



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 979 392 710  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KCA DEUTAG MODU OPERATIONS AS  
Forretningsadresse: Espehaugen 37  
5258 BLOMSTERDALEN

### Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

### 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: Håvard Haugland  
Dato for fastsettelse av årsregnskapet: 05.06.2024

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*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, 05.08.2025



### Resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		1 400 705 000	1 256 388 000
<b>Sum inntekter</b>		<b>1 400 705 000</b>	<b>1 256 388 000</b>
<b>Kostnader</b>			
Lønnskostnad	8	568 228 000	533 466 000
avskrivninger på leid utstyr	3	2 105 000	2 222 000
Annen driftskostnad	9,11	834 842 000	715 812 000
cyper angrep kostnader		0	1 090 000
<b>Sum kostnader</b>		<b>1 405 175 000</b>	<b>1 252 590 000</b>
<b>Driftsresultat</b>		<b>-4 470 000</b>	<b>3 798 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt			0
agio			2 380 000
<b>Sum finansinntekter</b>			<b>2 380 000</b>
Annen rentekostnad		142 000	1 182 000
disagio		263 000	
<b>Sum finanskostnader</b>		<b>405 000</b>	<b>1 182 000</b>
<b>Netto finans</b>		<b>-405 000</b>	<b>1 198 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-4 875 000</b>	<b>4 996 000</b>
Skattekostnad på ordinært resultat		-1 068 000	1 101 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-3 807 000</b>	<b>3 895 000</b>
<b>Årsresultat</b>		<b>-3 807 000</b>	<b>3 895 000</b>
<b>Overføringer og disponeringer</b>			
Konsernbidrag		-15 999 000	6 298 000
Overføringer til/fra annen egenkapital		12 192 000	-2 403 000
<b>Sum overføringer og disponeringer</b>		<b>-3 807 000</b>	<b>3 895 000</b>



## Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	7	9 649 000	13 093 000
balanseførte leieavtaler	3	132 000	2 237 000
<b>Sum immaterielle eiendeler</b>		<b>9 781 000</b>	<b>15 330 000</b>
<b>Sum anleggsmidler</b>		<b>9 781 000</b>	<b>15 330 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer	6	217 512 000	183 878 000
Andre fordringer		3 302 000	4 303 000
Konsernfordringer	4	78 246 000	42 415 000
<b>Sum fordringer</b>		<b>299 060 000</b>	<b>230 596 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		22 152 000	20 430 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>22 152 000</b>	<b>20 430 000</b>
<b>Sum omløpsmidler</b>		<b>321 212 000</b>	<b>251 026 000</b>
<b>SUM EIENDELER</b>		<b>330 993 000</b>	<b>266 356 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	10	100 000	100 000
<b>Sum innskutt egenkapital</b>		<b>100 000</b>	<b>100 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	10	28 627 000	16 435 000



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Sum opptjent egenkapital</b>		<b>28 627 000</b>	<b>16 435 000</b>
<b>Sum egenkapital</b>		<b>28 727 000</b>	<b>16 535 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
balanseført leieforpliktelser	3	118 000	166 000
<b>Sum avsetninger for forpliktelser</b>		<b>118 000</b>	<b>166 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>118 000</b>	<b>166 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		26 112 000	27 898 000
Skyldige offentlige avgifter		41 684 000	35 052 000
Kortsiktig konserngjeld	4	88 575 000	50 820 000
Annen kortsiktig gjeld		87 186 000	79 977 000
balanseførte leieforpliktelser	3	86 000	2 118 000
påløpne lønnskostnader		58 505 000	53 790 000
<b>Sum kortsiktig gjeld</b>		<b>302 148 000</b>	<b>249 655 000</b>
<b>Sum gjeld</b>		<b>302 266 000</b>	<b>249 821 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>330 993 000</b>	<b>266 356 000</b>



**Tax Administration Norway**

Inquiries to  
Torstein Kinden Helleland

Your date  
22.04.2008

Our date  
24.04.2008

Telephone  
+47 22 07 81 39

Your reference  
Petter Pharo

Our reference  
2008/376426/SKDREFS/TKH/  
812.1

Ernst & Young  
Postboks 6163  
5892 Bergen

**Application for a permission to make the annual report and statement in Norway in English language**

Dear Mr Petter Pharo,

With reference to your letter of 22 April 2007 and our phone call with respect to the above matter.

The application in question concerns the following companies:

1. KCA DEUTAG Modular Rigs AS (reg. no. 979 392 710)
2. KCA DEUTAG Drilling Norge AS (reg. no. 918 357 688)

The background for the application is that both of the mentioned companies are part of the Abbot Group. Abbot Group Limited, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE). With reference to our decision dated 8 August 2007 regarding a similar request for five other subsidiaries of Abbot Group, which were granted by the Directorate of Taxes (your reference 2007/177957/RRRE/TKH/812.1), you apply for a similar permission for two further subsidiaries of the Abbot Group.

