



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 375 651
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ISLAND DRILLING COMPANY AS
Forretningsadresse:	Stålhaugen 9 6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Roger Simmenes
Dato for fastsettelse av årsregnskapet:	27.06.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

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, 07.08.2025



Resultatregnskap

Beløp i: USD	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		48 557 000	50 411 000
Annen driftsinntekt			12 654 000
Sum inntekter		48 557 000	63 065 000
Kostnader			
Lønnskostnad		27 333 000	26 726 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		27 492 000	24 019 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler			-119 173 000
Annen driftskostnad		35 185 000	41 397 000
Sum kostnader		90 010 000	-27 031 000
Driftsresultat		-41 453 000	90 096 000
Finansinntekter og finanskostnader			
Annen finansinntekt		2 146 000	3 135 000
Sum finansinntekter		2 146 000	3 135 000
Annen finanskostnad		8 298 000	7 678 000
Sum finanskostnader		8 298 000	7 678 000
Netto finans		-6 152 000	-4 543 000
Resultat før skattekostnad		-47 605 000	85 553 000
Årsresultat		-47 605 000	85 553 000
Andre resultatkomponenter for IFRS-foretak		0	0
Totalresultat		-47 605 000	85 553 000



Balanse

Beløp i: USD	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		229 000	382 000
Skip, rigger, fly og lignende		244 427 000	258 313 000
Sum varige driftsmidler		244 656 000	258 695 000
Finansielle anleggsmidler			
Investering i datterselskap		1 607 000	1 607 000
Sum finansielle anleggsmidler		1 607 000	1 607 000
Sum anleggsmidler		246 263 000	260 302 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		25 073 000	19 769 000
Andre fordringer		4 756 000	1 786 000
Sum fordringer		29 829 000	21 555 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		1 456 000	609 000
Sum bankinnskudd, kontanter og lignende		1 456 000	609 000
Sum omløpsmidler		31 285 000	22 164 000
SUM EIENDELER		277 548 000	282 466 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: USD	Note	2024	2023
Selskapskapital		9 580 000	9 580 000
Overkurs		31 705 000	31 705 000
Sum innskutt egenkapital		41 285 000	41 285 000
Opptjent egenkapital			
Annen egenkapital		-103 045 000	-55 440 000
Sum opptjent egenkapital		-103 045 000	-55 440 000
Sum egenkapital		-61 760 000	-14 155 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		240 467 000	182 751 000
Sum annen langsiktig gjeld		240 467 000	182 751 000
Sum langsiktig gjeld		240 467 000	182 751 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		74 104 000	76 604 000
Leverandørgjeld		21 335 000	32 037 000
Annen kortsiktig gjeld		3 402 000	5 228 000
Sum kortsiktig gjeld		98 841 000	113 869 000
Sum gjeld		339 308 000	296 620 000
SUM EGENKAPITAL OG GJELD		277 548 000	282 465 000



Konsernets resultatregnskap

Beløp i: USD	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		48 287 000	57 226 000
Annen driftsinntekt			12 654 000
Sum inntekter		48 287 000	69 880 000
Kostnader			
Lønnskostnad		24 876 000	28 479 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		27 492 000	24 019 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler			-119 173 000
Annen driftskostnad		37 486 000	44 427 000
Sum kostnader		89 854 000	-22 248 000
Driftsresultat		-41 567 000	92 128 000
Finansinntekter og finanskostnader			
Annen finansinntekt		99 000	1 315 000
Sum finansinntekter		99 000	1 315 000
Annen finanskostnad		8 498 000	7 753 000
Sum finanskostnader		8 498 000	7 753 000
Netto finans		-8 399 000	-6 438 000
Resultat før skattekostnad		-49 966 000	85 690 000
Årsresultat		-49 966 000	85 690 000
Andre resultatkomponenter for IFRS-foretak		-296 000	-172 000
Sum resultatkomponenter for IFRS-foretak		-296 000	-172 000
Totalresultat		-50 262 000	85 518 000



Konsernets balanse

Beløp i: USD	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill		1 603 000	1 603 000
Sum immaterielle eiendeler		1 603 000	1 603 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		229 000	382 000
Skip, rigger, fly og lignende		244 427 000	258 313 000
Sum varige driftsmidler		244 656 000	258 695 000
Sum anleggsmidler		246 259 000	260 298 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		25 777 000	20 898 000
Andre fordringer		4 957 000	1 713 000
Sum fordringer		30 734 000	22 611 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		2 338 000	1 689 000
Sum bankinnskudd, kontanter og lignende		2 338 000	1 689 000
Sum omløpsmidler		33 072 000	24 300 000
SUM EIENDELER		279 331 000	284 598 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		9 580 000	9 580 000
Overkurs		31 705 000	31 705 000



Konsernets balanse

Beløp i: USD	Note	2024	2023
Sum innskutt egenkapital		41 285 000	41 285 000
Opptjent egenkapital			
Annen egenkapital		-101 383 000	-51 122 000
Sum opptjent egenkapital		-101 383 000	-51 122 000
Sum egenkapital		-60 098 000	-9 837 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
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Sum kortsiktig gjeld		98 962 000	111 685 000
Sum gjeld		339 429 000	294 436 000
SUM EGENKAPITAL OG GJELD		279 331 000	284 599 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer: 2025 647105

Enheten

Organisasjonsnummer: 918 375 651
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND DRILLING COMPANY AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

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Konsern

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årsregnskapet til selskapet: IFRS
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Roger Simmenes
Dato for fastsettelse av årsregnskapet: 27.06.2025

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2024: Årsregnskap er elektronisk innlevert.
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024.

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Brønnøysundregistrene, 06.08.2025

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

RESULTATREGNSKAP

Beløp i: USD	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
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Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

BALANSE

Beløp i: USD Note 2024 2023

BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Varige driftsmidler

Tomter, bygninger og annen fast eiendom	229 000	382 000
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Sum anleggsmidler	246 263 000	260 302 000
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Omløpsmidler

Varer

Fordringer

Kundefordringer	25 073 000	19 769 000
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SUM EIENDELER	277 548 000	282 466 000
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

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Opptjent egenkapital

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Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

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		-296 000	-172 000
Sum resultatkomponenter for IFRS-foretak			
		-296 000	-172 000
Totalresultat		-50 262 000	85 518 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

KONSERNBALANSE

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Anleggsmidler			
Immaterielle eiendeler			
Goodwill		1 603 000	1 603 000
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Egenkapital			
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Gjeld		
Langsiktig gjeld		
Annen langsiktig gjeld		
Øvrig langsiktig gjeld	240 467 000	182 751 000
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Kortsiktig gjeld		
Gjeld til		
kredittinstitusjoner	74 104 000	76 604 000
Leverandørgjeld	19 354 000	26 601 000
Annen kortsiktig gjeld	5 504 000	8 480 000
Sum kortsiktig gjeld	98 962 000	111 685 000
Sum gjeld	339 429 000	294 436 000
SUM EGENKAPITAL OG GJELD	279 331 000	284 599 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
6

Antall årsverk i regnskapsåret
1.00

Note
6

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	477000.00	1455000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	94000.00	288000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	51000.00	21000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	107000.00	150000.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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Note
11

Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1036480000.00	
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	16381000.00	
<u>Avgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>



-2770000.00

Anskaffelseskost 31.12. Varige driftsmidler Immaterielle eiend.
1050091000.00

Samlede av-/nedskrivn. Varige driftsmidler Immaterielle eiend.
-805664000.00

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.
244427000.00

Årets av-/nedskrivn. Varige driftsmidler Immaterielle eiend.
27492000.00

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note
6

Antall årsverk i regnskapsåret
129.00

Note

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	16755000.00	15513000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	2492000.00	2637000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	1185000.00	1063000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	970000.00	418000.00

Note

Ekstraordinære inntekter og kostnader

Sum Beløp

Note
11

Varige driftsmidler og immaterielle eiendeler

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<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	16381000.00	
<u>Avgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>



-2770000.00

Anskaffelseskost 31.12. Varige driftsmidler Immaterielle eiend.
1050091000.00

Samlede av-/nedskrivn. Varige driftsmidler Immaterielle eiend.
-805664000.00

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.
244427000.00

Årets av-/nedskrivn. Varige driftsmidler Immaterielle eiend.
27492000.00

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

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Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

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Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Island Drilling Company AS



Island Drilling Company AS
Annual Report 2024

- Board of Directors' report
- Statement of comprehensive income
- Statement of financial position
- Statement of cash flow
- Statement of changes in equity
- Notes to the financial statements
- Auditor's report



Island Drilling Company AS



The Board of Director's annual report 2024

1. The nature of the business

Island Drilling Company AS ("IDC" or "the Company") is the owner and operator of the semi-submersible drilling rig, Island Innovator ("the Rig").

