	494

Current liabilities (due within one year)

<u>Amounts in USD 1000</u>	<u>2021</u>	<u>2020</u>
Transocean Offshore Deepwater Drilling Inc.	4,431	21,485
Transocean Offshore (North Sea) Limited	4	-
Transocean Services AS	51,424	14,924
Sedco Forex Offshore Int'l Ltd	11	104
Songa Offshore SE	17,076	33,248
Songa Offshore Rig 2 AS	27	-
Songa Offshore Equinox Ltd	285	-
Ocean Rig Management Inc. Greece	47	-
Transocean Barents ASA	37	-
Transocean Norway Operations AS	75,226	16,052
Transocean Enabler Limited	22,743	18,270
Transocean Encourage Limited	23,612	21,160
Transocean Onshore Support Services Limited	86	3,964
Deepwater Supply Inc.	1,476	-
Transocean Deepwater Holdings Limited	-	22
Transocean Inc.	-	10
Resource Rig Supply Inc.	-	515
Transocean Offshore Ventures Inc, Louisiana	-	258
Total	196,485	130,012

No part of the liabilities has a maturity longer than 5 years. The company does not have any receivables which mature later than 1 year. The company does not have any debt secured by collateral.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Note 5

Share capital and shareholders

Share capital

USD 1000	Shares	Nominal	
		value	Booked
Share capital	30	0.17	5

NOK 1000	Shares	Nominal	
		value	Booked
Share capital	30	1	30

Shareholders

Songa Offshore SE owned 100 % of the shares in the company as of 31.12.21.

USD 1000	Share capital	Other paid-in equity	Other equity	Sum equity
Balance 1 January 2021	5	75,519	(301,536)	(226,012)
Annual loss			(97,059)	(97,059)
Balance 31 December 2021	5	75,519	(398,595)	(323,071)

The company's ultimate parent undertaking is Transocean Ltd., a company registered in Switzerland. The consolidated accounts of Transocean Ltd. are those of the smallest and the largest group of which the company is a member and for which group accounts are prepared. Copies of these accounts can be obtained from www.deepwater.com.

Note 6

Other liabilities

The company has as at 31.12.2021 current payables from incurred but not invoiced costs and current part of the mobilization income of USD 15.1 million.

USD 1000	2021	2020
Incurred costs	5,579	5,613
Deferred mobilization revenue	9,484	9,484
Total	15,063	15,097

**Songa Offshore Rig 3 AS**

Org. No. 913 292 073

Note 7

Taxes

Amounts in USD 1000	2021	2020
Net temporary differences	165,922	140,522
Tax losses carried forward	137,672	73,577
Basis for deferred tax	303,594	214,100
Deferred tax	66,791	47,102
Not recognised deferred tax	(66,791)	(47,102)
Recognised deferred tax	-	-
Basis for the tax cost		
Earning before tax	(81,014)	(195,307)
Permanent and translation differences	(8,481)	9,907
Basis for tax cost	(89,495)	(185,400)
Change in temporary differences	25,400	157,001
Basis for tax in the accounts	(64,095)	(28,399)
Taxable income (basis for tax payable)	(64,095)	(28,399)
Allocation of the tax cost		
Payable tax	-	-
Total payable tax	-	-
LAS 12 adjustment - current year	16,940	10,630
LAS 12 adjustment - prior year	(895)	576
Tax cost	16,045	11,206
Payable tax on balance sheet		
Tax payable in tax cost	57,644	41,598
Payable tax on balance sheet	57,644	41,598
Tax charge reconciliation		
Loss before tax	(81,014)	(195,307)
Tax at 22%	(17,823)	(42,968)
Permanent differences	(1,866)	2,180
Deferred tax not recognised	19,689	40,788
LAS 12 adjustment	16,940	10,630
Prior year current tax adjustment	(895)	576
Total	16,045	11,206

As of 31 December 2021, the Company had recorded a provision for identified uncertain tax positions of USD 57.6 million.



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Note 8

Other receivables

The company has as at 31.12.2021 prepaid costs and a planned 12-month amortization of deferred mobilization costs of USD 10.4 million.

USD 1000	2021	2020
Prepayments and other receivables	959	679
Deferred mobilization costs	9,484	9,484
Total	10,442	10,162

Note 9

Deferred mobilization revenue and deferred mobilization costs

The company has as at 31.12.2021 remaining USD 19.8 million of long-term mobilization income and USD 19.8 million of long-term mobilization costs will be respectively entered as deferred income and recognized as deferred costs over the contract periods. USD 9.5 million have been estimated to be recognized as income and costs over the next 12 months.

Correspondingly the company had as at 31.12.2020 remaining USD 29.3 million of long-term mobilization income and USD 29.3 million of long-term mobilization costs which will be respectively recognized as deferred income and deferred costs over the contract period. USD 9.5 million is estimated entered as income and costs of the next 12 months.

Note 10

Revenue

Revenue represents net amounts invoiced excluding value added tax. The revenue is attributable to the principal activity of the company.