The activities of the Abbot Group are centred around its operating subsidiaries, KCA DEUTAG and Benter Drilling & Oilfield Systems. KCA DEUTAG is the largest offshore platform drilling contractor in the North Sea and the Caspian Region. Further, it is one of the largest international land drilling contractors outside the Americas, and a world leader in engineering, rig design, construction and operation. The company has more than 6.000 employees worldwide and has operations in the North Sea, Europe, Russia, the Middle East, Caspian Region, North and West Africa, and Asia.

KCA DEUTAG's Headquarter is in Aberdeen, Scotland, and it operates through three Global Business Units.

The company's accounts are audited by PWC. Ernst & Young is elected as the company's preferred Tax Advisor worldwide.

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Visiting address

Fredrik Selmers vei 4  
Org. nr: 974761076

Telephone

800 80 000

Telefax

22 07 71 08



The group in question is highly international in the sense that it operates throughout the world. The company group has several legal entities and companies in different countries. A number of these companies are taxable or will be taxable in other jurisdictions due to inter alia international rig operations. It follows that the accounts for these companies will have to be presented in different jurisdictions.

The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All the above-mentioned companies covered by this application are 100 % owned by an English company. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

#### **Permission to keep accounts in Norway in English language**

It follows from the Norwegian Bookkeeping Act of 19 November 2004 nr 73 § 12 that the specifications of statutory financial reporting shall be in Norwegian, Swedish, Danish or English language. Hence, it is not necessary to apply for permission to keep accounts in Norway in English language.

#### **Permission to make the annual report and statement in Norway in English language**

According to the Norwegian Accounting Act § 3-4, third paragraph shall *“the annual report and annual statement ... be in Norwegian. The Ministry can in an individual decision decide that the annual report and/or annual statement may be in another language”*

Ot. prp. nr. 42 (1997-1998) *About Act about annual accounts etc.*, says the following about the purpose of the Accounting Act, refer section 1.1:

*“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”*

Hence, one of the main aims of the Accounting Act is to contribute to *“informative accounts for different users of accounts”* The users of the accounts will include investors, creditors, employees and the local community. The government (central and local) authorities must



also be considered to be an important user of the accounts. For example, the tax authorities and other public authorities who are involved in controlling the activities in the private sector, use accounts as an important tool in their control activity.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or annual statement should be done in Norwegian, not in any significant way deviate from the consideration of users of the accounts. Further, the applicant must have a particular interest in having the opportunity to make the annual statement and/or annual statement in a language other than Norwegian.


The two applying companies are a part of the Abbot Group and are 100 % owned by an English company. Abbot Group Limited, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE). The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

Based on the above, and after a total evaluation, the view of The Directorate of Taxes is that the two applying companies mentioned above may make the annual report and statement in English language.

### Conclusion

The Directorate of Taxes gives KCA DEUTAG Modular Rigs AS and KCA DEUTAG Drilling Norge AS permission to make the annual report and annual statement in English language according to the Norwegian Accounting Act § 3-4 third paragraph.

Best regards

  
Jan Hoelstad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Directorate of Taxes