The Company's registered office is in Ulsteinvik, Norway.

In 2018, two subsidiaries were established, Island Drilling Management AS and Island Drilling Crewing AS, both 100% owned by IDC. A management agreement is in place between Island Drilling Management AS and IDC for the hiring of onshore personnel, and between Island Drilling Crewing AS and IDC in relation to hiring of offshore personnel. In 2022, Island Drilling LTD was established to complement the crewing agreement between IDC and Island Drilling Crewin AS.

As a consequence of the establishing of the three daughter companies, IDC is a group of companies (the "IDC Group" or "the Group").

2. Going concern – operational update

The Rig, owned by IDC, operates in the global offshore drilling market, which suffered a significant downturn from 2015 due to the low oil price, reduced investments and activity and high market volatility caused by COVID-19.

2024 was a year of high activity. The Island Innovator was on contracts in a total of three locations with three different clients.

The oil drilling market stabilized from 2023 to 2024, as global demand for oil and gas also stabilized. Island Drilling Company continued to experience a high number of tenders to bid for globally.

On 28 March 2025, Island Drilling Company AS announced that it has been awarded a significant contract with Equinor for Permanent Plug & Abandonment ("PP&A") work on the Norwegian Continental Shelf ("NCS"). The contract will commence at latest in the first quarter of 2026.

The firm contract period is for three years, plus five one-year options. The contract value for the firm period is estimated to 330 MUSD which includes mobilization, integrated services and modifications.

The contract is expected to have positive implications for both the Group and the region, including the employment of an additional 10-15 individuals onshore in Bergen and Stavanger, and 80 to 100 new employees offshore. The inclusion of the Island



Island Drilling Company AS



ISLAND DRILLING

Innovator in the fleet of drilling rigs on the Norwegian Continental Shelf will also drive substantial procurement of goods and services from Norwegian suppliers.

On 26 May 2025, the Company entered into a new facility agreement comprising a continuation of the existing USD 74 million term loan and a new USD 41 million revolving credit facility to fund working capital needs until the commencement of the Equinor contract.

The annual accounts are prepared on the assumption of a going concern and long-term nature and significant value of the contract strengthen the Company's operational outlook and financial foundation, supporting the Board's assessment that the Island Drilling Group with continued support from its owners has the resources, organization, competence, assets, and customer base to continue being a going concern.

3. Working environment and personnel

The IDC Group had 128 employees as of 31 December 2024, one employee in IDC, 20 employees in Island Drilling Management AS, 69 employees in Island Drilling Crewing AS and 38 in Island Drilling LTD. In addition, there were also external consultants in Island Drilling Management and hired personnel in Island Drilling Crewing and Island Drilling Ltd..

IDC has made continuous endeavors to improve the working environment onboard the Island Innovator and has also contributed to improving general welfare of the offshore crew.

The mindset of continuous improvement of the working environment is incorporated in Island Drilling Group's company management system.

4. Social Responsibility

The IDC Group ensures that it has high ethical standards when carrying out the Company's business activities, whether this is towards customers, suppliers, employees, authorities, capital markets, owners or society in general.

The IDC Group follows the International Labor Organization's ("ILO") convention for working and living conditions of seafarers which ensures that all employees have comprehensive rights and protection at work. The Company's drilling rig is certified in accordance with the working and living conditions in the Maritime Labor Convention ("MLC"). For office staff, the working conditions are in accordance with the Norwegian Working Environment Act.

The IDC Group mandates that all employees, agents, and representatives adhere to applicable laws regarding gifts and other benefits, and such matters must be reported to their immediate superior. The Company further requires that all its' activities meet all applicable ethical standards. The company respects the traditions and cultures in the countries in which the drilling rig operates and pledges to comply with the laws in the areas where the business activities are carried out.



Island Drilling Company AS



For more information with regards to company policies in accordance with the transparency act, we will present a report as an <https://islanddrilling.no/qhse/>.

5. Equal opportunities

The Company aims to be a workplace where everyone has equal opportunities irrespective of gender, ethnicity or religious orientation.

IDC has also conducted a comprehensive survey of average salary based on the different positions in our Crewing Company, for further information, we refer to Island Drilling Crewing Annual report 2024.

The Board of Directors consist of two members, both men.

6. Environmental reporting

The IDC Group's business as of 31 December 2024 is not regulated by license or subject to public orders. The activities do not pollute the external environment over and above what customary for operations of this kind.

The Group has guidelines, principles, policies and standards for how to integrate considerations relating to human rights, labor rights, social issues, the environment and anti-corruption in its business strategies, and in day-to-day operations, as well as in relation to stakeholders.

For more information with regards to company policies, code of conduct, HSES policy and values, please see our website <https://islanddrilling.no/qhse/>.

7. Future developments

The IDC Group is well established in the drilling market and is continuing the operation of the Island Innovator. The main focus is still operation on the NCS.

8. Market update

The oil drilling market continued to recover from the pandemic-induced downturn, as global demand for oil and gas increased in 2024. During 2024, Island Drilling Company experienced a high number of tenders to bid for.

On 28 March 2025, Island Drilling Company AS announced that it has been awarded a significant contract with Equinor for Permanent Plug & Abandonment (PP&A) work on the Norwegian Continental Shelf. The contract will commence in the first quarter of 2026.

The firm contract period is for three years, plus five one-year options. The contract value for the firm period is estimated at USD 330 million which includes mobilization, integrated services and modifications.



Island Drilling Company AS



ISLAND DRILLING

The contract is expected to have positive implications for both the Group and the region, including the employment of an additional 10-15 individuals onshore in Bergen and Stavanger with marine, drilling, and technical backgrounds, and 80 to 100 new employees offshore. The inclusion of the Island Innovator in the fleet of drilling rigs on the Norwegian Continental Shelf will also drive substantial procurement of goods and services from Norwegian suppliers.

9. Performance

The Board of Directors is of the opinion that the annual accounts give a true and fair picture of IDC Group's assets and liabilities, financial position and results. For sake of good order, and in compliance with NGAAP, board liability insurance is taken out.

The Company had a total revenue of 48.6 MUSD in 2024 (2023: 63.1 MUSD). Depreciation amounted to 27.5 MUSD in 2024 (2023: 24.0 MUSD). The operating loss was 41.5 MUSD in 2024 (2023: profit 90.1 MUSD).

The IDC Group had a total revenue of 48.3 MUSD in 2024 (2023: 69.9 MUSD). The Group operating loss was 41.6 MUSD in 2024 (2023: profit 92.1 MUSD).

The cash flow from operational activities in the Company was -31.9 MUSD in 2024 (2023: 11.3 MUSD). The net cash flow from investments in 2024 was -13.6 MUSD (2023: 6.2 MUSD). Cash and cash equivalents at year end was 1.5 MUSD (2023: 0.6 MUSD).

The cash flow from operational activities in the Group was -32.1 MUSD in 2024 (2023: 11.2 MUSD). The net cash flow from investments in 2024 was -13.6 MUSD (2023: -6.2 MUSD). Cash and cash equivalents at year end was 2.3 MUSD (2023: 1.7 MUSD).