Analysis of revenue by geographical market is given below:

Amounts in USD 1000	2021	2020
Norway	320,232	319,497
Total	320,232	319,497

Note 11

Inventory

Amounts in USD 1000	2021	2020
Enabler rig	11,403	9,371
Encourage rig	7,330	8,182
Total	18,733	17,553



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Note 12

Right of use asset

USD 1000	BBC Enabler	BBC Encourage	Simulator Enabler	Simulator Encourage	Total
Cost:					
At 1 January 2021	419,189	378,657	244	234	798,324
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Change in lease payments	(6,485)	(5,831)	-	-	(12,316)
At 31 December 2021	412,704	372,826	244	234	786,008
Depreciation and impairment:					
At 1 January 2021	221,583	218,148	124	125	439,980
Depreciation	79,064	77,142	62	63	156,331
ROU Impairment	-	-	-	-	-
ROU Disposals	-	-	-	-	-
At 31 December 2021	300,647	295,290	186	188	596,311
Net book value:					
At 31 December 2021	112,057	77,536	58	46	189,697
At 1 January 2021	197,606	160,509	120	109	358,344

Set out below are the carrying amounts of lease liabilities and the movements during the period:

USD 1000	BBC Enabler	BBC Encourage	Simulator Enabler	Simulator Encourage	Total
Opening lease liability	(255,136)	(219,457)	(130)	(120)	(474,843)
Interest	(13,855)	(11,457)	(6)	(5)	(25,323)
Lease payments	82,487	78,341	72	72	160,972
Change in lease payments	6,485	5,830	-	-	12,315
Closing balance	(180,019)	(146,743)	(64)	(53)	(326,879)
Current	(78,346)	(75,788)	(64)	(53)	(154,251)
Non-current	(101,673)	(70,955)	-	-	(172,628)
Closing balance	(180,019)	(146,743)	(64)	(53)	(326,879)

Lease liabilities – minimum lease payments maturity

USD 1000	Less than 12 months	2 - 5 years	Greater than 5 years	Total
Lease liabilities	(154,251)	(172,628)	-	(326,879)



Songa Offshore Rig 3 AS

Org. No. 913 292 073

Note 13

Going Concern

The directors have obtained confirmation from an appropriate parent undertaking, Transocean Inc. that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements and similar support had been extended on an annual basis. The board has also considered the group consolidated forecast, the current outlook of the offshore industry and the current efforts of the group company to extent its liquidity, including the renewal of its revolving credit facility and the execution of its at-the-market equity offering program). On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

The going concern assumption in accordance with Norwegian Accounting Act § 3-3 (accounting law) is present and the financial statements have been prepared under this assumption. The board confirms the going concern assumptions are valid.

Note 14

Subsequent Events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2021 Annual Report (Form 10K) of Transocean Limited which is available for download from www.deepwater.com.

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.

We acknowledge the geopolitical environment has been affected by the Russian-Ukrainian War that has created volatility in the economic, commodities and financial markets. The effect, however, has been increased demand for hydrocarbons and, in turn, increased interest by Oil & Gas customers. We remain optimistic that increased demand will continue as the market reduces its reliance on Eastern European supplies.



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Markens gate 9, 4610 Kristiansand
Postboks 184, 4662 Kristiansand

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Songa Offshore Rig 3 AS

Opinion

We have audited the financial statements of Songa Offshore Rig 3 AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, the statements of other comprehensive income and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Pennco Dokumentnr: UQMNG-XUYDS-NV3E8-W226T-4JJG6-SDGEL



Building a better
working world

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kristiansand, 24 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Espen Fyllingen
State Authorised Public Accountant (Norway)

Independent auditor's report - Songa Offshore Rig 3 AS 2021

Pennco Dokumentnr: UQMNO-XUXDS-NV3E8-W226T-4JIG6-SDGEL



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Espen Fyllingen

Oppdragsansvarlig partner

Serienummer: 9578-5999-4-2137889

IP: 77.16.xxx.xxx

2022-06-24 10:23:38 UTC



Penneo Dokumentnøkkel: UQMNO-XUXDS-NV3E8-W2Z6T-4JJG6-SDGEL

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>



SONGA OFFSHORE SE
Postboks 8200
4069 STAVANGER

Vår dato 08.05.2019	Din/Deres dato 30.04.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Karl-Erik Johannessen	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5912686	Postadresse Postboks 9200 Grønland 0134 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 30. april 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Songa Offshore Rig AS	org.nr. 992 839 449
Songa Offshore Rig 2 AS	org.nr. 913 222 334
Songa Offshore Rig 3 AS	org.nr. 913 292 073
Songa Offshore Equipment Rental AS	org.nr. 913 978 250
Songa Offshore Services AS	org.nr. 988 186 228
Songa Offshore SE nuf	org.nr. 994 147 870

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Eneste eier i SO selskapene er Songa Offshore SE (100%) som er et internasjonalt holdingselskap basert på Kypros.

Songa konsernet ble i første kvartal 2018 oppkjøpt av Transocean. Det vises til at Transocean Services AS er morselskap for flere selskaper som inngår i Transocean konsernet og som er registrert i Norge, og at alle disse selskapene har fått tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk. Transocean også kjøpt Ocean Rig konsernet i fjerde kvartal 2018. Og all norsk selskapene i Ocean Rig konsernet har også fått denne tillatelse.

Bransjen selskapet opererer i er internasjonalt. Eneste arbeidsspråk er engelsk. Både kunder og leverandører av selskapene er komfortable med å forholde seg til engelskspråklig finansiell informasjon. I mange tilfeller er dette også påkrevd, noe som innebærer at finansiell informasjon må oversettes og dermed dupliseres.

Selskapets finansiering og garantistillelse er mot utenlandske selskaper og finansinstitusjoner. All dokumentasjon knyttet til dette er på engelsk.



Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eid av et utenlandsk selskap. Selskapets virksomhet er internasjonal. Øvrige konsernselskap har dispensasjon. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.