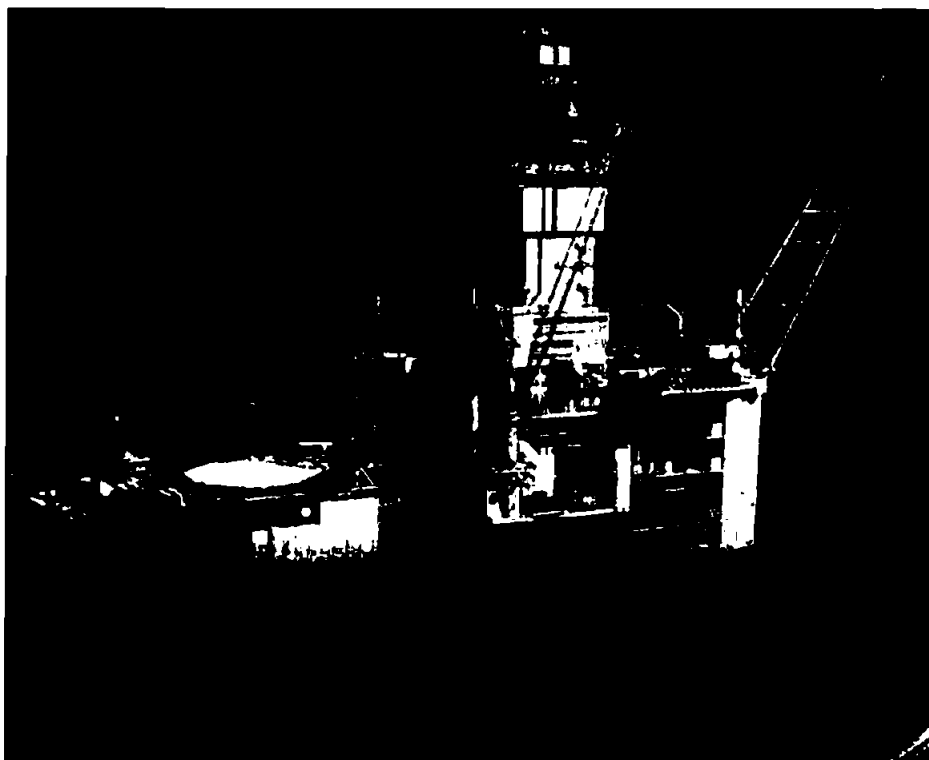
  
Torstein Kinden Helleland



**KCA DEUTAG KCA Deutag MODU Operations AS**

**Audited annual report and financial statements for the year ended  
31 December 2023**

Registered Number Norway 979392710





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**Board of Directors and auditor**

**Board of directors**

Ole Fredrik Maier (Chairman)

Thorbjørn Anhøj

Lynsey van de Laar

Tom Einar Aasland

Kristian Stange (Employee Representative)

Ralf Risholt (Employee Representative)

Kristian Austrått Enoksen (Employee Representative)

**Auditors**

Ernst & Young AS

Thormøhlens gate 53D

5006 Bergen

Norway

**Business Address**

Espehaugen 37

5258 Blomsterdalen

Norway



## Directors' report for the year ended 31 December 2023

### Nature of the business

KCA DEUTAG Modu Operations AS is responsible for the management and maintenance of the two (2) Cat J Jack-up Drilling Rigs constructed in South Korea. Equinor awarded the contracts in 2013 and both units were mobilised from the shipyard in South-Korea in 2017, both with a period at an offshore base in Norway, completing some work and training of the crews. The duration of the contracts are 8 years plus 4x3 years options.

During 2023, both CAT J rigs were in operation, and the same is expected for 2024.

The company's main office is located at Espehaugen in Bergen. The company is a wholly owned subsidiary of KCA DEUTAG Drilling Norge AS located at the same address.

### Going concern assumption

In accordance with the Accounting Act § 3-3 it is confirmed that the going concern assumption is valid and the financial statements are being presented accordingly.

The Company participates in a notional Cash Pooling arrangement with a number of other Group Companies (ref Note 7). Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements.

Senior secured notes (US\$ 500,000k) and guarantee facilities which are available to KCA Deutag Alpha Limited and certain subsidiaries, including the Company, are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

### Working Environment and personnel

KCA DEUTAG Modu Operations AS had 369 employees by end 2023. Of the total number of employees, 2.8% were women. 10 persons were recruited in 2023, 1 of them a woman. During 2023 the company had an average of 2.4% employee turnover excluding retirement. Average employee attendance in 2023 was 94.5%.

The company is administratively subordinated to the routines of the parent company and there is an established Intercompany Agreement for this. Onshore staff functions, warehouse services and onshore management of the rigs are delivered by its parent company. This Agreement is based on transfer pricing principles.

The working relationship between employees, trade unions, management and board of directors continues to be positive.

### Diversity, Equality and Inclusion

A new committee of Diversity, Equality and Inclusion (DEI) was established in 2021. The DEI committee is working for both KCA Deutag Drilling Norge AS and KCA Deutag Modu Operation and have members from both companies. DEI has investigated the current situation, following the requirement of the law, and have made suggestions to the board on activities to ensure compliance following the Law on Gender Equality, Work Act and the Basic Agreement between LO and NHO.



The company will provide employees with equal opportunities regardless of race, sexual orientation, age, culture, nationality, faith, illness, disability, and gender. Women and men shall be given equal opportunities in education, employment, cultural and academic development.

In 2023 the group suggested initiatives that resulted in amongst other the following activities:

Participating in education fair and visiting schools, work training for refugees at the office, celebrating Pride, both on- and offshore, introducing dyslexia project to management and the Working Environment Committee (AMU).

The company has performed a salary survey on differences between remuneration to women and men.

In 2023, women received on average 77.0% of men's salary, and women amounted to 3.8% of the total workforce in the company.

All employees in the company are offshore workers following the same tariffs with equal pay, and gender differences are due to different levels of seniority.

There are no employees working part time in 2023. Parental leave is for 40 weeks average for women, 10 weeks average for men in 2023. It is not known to the committee that any employees did not get the leave they applied for. There were 14 temporary employees in 2023, 11 of these were trainees, 4 are women.

## **Health, Security and Environment (HSE)**

The company's core values for health, safety, security, and environment stewardship are based on superior objectives to secure efficient and faultless operations. Among these objectives, given priority is prevention of sickness absence and there are methods and efforts applied which include employees' health risk assessments and monitoring, mapping of job satisfaction and working environmental factors, both in the organisation offshore and onshore.