10. Financial risk

10.1 Market risk

The Group is generally exposed to market risk. As IDC has secured a long-term contract with Equinor, the risk is considered low.

10.2 Currency risk

The Company is to some extent exposed to changes in the foreign exchange markets. The drilling contracts for Island Innovator are in USD and all long-term debt in IDC is in USD. However, all operating expenses are payable in NOK (payroll).

The IDC Group's term loan facility and revolving facility has a floating interest rate and thus the Group is exposed to changes in the interest rate level.



Island Drilling Company AS



10.3 Credit risk

The IDC Group is to a certain extent exposed to credit risk. However, currently the Group's charterer is an oil major. Consequently, the credit risk is considered low/ acceptable.

10.4 Liquidity risk

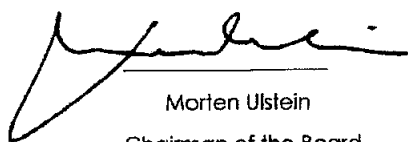
At year-end 2024, the Group reported negative working capital. The main driver is increase in liabilities through borrowings and accounts payables following the termination of the Trident contract.

From 2018 and throughout 2024, the major owners and guarantors have made cash contributions by way of equity and liquidity loans in a total amount of close to 238.3 MUSD.

The IDC Group has a negative equity. The liquidity risk is still an issue but is under control given the continued support from the Group's major owners, its lenders and the new long-term Equinor contract.

10.5 Board Insurance

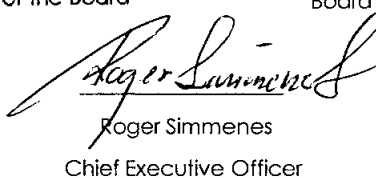
The Group has implemented a board insurance as an essential component of its risk management strategy.



Morten Ulstein
Chairman of the Board



Trond Mohn
Board Member



Roger Simmenes
Chief Executive Officer



Island Drilling Company AS



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10.4 Liquidity risk

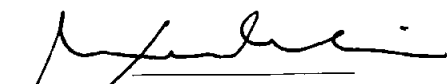
At year-end 2024, the Group reported negative working capital. The main driver is increase in liabilities through borrowings and accounts payables following the termination of the Trident contract.

From 2018 and throughout 2024, the major owners and guarantors have made cash contributions by way of equity and liquidity loans in a total amount of close to 238.3 MUSD.

The IDC Group has a negative equity. The liquidity risk is still an issue but is under control given the continued support from the Group's major owners, its lenders and the new long-term Equinor contract.

10.5 Board Insurance

The Group has implemented a board insurance as an essential component of its risk management strategy.


Morten Ulstein
Chairman of the Board
Trond Mohn
Board Member

Roger Simmenes
Chief Executive Officer



Island Drilling Company AS					
Statement of comprehensive income					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
2023	2024	Note	2023	2024	
Revenue					
50 411	48 557		57 226	48 287	
12 654	0	5	12 654	0	
63 065	48 557		69 880	48 287	
Operating expenses					
26 726	27 333	6	28 479	24 876	
24 019	27 492	11, 21	24 019	27 492	
41 397	35 185	6, 7	44 427	37 486	
-119 173	-	11	-119 173	-	
-27 031	90 010		-22 248	89 854	
90 097	-41 453		92 128	-41 567	
Finance income and expenses					
3 135	2 146	7, 16	1 315	99	
7 678	8 298	7	7 753	8 498	
-4 543	-6 152		-6 438	-8 398	
85 553	-47 605		85 691	-49 965	
-	-	10	-	-	
85 553	-47 605		85 691	-49 965	
Other comprehensive income					
-	0		-172	-296	
85 553	-47 605		85 519	-50 260	
Earnings per share (USD)					
0,98	-0,54	17	0,98	-0,57	
0,98	-0,54	17	0,98	-0,57	



ISLAND DRILLING



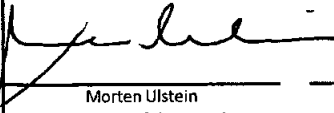
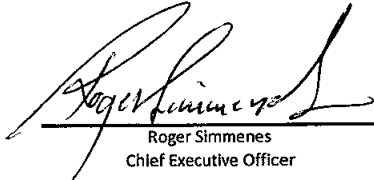
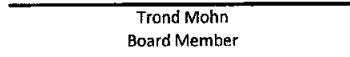
Island Drilling Company AS					
Statement of Financial Position 31.12					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
31.12.2023	31.12.2024	Note	31.12.2023	31.12.2024	
NON-CURRENT ASSETS					
<i>Intangible assets</i>					
-	-	10	-	-	Deferred tax asset
-	-	20	1 603	1 603	Goodwill
-	-		1 603	1 603	Total intangible assets
<i>Property, plant and equipment</i>					
258 313	244 427	11	258 313	244 427	Rig
382	229	21	382	229	Land and buildings (right-of-use assets)
258 695	244 657		258 695	244 657	Total tangible assets
<i>Financial assets</i>					
1 607	1 607	19	-	-	Investments in subsidiaries
1 607	1 607		-	-	Total financial assets
260 301	246 263		260 298	246 260	Total non-current assets
CURRENT ASSETS					
<i>Receivables</i>					
19 769	25 073	8, 18	20 898	25 777	Account receivables
-	-		-	-	Contract assets (accrued revenue)
1 786	4 756	8, 18	1 713	4 957	Other short term receivables
21 555	29 829		22 612	30 734	Total receivables
609	1 456	13, 18	1 689	2 338	Cash and cash equivalents
22 164	31 285		24 301	33 072	Total current assets
282 465	277 549		284 599	279 331	TOTAL ASSETS




ISLAND DRILLING

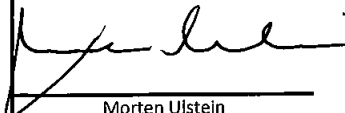
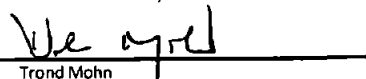
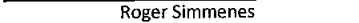



Island Drilling Company AS				
Statement of Financial Position 31.12				
01.01-31.12				
USD thousands				
Island Drilling Company AS			Island Drilling Company Group	
31.12.2023	31.12.2024	Note	31.12.2023	31.12.2024
EQUITY				
<i>Paid in equity</i>				
9 580	9 580	Share capital	9 580	9 580
-	-	Capital increase not registered	-	-
31 705	31 705	Share premium	31 705	31 705
<u>41 285</u>	<u>41 285</u>	Total paid in equity	<u>41 285</u>	<u>41 285</u>
<i>Other equity</i>				
-55 440	-103 045	Other equity	-51 122	-101 383
<u>-55 440</u>	<u>-103 045</u>	Total other equity	<u>-51 122</u>	<u>-101 383</u>
-	-	Minority Interests	-	-
<u>-14 155</u>	<u>-61 760</u>	Total equity	<u>-9 837</u>	<u>-60 098</u>
LIABILITIES				
<i>Non-current liabilities</i>				
-	-	Loan to financial institutions	-	-
182 751	240 467	Other non-current loans	182 751	240 467
<u>182 751</u>	<u>240 467</u>	Total non-current liabilities	<u>182 751</u>	<u>240 467</u>
<i>Current liabilities</i>				
76 604	74 104	Borrowings	76 604	74 104
32 037	21 335	Account payables	26 601	19 354
5 228	3 402	Other short term liabilities	8 480	5 504
<u>113 869</u>	<u>98 841</u>	Total current liabilities	<u>111 685</u>	<u>98 962</u>
<u>296 620</u>	<u>339 308</u>	Total liabilities	<u>294 436</u>	<u>339 430</u>
<u>282 465</u>	<u>277 549</u>	TOTAL EQUITY AND LIABILITIES	<u>284 599</u>	<u>279 332</u>

 Morten Ulstein Chairman of the Board	Ulsteinvik, 27 June 2025	 Roger Simmenes Chief Executive Officer
 Trond Mohn Board Member		


ISLAND DRILLING



Island Drilling Company AS					
Statement of Financial Position 31.12					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
31.12.2023	31.12.2024	Note	31.12.2023	31.12.2024	
EQUITY					
<i>Paid in equity</i>					
9 580	9 580	14	9 580	9 580	Share capital
-	-		-	-	Capital increase not registered
31 705	31 705		31 705	31 705	Share premium
41 285	41 285		41 285	41 285	Total paid in equity
<i>Other equity</i>					
-55 440	-103 045		-51 122	-101 383	Other equity
-55 440	-103 045		-51 122	-101 383	Total other equity
-	-		-	-	Minority interests
-14 155	-61 760		-9 837	-60 098	Total equity
LIABILITIES					
<i>Non-current liabilities</i>					
-	-		-	-	Loan to financial institutions
182 751	240 467	12, 18	182 751	240 467	Other non-current loans
182 751	240 467		182 751	240 467	Total non-current liabilities
<i>Current liabilities</i>					
76 604	74 104	12, 18	76 604	74 104	Borrowings
32 037	21 335	18	26 601	19 354	Account payables
5 228	3 402	9, 12, 18	8 480	5 504	Other short term liabilities
113 869	98 841		111 685	98 962	Total current liabilities
296 620	339 308		294 436	339 430	Total liabilities
282 465	277 549		284 599	279 332	TOTAL EQUITY AND LIABILITIES
Ulsteinvik, 27 June 2025					
					
Morten Ulstein Chairman of the Board		Trond Mohn Board Member		Roger Simmenes Chief Executive Officer	
 ISLAND DRILLING					



Island Drilling Company AS					
Statement of cash flow					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
2023	2024	Note	2023	2024	
Cash flow from operating activities					
85 553	-47 605		85 691	-49 965	Profit (-loss) before tax
-	-		-	-	Taxes paid in the period
-	-		-	-	Unrealized agio on long term loans
-	-		-	-	Amortization of loan costs
-95 154	27 492		-95 154	27 492	Depreciation and impairment
6 437	-16 006		10 730	-12 126	Changes in inventory, trade receivables and payables
14 455	4 177		9 916	2 456	Change in other short term receivables and other provisions
11 291	-31 941		11 185	-32 140	Cash used in operations before interest
-5 329	-8 997		-5 329	-8 997	Interest paid
5 962	-40 938		5 856	-41 137	Net cash flows used in operating activities
Cash flows from investing activities					
-6 171	-13 607		-6 171	-13 607	Cash payments related to rig
-6 171	-13 607		-6 171	-13 607	Net cash flows used in investing activities
Cash flows from financing activities					
-	-		-	-	Proceeds from capital increase
-	57 892		-	57 892	Payments from new borrowings - including convertible loan
-	-2 500		-	-2 500	Repayment of long term loans
-	55 392		-	55 392	Net cash flow from financing activities
-209	847		-315	648	Net change in cash and cash equivalents
818	609		2 005	1 690	Cash and cash equivalents at beginning of year
-	-		-	-	Cash and cash equivalents acquisition
609	1 456		1 690	2 338	Cash and cash equivalents at end of year



ISLAND DRILLING



Island Drilling Company AS					
Statement of changes in equity					
Island Drilling Company AS					
USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2023	9 580	31 705	-0	-140 990	-99 710
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-	-	-	-	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	-	-	-	-	-
Conversion of loan	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	-	-
Profit (-loss) for the year	-	-	-	85 553	85 553
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	85 553	85 553
Balance 31 December 2023	9 580	31 705	-0	-55 436	-14 155
USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2024	9 580	31 705	-0	-55 436	-14 155
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-	-	-	-	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	-	-
Profit (-loss) for the year	-	-	-	-47 605	-47 605
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-47 605	-47 605
Balance 31 December 2024	9 580	31 705	-0	-103 041	-61 760
Island Drilling Company Group					
USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2023	9 580	31 705	-0	-136 645	-95 355
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-	-	-	-	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	-	-	-	-	-
Conversion of loan	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	-	-
Profit (-loss) for the year	-	-	-	85 691	85 691
Other comprehensive income for the year	-	-	-	-172	-172
Total comprehensive income for the year	-	-	-	85 519	85 519
Balance 31 December 2023	9 580	31 705	-0	-51 126	-9 837
USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2024	9 580	31 705	-0	-51 126	-9 837
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-	-	-	-	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	-	-	-	-	-
Conversion of loan	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	-	-
Profit (-loss) for the year	-	-	-	-49 965	-49 965
Other comprehensive income for the year	-	-	-	-296	-296
Total comprehensive income for the year	-	-	-	-50 260	-50 260
Balance 31 December 2024	9 580	31 705	-0	-101 386	-60 098





Island Drilling Company AS

Notes

Island Drilling Company AS – Notes to the financial statements

Note 1 - General Information

The Group Island Drilling Company AS ("the Group") is a limited liability company incorporated and domiciled in Norway. The Group's headquarters is at Stålhaugen 9, 6065 Ulsteinvik. The Group was established 11th of September 2018, and the group financial statements is from this date.

These separate financial statements were approved by the Board of Directors on 26 June 2025.

The Group's operations are described in note 5.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

The separate financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the EU as per 31 December 2024, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as per 31 December 2024.

The measurement basis used is historical cost, with the exception of financial derivatives at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4.

1.1.1 Changes in accounting policy and disclosures

(a) Adoption of new and revised standards

The following new standards and amendments became effective as at January 1, 2024:

- Disclosure of additional information about supplier finance arrangements - Amendments to IAS 7
- Disclosure of additional information about the liquidity risk related to supplier finance arrangements - Amendments to IFRS 7
- Disclosure about deferred tax assets and liabilities related to Pillar Two income taxes - amendments of IAS 12
- Disclosure about variable lease payments that arise in a sale and lease-back transaction - Amendments to IFRS 16

The amendments to IAS 7, IFRS 7 and IFRS 16 do not impact the Group for 2024.

There are no new standards that have been applied in 2024 with significant effect on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements is effective for reporting periods beginning on or after 1 January 2027. The Group is currently working to identify all impacts the new requirements for presentation will have on the primary financial statements and notes to the financial statements.



Island Drilling Company AS

Notes

(b) New and amended IFRS and IFRICs with future effective dates

Standards and interpretations that are issued up to the date of issuance of the separate financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the separate financial statements are issued.

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

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). USD is both the functional currency and the presentation currency for the Group and the Parent Company. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate at the date of the transaction for profit and loss items. Yearly average exchange rates are used as an approximation of the transaction exchange rate. Translation differences are recognized in other comprehensive income ("OCI"). The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment.

Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

1.3 Rig

The Group has one rig and the rig was ready for its intended use on 25 September 2013 when it commenced operations. The rig is stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition.

The cost of the Rig includes its original purchase price and all costs necessary to bring the Rig to working condition for its intended use. Subsequent expenditure on repair and maintenance is recognised as an expense in the income statement, while expenses that are expected to generate future economic benefits are capitalised.

If an item of the Rig has different parts with different useful lives, the parts are depreciated separately if the cost is significant in relation to the total cost of the Rig. The cost of the Rig is depreciated to the residual value over the asset's useful life. Useful life for the components of the rig is estimated and presented in the notes. Depreciation is calculated on a straight-line basis.

The depreciation period and method are assessed annually. The same applies to residual value. When the carrying amount of the Rig exceeds the estimated recoverable amount, the value is written down to the recoverable amount.

1.4 Impairment of non-financial assets



ISLAND DRILLING



Island Drilling Company AS

Notes

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.5 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



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Financial asset

The Group's financial assets are: derivatives, non-listed equity instruments, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classified its financial assets in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit and loss

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables and other short-term deposits. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial assets at fair value through OCI

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held where the business model objective of both holding to collect contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32

Financial Instruments:

Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other finance income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such



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gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The category includes foreign exchange contracts and interest rate swaps not designated as hedging instruments.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Group has transferred substantially all the risks and rewards of the asset, or
 - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.