The importance of interaction between people, technology, organisation, and environment has resulted in increased focus on dependence on personnel, technology, and organisation. As part of this, among other things, focused on coaching of leaders in the onshore and offshore organisation for training and development of accountability, responsibility, and active follow-up by noticeable leadership.

As new builds Askeladden and Askepott have invested in design and equipment functionality during the project phase in close collaboration with the operating company (owner) and responsible party for the Jack-up construction and delivery.

In 2023 the sickness absence was 5.5 %. Improvements are systematically implemented to reach coming objectives in operation phase. The importance of this, both for the individual employee and with regards to a positive financial impact for the company and the society for the rest, is regarded as a high priority.

HSSE control systems are particularly directed towards methods and systems for proactive reporting of events and situations from operation, to verify accordance and adequacy for joint application of preferred registrations. This has been carried out and adapted without problems. The company has further developed its own-designed network gateway which, apart from attending to operational reporting and statistic registrations, also has been taken into use for distribution of HSSE messages and bulletins to all operations about undesired events, received from other organisations and manufacturers of critical drilling equipment and systems. Operations in the North Sea required Acknowledgement of Compliance (AOC) from PSA for Askeladden and Askepott. During 2023 our management system has been further developed and audited to meet legislations from Petroleum Safety Authority (PSA), Norwegian Maritime Authority (NMA) and others to comply with requirement for MODU operations on



the Norwegian Continental Shelf. Our operations have also been ISO 50001 (Energy Management) certificated by KIWA.

In 2023 the company, as undertaking principal in accordance with Working Environmental Act, had one injury resulting in absence and injury frequency of Total Recordable Injuries Rate (TRIR) 1.02, which is calculated on number of Lost Time Incidents (LTI), Restricted Workday Cases (RWC) and Medical Treatment Cases (MTC) absence injuries per two hundred thousand working hours. The company works actively, through several ongoing measures, to reach the company's "zero injury" goal. Due to the security situation in Europe and current heightened threat level our company has raised the security and state of alert level offshore and onshore in accordance with internal and customers' requirements.

### **Environmental reporting**

During the year, there have been one minor loss to the external environment. The company also focuses on the substitution of chemicals and has implemented monitoring programme for consumptions, health and environment issue.

In accordance with the principles and objectives for focusing attention on the external environment, only environmentally sound oil is used in all our operations. A clean rig design is in place to support our philosophy of no harm to the external environment. The company is working continuously to explore further possibilities for improved operational routines in order to reach the superior objective of zero spills to the external environment. The company is reporting all registrations necessary for the company's environmental accounts monthly. MODU organisation has been assessed according to external environment against and ISO 14001:2015 according to the rules and regulations for certificate of accreditation.

### **The financial statements**

The turnover of NOK 1,401m (2022: NOK 1,256m) represents an increase from 2022 to 2023 of NOK 145m. This is due to increase in drilling related activities and reimbursable sale. The company had satisfactory liquidity throughout the year. The liquidity reserves have increased from NOK 20.4m at year end 2022 to NOK 22.2m at year end 2023.

The company has a present liquidity ratio of 1.1 against last year's 1.0. Cash inflow from operating activities was NOK 3.4m and cash outflow from financing activities was 1.6m. There have been no investing activities in 2023.

### **Directors & Officers insurance**

The Group has D&O insurance in place which covers the directors of all Norwegian companies.

### **Transparency Act**

In relation to the Transparency Act which came into force on July 1st 2022, KCA Deutag Modu Operations AS will publish an updated report on its website within 30 June 2024.




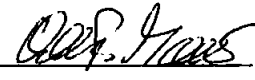
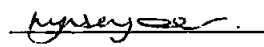
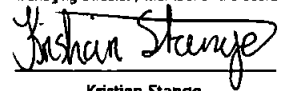
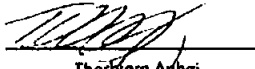

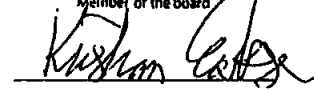
**Annual results and year end appropriations**

The Board propose the following appropriation of the annual results:

Transferred to other equity 2023: NOK 12,192,000.

31 December 2023

5 June 2024

 Tom Einar Assland Managing Director / Member of the board	 Ole Fredrik Maier Chairman of the board	 Lynsey van de Laar Member of the board
 Kristian Stange Member of the board	 Thorbjørn Arhøj Member of the board	 Ralf Risholt Member of the board
 Kristian A. Enoksen Member of the Board		



**Independent auditors' report to the shareholders of KCA DEUTAG MODU  
Operations AS**



## Income Statement for the year ended 31 December 2023

For the period (NOK 1 000)	Note	2023	2022
<b>Revenue</b>			
Sales revenue		1 400 705	1 256 388
<b>Total revenue</b>	1, 11, 13	<b>1 400 705</b>	<b>1 256 388</b>
<b>Operating expenses</b>			
Salary cost	8	(568 228)	(533 465)
Other operating expenses	9, 11	(834 843)	(715 812)
Depreciation of leased assets	3	(2 105)	(2 222)
<b>Operating results before exceptional items</b>		<b>(4 471)</b>	<b>4 888</b>
<b>Exceptional items</b>			
Cyber attack consequential cost		0	(1 090)
<b>Exceptional items</b>		<b>0</b>	<b>(1 090)</b>
<b>Financial income and expenses</b>			
Other financial income		344	0
Financial expenses	5	0	(1 182)
Other financial expenses	5	(749)	2 380
<b>Net financial income</b>		<b>(405)</b>	<b>1 198</b>
<b>Profit on operations before taxes</b>		<b>(4 875)</b>	<b>4 997</b>
<b>Income tax</b>			
Tax on change in DTA	7	(3 444)	675
Tax on ordinary result	7	4 513	(1 777)
<b>Taxes</b>		<b>1 068</b>	<b>(1 101)</b>
<b>Net profit for the year</b>		<b>(3 807)</b>	<b>3 895</b>
<b>Year-end appropriations</b>			
Group contribution/distribution	10	(20 511)	8 075
Tax impact group contribution/distribution	10	4 513	(1 777)
Other equity	10	12 192	(2 403)
<b>Total transfers</b>		<b>(3 807)</b>	<b>3 895</b>

## Statement of Comprehensive Income for the year ended 31 December 2023

For the period (NOK 1 000)	Note	2023	2022
Net profit for the year		(3 807)	3 895
Total other comprehensive income for the year			0
<b>Total comprehensive income for the year</b>		<b>(3 807)</b>	<b>3 895</b>



## Balance Sheet as at 31 December 2023

(NOK 1 000)	Note	2023	2022
<b>Non-current assets</b>			
<i>Tangible and intangible assets</i>			
Deferred tax asset	7	9 649	13 093
Right of use assets	3	132	2 237
<i>Total tangible and intangible assets</i>		9 781	15 330
<b>Total non-current assets</b>		<b>9 781</b>	<b>15 330</b>
<b>Current assets</b>			
<i>Debtors</i>			
Trade receivables	6	217 512	183 878
Short-term receivables from group companies	4	78 246	42 415
Other short-term receivables		3 302	4 303
<i>Total debtors</i>		299 060	230 596
Cash and cash equivalents		22 152	20 431
<b>Total current assets</b>		<b>321 212</b>	<b>251 026</b>
<b>Total assets</b>		<b>330 993</b>	<b>266 356</b>



Postnummer	2023	2024	2023
<b>Equity</b>			
Paid-in capital			
Share capital	10	100	100
Total paid-in capital		100	100
<b>Retained earnings</b>			
Other equity	10	28 627	16 435
Profit for the year, unallocated			0
Total retained earnings		28 627	16 435
<b>Total equity</b>		<b>28 727</b>	<b>16 535</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Taxes payable	7	0	0
Total provisions		0	0
<b>Non-current liabilities</b>			
Right of use liabilities	3	118	166
Total non-current liabilities		118	166
<b>Current liabilities</b>			
Trade creditors		26 112	27 898
Accrued salary		58 505	53 790
Public taxes		41 684	35 052
Short-term liabilities group companies	4	88 575	50 820
Other short-term liabilities		87 186	79 977
Right of use liabilities	3	86	2 118
Total current liabilities		302 148	249 655
<b>Total liabilities</b>		<b>302 267</b>	<b>249 821</b>
<b>Total equity and liabilities</b>		<b>580 993</b>	<b>266 356</b>

31 December 2023

5 June 2024

Tom Einar Aasland  
Managing Director / Member of the board

Ole Fredrik Maier  
Chairman of the board

Lynsey van de Laar  
Member of the board

Kristian Stange  
Member of the board

Thorbjørn Anhej  
Member of the board

Ralf Risholt  
Member of the board

Kristian A. Enoksen  
Member of the Board



**Cash flow statement for the year ended 31 December 2023**

<b>(NOK 1 000)</b>	<b>2023</b>	<b>2022</b>
<b>Cash flow from operating activities</b>		
Profit on operations before taxes	(4 875)	4 997
Depreciation of leased assets	2 105	2 222
Net finance income / (costs)	(437)	91
Change trade receivables and other short-term receivables	(68 464)	14 060
Change in trade creditors and other short-term creditors	54 525	3 244
Change in other accruals (Group contributions, minor items)	21 001	(8 825)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>3 854</b>	<b>15 788</b>
<b>Cash flow from financing activities</b>		
Right of Use assets lease capital repayment	(2 100)	(2 134)
Interest paid	(97)	(1 136)
Interest received	64	28
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(2 133)</b>	<b>(3 242)</b>
Net increase in cash and cash equivalents	1 721	12 546
Cash and cash equivalents at beginning of period	20 430	7 884
Cash and cash equivalents at end of period	22 152	20 430