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Cash flow hedges

The Group uses only derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The forward premium of currency contracts is excluded from the hedging relationship and is accounted for as cost of hedging.

Financial derivatives that are not recognized as hedging instruments are assessed at their fair value through profit and loss. Changes in the fair value are recognized in the income statement as they arise. The Group uses forward currency contracts to reduce currency exposure, but do not use hedge accounting associated with the currency instruments.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



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A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.6 Cash and cash equivalents

In the statement of cash flows and balance sheet, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1.7 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The convertible working capital facility which contain both a liability and equity element are divided into two components when issued, and these are recognised separately as a liability or equity.

1.8 Accounts receivable

Accounts receivables are recognised at fair value less impairment losses. Nominal value does not normally fluctuate significantly from amortised cost.

1.9 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



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1.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.13 Defined contribution plan

Pension premiums relating to the Company's defined contribution plan are recognised as an expense as it is incurred.

1.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

1.15 Revenue from contract with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The products are mainly sold in relation to separately identifiable contracts with customers.

The Group's revenues are derived from day-rate based drilling contracts. Revenue is recognized over time when the drilling is performed and at the rates specified in the contracts.



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In connection with drilling contracts, the Company may receive lump sum fees for the mobilization of equipment and personnel or for capital additions and upgrades prior to commencement of drilling services. These up-front fees are recognized over the contract term.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

1.16 Mobilization and demobilization expenses

Mobilization costs incurred as part of a drilling contract are capitalized and expensed over the contract term.

1.17 Capitalized periodical maintenance

Costs related to periodic overhauls of drilling units are capitalized under drilling units and amortized over the anticipated period between overhauls, which is generally 5 years. Related costs are primarily yard costs and the cost of employees directly involved in the work. Amortization costs for periodic overhauls are included in depreciation and amortization expense. Costs for other repair and maintenance activities are included in other operating expenses and are expensed as incurred.

1.18 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of arm's length.

1.19 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.20 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

1.21 Cash flow statement

The statement of cash flows has been prepared using the indirect method.



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1.22 Events after balance sheet date

The amounts recognised in the financial statements are adjusted to reflect new information received after the balance sheet date that provide evidence of conditions that existed at the balance sheet date ("adjusting events"). The amounts recognised in the financial statements are not adjusted to reflect new information that are indicative of conditions that arose after the reporting period ("non-adjusting events"), but non-adjusting events are disclosed if material.

1.23 Basis of consolidation

The consolidated financial statements comprise of the financial statements of Island Drilling Company AS and its subsidiaries as at 31st December each year. Any deviating accounting principles are adjusted for in this consolidation.

The Group accounts state the total profit & loss and financial position of Island Drilling Company AS and its controlling interests as a whole. The consolidated accounts include companies in which Island Drilling Company AS has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control, according to IFRS 10. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The purchase price is allocated to identifiable assets and liabilities from the subsidiary and is recognized at fair value in the consolidated accounts at the acquisition date. Any excess cost of acquisition over the fair value of the net identifiable assets of the subsidiary or joint venture acquired calculated at the date of handover, will be recognized as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, a day-one-gain will be recognized as income.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the consolidation, the profit and loss accounts of foreign subsidiaries, not using USD as functional currency, are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified as financial items, while adjustments arising from translation from functional to presentation currency are booked in equity.

The non-controlling interest in equity as well as net income is reported separately in the consolidated financial statements.



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1.24 - Leasing

IFRS 16 Lease replaces the previous IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties in a lease, i.e. the customer (lessee) and provider (lessor). The standard requires that the lessee recognizes the assets and liabilities of most leases. For the lessor IFRS 16 continues essentially all existing principles in IAS 17. In line with this, should a lessor continue to classify their leases as operating leases or finance leases, and accounting for these two types of leases differ. IFRS 16 is effective for financial years starting 1 January 2019 or later. The Group adopted IFRS 16 from 1 January 2019 using the modified retrospective method.

Note 3 - Financial risk management

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD/NOK. Foreign exchange risk arises from accounts payables, cash and cash equivalents and future commercial transactions.

Management seeks to minimize the effects of foreign exchange risk by balancing cash deposits held in different currencies and to some extent by using derivative financial instruments.

A change in the USD/NOK currency rate would not have any significant impact on the Company's financial statements as of 31.12.2024.

(ii) Cash flow interest rate risk

A change in variable interest rates will have impact on the profit and loss of the Group. An estimated increase in SOFR interest rate of 1% in 2024 would increase the total interest cost by approximately 11 % in 2024.

(b) Credit risk

The Group's credit risk exposure is limited to bank deposits and account receivables. All bank deposits are held with DNB Bank ASA and the bank has credit rating A. The account receivables are towards large and sound customer with limited risk of loss.

(c) Liquidity risk

The Group's management is responsible for continuous monitoring and reporting of the group's liquidity position. The group's liquidity risk is mainly related to losses on expected revenues. See further information in note 22 and the Board of Director's annual report.



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3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the equity ratio, working capital and liquidity, since the debt among other covenants requires positive working capital and free liquidity cash, please see more details in note 12. The equity ratios at 31 December 2023 and 2024 were as follows:

USD thousands	Parent Company		Group	
	2023	2024	2023	2024
Total assets	282 465	279 423	284 599	281 206
Total equity	-14 155	-61 760	-9 837	-60 098
Equity ratio	-5%	-22%	-3,5%	-21%

3.3 Fair value estimation

The Group has entered into currency swap agreements with DNB Markets as counterparty. These are measured at fair value based on mid-rates as determined by DNB Markets based on available market rates at year end. See note 15 for more information.

Note 4 - Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment and reversal of previous impairment of rig

There has previous been made an accumulated impairment at 643,8 MUSD at year end 2022. Based on external broker estimates, supported by a value in use calculation, a reversal of impairment a reversal of impairment amounting to USD 119.2 million was recognized in 2023. See note 11 for further information.

(b) Deferred tax asset

The deferred tax asset has not been recognised in the balance sheet since the probability of future taxable profit in Norway is considered not to be probable.

(c) Provisions for claims

As of 31.12.24 there are no provisions for material claims.



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Island Drilling Company AS – Notes to the financial statements

Note 1 - General Information

The Group Island Drilling Company AS (“the Group”) is a limited liability company incorporated and domiciled in Norway. The Group’s headquarters is at Stålhaugen 9, 6065 Ulsteinvik. The Group was established 11th of September 2018, and the group financial statements is from this date.

These separate financial statements were approved by the Board of Directors on 26 June 2025.

The Group’s operations are described in note 5.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

The separate financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the EU as per 31 December 2024, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as per 31 December 2024.

The measurement basis used is historical cost, with the exception of financial derivatives at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4.

1.1.1 Changes in accounting policy and disclosures

(a) Adoption of new and revised standards

The following new standards and amendments became effective as at January 1, 2024:

- Disclosure of additional information about supplier finance arrangements - Amendments to IAS 7
- Disclosure of additional information about the liquidity risk related to supplier finance arrangements
- Amendments to IFRS 7
- Disclosure about deferred tax assets and liabilities related to Pillar Two income taxes - amendments of IAS 12
- Disclosure about variable lease payments that arise in a sale and lease-back transaction - Amendments to IFRS 16

The amendments to IAS 7, IFRS 7 and IFRS 16 do not impact the Group for 2024.

There are no new standards that have been applied in 2024 with significant effect on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements is effective for reporting periods beginning on or after 1 January 2027. The Group is currently working to identify all impacts the new requirements for presentation will have on the primary financial statements and notes to the financial statements.



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(b) New and amended IFRS and IFRICs with future effective dates

Standards and interpretations that are issued up to the date of issuance of the separate financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the separate financial statements are issued.

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

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). USD is both the functional currency and the presentation currency for the Group and the Parent Company. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate at the date of the transaction for profit and loss items. Yearly average exchange rates are used as an approximation of the transaction exchange rate. Translation differences are recognized in other comprehensive income ("OCI"). The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment.

Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

1.3 Rig

The Group has one rig and the rig was ready for its intended use on 25 September 2013 when it commenced operations. The rig is stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition.

The cost of the Rig includes its original purchase price and all costs necessary to bring the Rig to working condition for its intended use. Subsequent expenditure on repair and maintenance is recognised as an expense in the income statement, while expenses that are expected to generate future economic benefits are capitalised.

If an item of the Rig has different parts with different useful lives, the parts are depreciated separately if the cost is significant in relation to the total cost of the Rig. The cost of the Rig is depreciated to the residual value over the asset's useful life. Useful life for the components of the rig is estimated and presented in the notes. Depreciation is calculated on a straight-line basis.

The depreciation period and method are assessed annually. The same applies to residual value. When the carrying amount of the Rig exceeds the estimated recoverable amount, the value is written down to the recoverable amount.

1.4 Impairment of non-financial assets



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Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.5 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



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Financial asset

The Group's financial assets are: derivatives, non-listed equity instruments, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classified its financial assets in four categories:

- Financial assets at amortized cost
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- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit and loss

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Groups financial assets at amortized cost includes trade receivables and other short-term deposits. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial assets at fair value through OCI

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held where the business model objective of both holding to collect contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32

Financial Instruments:

Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other finance income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such



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gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The category includes foreign exchange contracts and interest rate swaps not designated as hedging instruments.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Group has transferred substantially all the risks and rewards of the asset, or
 - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.



Island Drilling Company AS

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Cash flow hedges

The Group uses only derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The forward premium of currency contracts is excluded from the hedging relationship and is accounted for as cost of hedging.

Financial derivatives that are not recognized as hedging instruments are assessed at their fair value through profit and loss. Changes in the fair value are recognized in the income statement as they arise. The Group uses forward currency contracts to reduce currency exposure, but do not use hedge accounting associated with the currency instruments.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



Island Drilling Company AS

Notes

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.6 Cash and cash equivalents

In the statement of cash flows and balance sheet, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1.7 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The convertible working capital facility which contain both a liability and equity element are divided into two components when issued, and these are recognised separately as a liability or equity.

1.8 Accounts receivable

Accounts receivables are recognised at fair value less impairment losses. Nominal value does not normally fluctuate significantly from amortised cost.

1.9 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



Island Drilling Company AS

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1.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.13 Defined contribution plan

Pension premiums relating to the Company's defined contribution plan are recognised as an expense as it is incurred.

1.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

1.15 Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The products are mainly sold in relation to separately identifiable contracts with customers.

The Group's revenues are derived from day-rate based drilling contracts. Revenue is recognised over time when the drilling is performed and at the rates specified in the contracts.



Island Drilling Company AS

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In connection with drilling contracts, the Company may receive lump sum fees for the mobilization of equipment and personnel or for capital additions and upgrades prior to commencement of drilling services. These up-front fees are recognized over the contract term.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

1.16 Mobilization and demobilization expenses

Mobilization costs incurred as part of a drilling contract are capitalized and expensed over the contract term.

1.17 Capitalized periodical maintenance

Costs related to periodic overhauls of drilling units are capitalized under drilling units and amortized over the anticipated period between overhauls, which is generally 5 years. Related costs are primarily yard costs and the cost of employees directly involved in the work. Amortization costs for periodic overhauls are included in depreciation and amortization expense. Costs for other repair and maintenance activities are included in other operating expenses and are expensed as incurred.

1.18 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of arm's length.

1.19 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.20 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

1.21 Cash flow statement

The statement of cash flows has been prepared using the indirect method.



Island Drilling Company AS

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1.22 Events after balance sheet date

The amounts recognised in the financial statements are adjusted to reflect new information received after the balance sheet date that provide evidence of conditions that existed at the balance sheet date ("adjusting events"). The amounts recognised in the financial statements are not adjusted to reflect new information that are indicative of conditions that arose after the reporting period ("non-adjusting events"), but non-adjusting events are disclosed if material.

1.23 Basis of consolidation

The consolidated financial statements comprise of the financial statements of Island Drilling Company AS and its subsidiaries as at 31st December each year. Any deviating accounting principles are adjusted for in this consolidation.

The Group accounts state the total profit & loss and financial position of Island Drilling Company AS and its controlling interests as a whole. The consolidated accounts include companies in which Island Drilling Company AS has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control, according to IFRS 10. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The purchase price is allocated to identifiable assets and liabilities from the subsidiary and is recognized at fair value in the consolidated accounts at the acquisition date. Any excess cost of acquisition over the fair value of the net identifiable assets of the subsidiary or joint venture acquired calculated at the date of handover, will be recognized as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, a day-one-gain will be recognized as income.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the consolidation, the profit and loss accounts of foreign subsidiaries, not using USD as functional currency, are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified as financial items, while adjustments arising from translation from functional to presentation currency are booked in equity.

The non-controlling interest in equity as well as net income is reported separately in the consolidated financial statements.



Island Drilling Company AS

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1.24 - Leasing

IFRS 16 Lease replaces the previous IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties in a lease, i.e. the customer (lessee) and provider (lessor). The standard requires that the lessee recognizes the assets and liabilities of most leases. For the lessor IFRS 16 continues essentially all existing principles in IAS 17. In line with this, should a lessor continue to classify their leases as operating leases or finance leases, and accounting for these two types of leases differ. IFRS 16 is effective for financial years starting 1 January 2019 or later. The Group adopted IFRS 16 from 1 January 2019 using the modified retrospective method.

Note 3 - Financial risk management

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD/NOK. Foreign exchange risk arises from accounts payables, cash and cash equivalents and future commercial transactions.

Management seeks to minimize the effects of foreign exchange risk by balancing cash deposits held in different currencies and to some extent by using derivative financial instruments.

A change in the USD/NOK currency rate would not have any significant impact on the Company's financial statements as of 31.12.2024.

(ii) Cash flow interest rate risk

A change in variable interest rates will have impact on the profit and loss of the Group. An estimated increase in SOFR interest rate of 1% in 2024 would increase the total interest cost by approximately 11 % in 2024.

(b) Credit risk

The Group's credit risk exposure is limited to bank deposits and account receivables. All bank deposits are held with DNB Bank ASA and the bank has credit rating A. The account receivables are towards large and sound customer with limited risk of loss.

(c) Liquidity risk

The Group's management is responsible for continuous monitoring and reporting of the group's liquidity position. The group's liquidity risk is mainly related to losses on expected revenues. See further information in note 22 and the Board of Director's annual report.



Island Drilling Company AS

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3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the equity ratio, working capital and liquidity, since the debt among other covenants requires positive working capital and free liquidity cash, please see more details in note 12. The equity ratios at 31 December 2023 and 2024 were as follows:

USD thousands	Parent Company		Group	
	2023	2024	2023	2024
Total assets	282 465	279 423	284 599	281 206
Total equity	-14 155	-61 760	-9 837	-60 098
Equity ratio	-5%	-22%	-3,5%	-21%

3.3 Fair value estimation

The Group has entered into currency swap agreements with DNB Markets as counterparty. These are measured at fair value based on mid-rates as determined by DNB Markets based on available market rates at year end. See note 15 for more information.

Note 4 - Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment and reversal of previous impairment of rig

There has previous been made an accumulated impairment at 643,8 MUSD at year end 2022. Based on external broker estimates, supported by a value in use calculation, a reversal of impairment a reversal of impairment amounting to USD 119.2 million was recognized in 2023. See note 11 for further information.

(b) Deferred tax asset

The deferred tax asset has not been recognised in the balance sheet since the probability of future taxable profit in Norway is considered not to be probable.

(c) Provisions for claims

As of 31.12.24 there are no provisions for material claims.