## Notes to the financial statements for the year ended 31 December 2023

### 1 Accounting Principles

#### General

The financial statements of KCA DEUTAG Modu Operations AS (Company) have been prepared according to IFRS and instructions on simplified use of IFRS (2006-12-22 no. 1582), implying that the company makes use of accounting policies in accordance with IFRS while notes have been prepared in accordance with chapter 7 of the Accounting Act.

#### Use of estimates

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with simplified IFRS.

#### Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

#### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for an expected credit loss, if applicable. When determining the level of expected credit loss provision, management consider the age of the outstanding receivable along with prior experience in relation to the specific customer as well as the jurisdiction in which the balance is due before booking any provision.

When determining the level of expected credit loss provision required in respect of trade receivable balances, management also consider the creditworthiness and probability of the future default of the customer.

#### Revenue recognition

Revenue is recognised based on the gross amount received or receivable for services provided in the normal course of business, net of value-added tax and other sales related taxes. Revenue from Offshore Services and RDS engineering operations is recognised in the accounting period in which the services are rendered, typically based on a day rate for manpower provided to the customer.

In Offshore Services, the Company provides personnel to operate and maintain customer owned assets based on contractually agreed rates.

Pre-contract compensation and costs are deferred until the contract commences and then spread on a straight-line basis over the primary term of the relevant drilling contract. The deferred pre-contract compensation and costs are amortised, using the straight-line method, into income or loss over the term of the initial contract period, regardless of the activity taking place, in a manner consistent with the



economics of the customer contract. Where there are no elements of up-front consideration in a drilling contract, the Company recognises revenue in line with the amount to which we are contractually able to invoice the customer for performance obligations which have been completed to date. Therefore, the IFRS 15 expedient allowing the Company to recognise revenue in line with its right to invoice its customers has been applied in preparing these financial statements.

Mobilisation costs which are incurred in relation to the mobilisation of new rigs are capitalised and depreciated over primary period of the new contract. Mobilisation costs incurred on moving rigs to locations under a new customer contract are amortised on a straight-line basis over the primary period of the new contract.

Any rig-move costs for moving the rigs to new locations while operating under a drilling contract are expensed as incurred, with the relevant revenue being recognised when the rig move is complete.

Incentive income is recognised when earned. Incentive income is earned in respect of contract Key Performance Indicators (KPIs) detailed in customer contracts, and revenue is recognised only when a KPI has been achieved and achievement has been agreed with a customer.

In RDS, the Company provides personnel on a time-cost basis to customers to work on engineering projects.

The Company recognises flow through revenue, which relates to reimbursable costs, based on the gross amount received or receivable in respect of its performance under the sales contract with the customer.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and the effective interest rate applicable.

#### **Income tax**

The tax expense consists of the tax payable and changes to deferred tax. Deferred taxes are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

#### **Balance sheet classification**

Current assets and short-term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets/long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognised at nominal value.

#### **Leasing**

The group implemented IFRS 16 in 2019, changing its accounting principles for leases where the group is the lessee. The principles and the impact of the change is described below.

IFRS 16 Leases results in almost all leases being recognised on the balance sheet by lessees, since the distinction between operating and finance leases is removed. Under the new standard, an asset (that is,



the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The standard is effective for the Company from 1 January 2019. IFRS 16 must be applied retrospectively. However, an entity can choose whether to apply the standard retrospectively to each period presented or apply the simplified method, whereby the cumulative effect of applying the standard is recognised in equity at the date of initial application. In accordance with the transition provisions in IFRS 16, the Company decided to apply the simplified method.

An asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

The lease liability is measured at the present value of the future lease payments. The lease term includes all periods covered by extension options if exercise of the extension is reasonably certain. The present value is calculated based on an appropriate discount rate being the Group's incremental borrowing rate.

The right-of-use asset is initially measured based on the calculated lease liability plus any indirect costs, payments at or prior to lease commencement, dilapidation provisions less any lease incentives. Subsequent measurement is at cost less depreciation and any provision for impairment. The right-of-use asset is also adjusted based on any re-measurement of the lease liability. The group has also chosen to take advantage of the exemptions as allowed in the standard for certain short term leases and leases of low value assets;

#### *i) Short term leases*

This is defined as a lease which has a lease term of 12 months or less and does not contain a purchase option. In terms of assessing the duration of a lease, if a lease is more likely than not to be extended to a duration in excess of 12 months, then lessee accounting under IFRS 16 will apply.

#### *ii) Low-value assets*

The standard does not specify a value which would ensure an asset was of low-value however this is likely to apply to items such as tablets and personal computers and small items of office furniture and telephones. An asset can only be low-value if the lessee can benefit from the use of the asset on its own and the asset is not highly dependent on other assets.

Leases which meet the exemptions above continue to be charged to profit or loss on a straight-line basis over the period of the lease (net of any incentives received from the lessor).

### **Accounts receivable and other receivables**

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. A provision for impairment of trade receivables is established when there is objective evidence the company will not be able to collect all amounts due.

### **Cash flow statement**

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.



## 2 Tangible Assets

The company has no tangible assets. Rigs are owned by the client and equipment used on board is either owned by its parent company KCA Deutag Drilling Norge AS or 3<sup>rd</sup> parties.

## 3 Leased Assets

(NOK 1 000)	2023	2022
<b>Right of Use Assets</b>		
Properties	0	0
Vehicles, Plant & Equipment	132	2 237
<b>Total Right of Use Assets</b>	<b>132</b>	<b>2 237</b>
<b>Lease Liabilities</b>		
Current	86	2 118
Non-current	118	166
<b>Total Lease Liabilities</b>	<b>204</b>	<b>2 284</b>

The statement of profit and loss includes the following amounts relating to leases:

<b>Depreciation charge, Right of Use Assets</b>		
Properties	0	0
Vehicles, Plant & Equipment	2 105	2 222
<b>Total depreciation charge</b>	<b>2 105</b>	<b>2 222</b>
<b>Interest expenses, Right of Use Assets</b>		
Expenses related to short-term leases	110	74
Expenses related to leases of low-value assets	0	0
<b>Total interest expenses</b>	<b>110</b>	<b>74</b>
The total cash out-flow for leases for the year was	2 210	2 208

## 4 Intercompany balances with Group companies

(NOK 1 000)	2023	2022
<b>Amounts (due to) / due from group net undertakings:</b>		
Short term receivables	78 246	42 415
Short term payables	(88 575)	(50 820)
<b>Total amounts (due to) / due from Group net undertakings</b>	<b>(10 328)</b>	<b>(8 405)</b>

The Company participates in a notional Cash Pooling arrangement with several other Group Companies. Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements.



**5 Financial income and expenses**

(NOK 1 000)	2023	2022
<b>Financial (expenses)/income</b>		
Interest (expense)/income	(142)	(1 182)
Exchange (losses)/gains	(263)	2 380
<b>Total financial (expenses)/income</b>	<b>(405)</b>	<b>1 198</b>

**6 Trade receivables and construction contracts**

(NOK 1 000)	2023	2022
<b>Trade receivables</b>		
Trade receivables at nominal value	209 757	176 020
Revenues not invoiced	7 755	7 858
Provisions for bad debts	0	0
<b>Total trade receivables</b>	<b>217 512</b>	<b>183 878</b>



## 7 Taxes

(NOK 1000)	2023	2022
<b>Tax charge for the year</b>		
Payable tax	(4 513)	1 777
Change in deferred tax	3 444	(675)
<b>Tax expense</b>	<b>(1 068)</b>	<b>1 101</b>
<b>Calculation of tax charge for the year</b>		
Profit on operations before taxes	(4 875)	4 997
Permanent differences	19	9
<i>Basis for this year's tax expense</i>	<i>(4 857)</i>	<i>5 005</i>
Temporary differences	(15 655)	3 070
<i>Basis for payable tax in the result accounting</i>	<i>(20 511)</i>	<i>8 075</i>
Utilisation of taxable loss carried forward		0
Group contribution	20 511	(8 075)
<b>Taxable income (basis for payable tax in the balance sheet)</b>	<b>0</b>	<b>0</b>
<b>Tax payable in the balance sheet</b>		
Payable tax	(4 513)	1 777
Tax effect of group contribution	4 513	(1 777)
<b>Taxes paid</b>	<b>0</b>	<b>0</b>
<b>Calculation of deferred tax asset</b>		
Non-current assets	(1 570)	(1 962)
Other temporary differences	(42 289)	(57 551)
Taxable loss carried forward	0	0
<i>Basis for deferred tax asset</i>	<i>(43 859)</i>	<i>(59 513)</i>
Tax rate	22 %	22 %
Deferred tax asset	9 649	13 094
<b>Deferred tax asset in the balance sheet</b>	<b>9 649</b>	<b>13 094</b>



## 8 Salary, pension and personnel costs, number of employees, loans to employees and auditor's fee

The company complies with the pension requirements and has implemented a defined contribution pension scheme for all employees.

In addition, the company has implemented an occupational pension scheme, in accordance with Act of Occupational Pension Schemes. The company operated two unfunded benefit schemes relating to early retirement of employees between the ages of 62 and 67 and disability benefits to eligible employees.