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Note 5 - Revenues / Segment information

The Group has one business segment, which is operation of the rig Island Innovator. The other entities in the group mainly rent personnel to the rig, and these transactions are eliminated. However, from 2020 Island Drilling Management AS has performed management services for an external customer. These services amount to approximately 1,8 MNOK in 2024 (76,4 MNOK in 2023). As the group's segment is only hire of the rig, segment information is not considered relevant since all activities are within the same segment. Other revenue relates to loss of hire insurance payments.

Disaggregation of revenue by primary geographical markets	2024
Norway	338
Mauritania	12 409
United Kingdom	750
Equatorial Guinea	13 091
Spain	21 699
Operating revenue	48 287

Note 6 - Employee benefits expense, number of employees, loans to employees and auditor's fee

Parent Company	2023	2024 Payroll costs	Group	2023	2024
	1 455	477 Salaries and wages		15 513	16 755
	288	94 Employer's national insurance contributions		2 637	2 492
	21	51 Pension expenses		1 063	1 185
	150	107 Other benefits		418	970
	24 811	26 604 Hired personnel		8 847	3 475
	26 726	27 333 Total personnel expenses		28 479	24 876
	1	1 No. of employees (annual average)	Contract with	341	129

Onshore personnel are employed by Island Drilling Management AS and offshore personnel are employed by Island Drilling Crewing AS. The companies in the group are legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Norwegian pension arrangements satisfy the requirements of this act.

Management and Board of Directors remuneration

Roger Simmenes was employed as CEO in March 2013. He has a termination agreement equivalent to nine months' salary.

Compensation CEO	2023	2024
Salary	458	475
Bonus	1 031	-
Other remuneration	22	23
Total compensation	1 512	498

Remuneration to the Board Of Directors	2023	2024
Total	47	1

The board of directors consist of Morten Ulstein and Trond Molin. No loans/securities have been granted to the CEO, chairman of the board or other related parties. The CEO and Board of Directors have no post employment agreements.



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Auditor fee

Parent Company	2023	2024 Auditor fee	Group 2023	2024
	33	45 Statutory Audit	52	68
	15	14 Tax advisory fee	15	14
	15	16 Other services	15	16
	<u>63</u>	<u>75 Total</u>	<u>82</u>	<u>98</u>

VAT is not included in the fee specified above. The company's chosen auditor is Ernst & Young AS.

Note 7 - Combined Items, Income statement

Parent Company	2023	2024 Other operating expenses	Group 2023	2024
	8 609	6 430 Hired services, subcontractors and stand-in employee	8 609	6 603
	11 192	4 525 Repair and maintenance	11 219	4 525
	2 369	2 402 Insurance, guarantee and service costs	2 369	2 402
	717	165 Office rent and warehouses	737	209
	938	3 038 Fees for financial and legal assistance	2 227	3 631
	1 149	1 176 Inspection	1 149	1 176
	269	276 Travel expenses	1 641	1 359
	16 154	17 172 Other operating and administrative expenses	16 476	17 581
	<u>41 397</u>	<u>35 185 Total other operating expenses</u>	<u>44 427</u>	<u>37 486</u>

Parent Company	2023	2024 Financial income/expenses	Group 2023	2024
	66	63 Interest income	78	86
	1 165	5 Currency gain	1 237	13
	1 904	2 078 Other finance income	0	0
	<u>3 135</u>	<u>2 146 Total finance income</u>	<u>1 315</u>	<u>99</u>
	2023	2024 Other financial items	2023	2024
	-7 392	-7 776 Interest expense	-7 405	-7 822
	-	- Guarantee commission shareholders	-	-
	-287	-502 Currency loss	-348	-656
	-	-20 Other financial expenses	2	-20
	<u>-7 678</u>	<u>-8 298 Total finance expense</u>	<u>-7 753</u>	<u>-8 498</u>



Island Drilling Company AS
Notes

Note 8 - Account receivables and other receivables

Parent Company		Group	
2023	2024	2023	2024
18 991	15 514	20 898	16 218
778	9 559	778	9 559
0	-	0	-
<u>19 769</u>	<u>25 073</u>	<u>21 677</u>	<u>25 777</u>
	Other current receivables		
1 787	4 565	1 713	4 766
0	191	-	191
<u>1 787</u>	<u>4 756</u>	<u>1 713</u>	<u>4 957</u>
	The fair value of trade receivables and other receivables are as follows:		
19 769	25 073	21 677	25 777
1 787	4 756	1 713	4 957
<u>21 556</u>	<u>29 829</u>	<u>23 390</u>	<u>30 734</u>
	Contract assets		
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As the account receivables are due in short term, the fair value is approximately equal to the carrying amount, and the future cash flows are not discounted. There were no contract liabilities as of 31.12.24.

The carrying amounts of the account receivables are denominated in the following currencies:

18 852	15 514	20 898	16 218
126			
12,26748335			
<u>18991</u>	<u>15 514</u>	<u>20 898</u>	<u>16 218</u>

The ageing of the account receivables, not impaired:

Parent Company		Group	
2023	2024	2023	2024
17 183	7 158	18 909	7 483
41	-	45	-
1 767	8 356	1 945	8 735
<u>18 991</u>	<u>15 514</u>	<u>20 898</u>	<u>16 218</u>

Note 9 - Other short term liabilities

Parent Company		Group	
2023	2024	2023	2024
733	65	3 236	1 511
1 928	-	1 928	-
53	55	489	659
-	-	-	-
-	-	64	28
-	-	-	-
2 515	3 283	2 763	3 307
<u>5 228</u>	<u>3 402</u>	<u>8 480</u>	<u>5 505</u>



Island Drilling Company AS
Notes

Note 10 - Tax

Parent Company	2024 Components of income tax expense		Group	
	2023	2024	2023	2024
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Explanation of why profit before tax differs from the amount that would arise using the 22 % tax rate (22 % for 2024, 22 % for 2023) :

Parent Company	2024		Group	
	2023	2024	2023	2024
85 553	-47 605	Profit/loss before income tax	85 691	-49 965
18 822	-10 473	22 % / 22 % of profit before income tax	18 852	-10 992
211	12 777	Permanent differences*	181	13 296
-19 033	-2 304	Not recognised change in deferred tax asset	-19 033	-2 304
-	-	Total income tax expense	-	-
0 %	0 %	Effective tax rate in %	0 %	0 %

*] Permanent differences mainly relates to currency translation effects since the tax return is prepared in NOK in addition to group contribution from subsidiary.

The deferred tax asset has not been recognised in the balance sheet, since the probability of future taxable profit is considered to not be likely.

Parent Company	Balance Sheet		Change in deferred tax during the	
	2023	2024	2023	2024
Deferred tax / (deferred tax asset)				
Fixed assets	22 492	19 196	22 313	-3 296
Borrowings	-	-	-	-
Financial instruments	-	-	-	-
Tax losses carried forward	-132 838	-127 238	-3 281	5 599
Deferred tax asset not recognised	110 345	108 041	-19 033	-2 304
Deferred tax / (deferred tax asset)	-	-	-	-

Group	Balance Sheet		Change in deferred tax during the period	
	2023	2024	2023	2024
Deferred tax / (deferred tax asset)				
Fixed assets	22 492	19 196	22 313	-3 296
Borrowings	-	-	-	-
Financial instruments	-	-	-	-
Tax losses carried forward	-132 838	-127 238	-3 280	5 600
Deferred tax asset not recognised	110 345	108 041	-19 033	-2 304
Deferred tax / (deferred tax asset)	-	-	-	0