(NOK 1 000)	2023	2022
<b>Salary and personnel costs</b>		
Salaries	415 390	394 548
Payroll tax	76 392	65 342
Pension costs	43 884	41 621
Other costs	32 562	31 953
<b>Total salary and personnel costs</b>	<b>568 228</b>	<b>533 465</b>

The company had 369 employees on average in 2023. No employees have been given loans or guarantees.

Managing Director is compensated through the Company's parent company KCA Deutag Drilling Norge AS. No loans nor guarantees have been given to Managing Director, members of the Board or their related parties. No loans nor guarantees amount to more than 5% of the Company's share capital.

(NOK 1 000)	2023	2022
<b>Auditor's fee</b>		
Audit services	256	252
Other services non-audit related	150	0
<b>Total auditor's fee</b>	<b>406</b>	<b>252</b>

## 9 Specification other operating expenses

(NOK 1 000)	2023	2022
<b>Other operating expenses</b>		
3rd party services	244 263	226 063
Travel expenses	16 715	13 041
Intermediary goods and services	163 606	120 845
Drilling equipment and maintenance	385 752	340 462
Other operating expenses	24 507	15 400
<b>Total other operating expenses</b>	<b>834 843</b>	<b>715 812</b>



There are two relevant Intercompany Agreements for the Company.

There is one Intercompany Franchise Agreement the Company is the Licensee while KCA Deutag Drilling Ltd is the Licensor. The Company pays a franchise fee for use of and access to Licensed Intellectual Property. The fee is based on the revenue generated by the Company and is paid on quarterly basis.

Further, there is a Service Agreement, the Company's parent company is the contractor. The contractor shall provide management, management systems, administrative support, facilities, personnel, materials and equipment as are necessary to properly perform and carry out the services. The Company shall utilise centralised staff resources in the following functions Human Resources, Finance, Purchasing, Warehouse Services, Management, IT and Administration according to the Service Agreement. The fees for the service agreement are paid on a monthly basis for rigs in operation.

The fee for the Service Agreement is based on transfer pricing principles.

## 10 Share Capital and Equity

The share capital is NOK 100 000 and consists of 100 shares of NOK 1 000 each. All shares have equal rights.

Shareholder	Number of Shares	Ownership Interest	Voting rights
KCA DEUTAG Drilling Norge AS	100	100 %	100 %

(NOK 1 000)	Share capital	Other equity	Total
Equity 1 January 2023	100	16 435	16 535
Right of Use leasing adjustment to equity		0	0
Group contribution net of tax effect		0	0
Group contribution from Group company exempt of tax		15 999	15 999
Profit for the year		(3 807)	(3 807)
<b>Equity 31 December 2023</b>	<b>100</b>	<b>28 627</b>	<b>28 727</b>

## 11 Related party transactions

(NOK 1 000)	Turnover	Purchase	Franchise cost	Net interest received
Parent company	15 294	357 139	0	0
Group company	0	0	47 737	0

Senior secured notes (US\$ 500,000k) and guarantee facilities which are available to KCA Deutag Alpha Limited and certain subsidiaries, including the Company, are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.



## 12 Ultimate parent undertaking

The company is a wholly owned subsidiary of KCA Deutag Drilling Norge AS.

The Company's ultimate parent undertaking and ultimate controlling company is KCA Deutag International Limited, which is registered in Jersey. The shareholders of KCA Deutag International Limited are comprised of holders of the pre-restructuring secured debt which was partially swapped for equity in KCA Deutag International Limited as part of the restructuring transaction.

At 31 December 2023 the smallest and largest groups in which the results of the Company are consolidated are those headed by KCA Deutag Alpha Limited. Copies of financial statements of KCA Deutag Alpha Limited are available from Group Headquarters, Bankhead Drive, City South Office Park, Portlethen, Aberdeenshire, AB12 4XX.

## 13 Income by activity

(NOK 1 000)	2023	2022
<b>Income by activity</b>		
Drilling related	1 221 782	1 090 915
Reimbursable	178 923	165 398
Other	0	75
<b>Total income by activity</b>	<b>1 400 705</b>	<b>1 256 388</b>

## 14 Post balance sheet events

No significant post balance sheet events.



Statsautoriserte revisorer  
Ernst & Young AS

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Kca Deutag Modu Operations AS

### Opinion

We have audited the financial statements of Kca Deutag Modu Operations AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement 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 2023 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 managing director) 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 of the financial statements that give a true and fair view 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



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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.

Bergen, 5 June 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kjetil Håvardstun  
State Authorised Public Accountant (Norway)

Independent auditor's report - Kca Deutag Modu Operations AS 2023

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## Håvardstun, Kjetil

Oppdragsansvarlig partner

På vegne av: Ernst & Young AS

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