ISLAND DRILLING



Island Drilling Company AS
Notes

Note 11 - Rig
Parent company and group

	Rig	Top Side Equipment	Subsea Equipment	Periodic maintenance	Project in progress	Total tangible assets
2024						
Acquisition cost at 01.01.23	771 182	155 906	53 829	52 794	2 770	1 036 480
Additions	3 643	-	-	12 738	-	16 381
Disposals	-	-	-	-	-2 770	-2 770
Additions capitalized finance cost						
Acquisition cost 31.12.24	774 824	155 906	53 829	65 532	0	1 050 091
Accumulated depreciation 31.12.24	-74 661	-115 914	-40 090	-50 341	0	-281 005
Accumulated impairment loss 31.12.24	-524 659	-	-	-	-	-524 659
Net carrying value at 31.12.24	175 505	39 992	13 739	15 191	0	244 427
Depreciation of the year	9 889	10 433	3 689	3 482	-	27 492
Reversal of impairment	-	-	-	-	-	-
2023						
Acquisition cost at 01.01.23	768 518	155 906	53 829	50 944	1 116	1 030 313
Additions	2 664	-	-	1 849	1 654	6 167
Disposals	-	-	-	-	-	-
Additions capitalized finance cost						
Acquisition cost 31.12.23	771 182	155 906	53 829	52 794	2 770	1 036 480
Accumulated depreciation 31.12.23	-64 772	-105 481	-36 400	-46 855	-	-253 509
Accumulated impairment loss 31.12.23	-524 659	-	-	-	-	-524 659
Net carrying value at 31.12.23	181 751	50 425	17 428	5 939	2 770	258 312
Depreciation of the year	5 477	10 432	3 689	4 421	-	24 019
Reversal of impairment	-119 173,21	-	-	-	-	-119 173
Useful lifetime	30 years	15-30 years	15-30 years	5 years		
Depreciation schedule	Straight line	Straight line	Straight line	Straight line		

All expenses which are related to construction of the rig are capitalized. Administration expenses are not capitalized.

All interest on borrowings and bonds has been capitalized. Interest income on bank deposits reduce capitalized finance cost. The rig has been depreciated for 12 months in 2023 and 2024. Useful life for the rig is assessed for each type of component of the rig, specified above. The depreciation schedule is straight line.

As of year end 2014 the accumulated impairment of the rig was at a total of MUSD 273.7 as a consequence of cost overruns related to completion and mobilisation of the rig as well as difficult market conditions. At year end 2015 there was made an additional impairment at MUSD 370.1 due to worsening market conditions for rigs.

In the last years, the market has witnessed a substantial upturn. Based on independent external broker estimates of the fair value of the rig, supported by value in use calculation, a reversal of impairment amounting to USD 119.2 million was recognized in 2023.

The determination of impairment indicators involves judgement. Both external and internal information sources are evaluated in these assessments. The evaluations include the estimated effects of climate change and the transition to renewable energy sources. As of 31 December 2024, no impairment indicators are identified which is supported by external broker estimates.

Sensitivity:

The company has prepared a sensitivity analysis of the value in use model by varying two central assumptions, the discount rate (WACC) and the long-term dayrate.

WACC	Change in value in use estimate (MUSD)	Percentage change in long-term dayrates	Change in value in use estimate (MUSD)
13 %	-26 200	-41 %	65 800
14 %	-12 500	-7 %	27 200
15 %	-	0 %	-
16 %	11 500	7 %	-27 300
17 %	22 300	14 %	-54 600



Island Drilling Company AS
Notes

Note 12 - Borrowings

Parent company and group

Borrowings	2023	2024
Non-current		
Bank/bond borrowings		
Convertible loan	2 064	2 064
Capital Investment Loan	111 499	169 391
Lease Liability	280	104
Liquidity loan	68 908	68 908

Current

Bank/bond borrowings incl accrued interests	76 604	74 104
Other short term liabilities	126	135

The carrying value of the bank/bond borrowings are specified below

	2023	2024
A		
Nominal value of borrowings from bank syndicate - Loan B	-	-
Nominal value of bond loan		
Term loan Facility Agreement (Refinanced Facility B)	76 604	74 104
Total	76 604	74 104

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2023	2024
USD	76 604	74 104

Current and previous owner's contribution as of 31.12.2024:

	Total
Rig Invest LLC	123 670
Borgstein AS	31 149
Meteva AS	77 009
Alden	6 471
Total	238 300

In connection with the refinancing of the Senior Facility Agreement in 2020, the owners have provided significant contributions through a so-called Waterfall and intercreditor agreement.

Rig Invest LLC and Meteva AS has provided a liquidity loan classified as current in the balance sheet amounting to 69,8 MUSD.

In 2020, Rig Invest LLC, Borgstein AS and Meteva AS have provided a capex loan in the aggregate amount of 10,6 MUSD. In addition, Rig Invest AS, Borgstein AS, Meteva and Alden has provided a subordinated WC loan of 10 MUSD.

Facility A in the Senior Facility Agreement was in December 2020 sold to Rig Invest AS, Borgstein AS, Meteva AS and Alden AS. After this transaction, the Company owes approximately 75 MUSD to the mentioned parties to an amount of 75 MUSD through a so-called Net Facility A Commitment.

The owners provided a 57,9 MUSD working capital loan to cover the loss of income and costs related to mobilization and the Special Periodic Survey (SPS) in 2024, ahead of the commencement of contract operations in the second half of the year.

Refinancing of Facility B:

Facility B was in December 2020 restructured into a new loan ("Term Loan Facility Agreement") where the Company applied all amounts borrowed to refinance Facility B. The Term Loan Facility Agreement amounted to USD 73 967 440. The interest terms for the Term Loan Facility Agreement are SOFR 3 months + 4,0% p.a. The loan is secured by a pledge in the rig. In addition, some of the owners have given guarantees for the loan.

A summary of the financial covenants of the Term Loan Facility Agreement is provided below:

- The working capital shall at all times be positive
- AMS shall at any time either have a minimum book equity MUSD 70 or a minimum free liquidity of MUSD 5. In addition, there are several general undertakings in the Term Loan Facility Agreement.

As of 31.12.2024 the Company was in breach with the working capital covenant and the loan is consequently classified as non-current per year-end 2024.

The contribution from the owners secured an amended and restated Facility Agreement with the lenders, extending the runway from May 2024 to May 2025. The new three-year contract with Equinor subsequently secured a new facility agreement comprising a continuation of the existing USD 74 million term loan and a new USD 41 million revolving credit facility to fund working capital needs until the commencement of the contract. The new Facility Agreement has maturity in November 2025 with quarterly interest payments and no amortization. The Company is preparing to refinance its capital structure in the second half of 2025, with potential sources including bond issuance, direct lending or bank financing backed by the current owners.

The table below shows the estimated nominal repayment profile including interest and guarantee provisions for the loans after the balance date (assuming 9% interests p.a.).

	2024	2025	Sub	Total
Term Loan Facility Agreement				
Repayment	2 500 000	74 103 972	-	76 603 972
Interest	6 894 357	6 669 357	-	13 563 715
Total Instalments	9 394 357	80 773 329	-	90 167 687

	2023	2024
Debt secured by pledges:	76 604	74 104

Pledged assets:

Rig	258 313	244 427
Sum	258 313	244 427



ISLAND DRILLING



Island Drilling Company AS
Notes

Note 13 - Cash and cash equivalents

Parent Company			Group		
	2023	2024		2023	2024
	609	1 456 Bank deposits	1 689	2 338	
	522	41 Restricted cash withholdings	1 292	859	

Note 14 - Share capital and shareholder information

The share capital of the company is registered in Norwegian Kroner (NOK). The share capital in the financial statement is calculated in USD. There is only one class of shares, and all shares have the same rights.

The share capital consists of:

	Shares	Nominal value NOK	Registered in NOK	Book value in USD
Shares/share capital 31.12.2024	87 373 852	9,12	87 373 852	9 579 941

The Company's equity is lost, it is referred to statement of changes in equity for closer details.

The largest shareholders as of 31.12.24

	Shares	Ownership	Voting rights
RIG INVEST L.L.C.	43 009 770	49,2 %	49,2 %
Borgstein AS	18 067 254	20,7 %	20,7 %
Meteva AS	26 296 828	30,1 %	30,1 %
Total	87 373 852	100 %	100 %

Shares owned by Members of the board and CEO

Morten Ulstein	See below
Gary J Chouest	See below
Trond Mohn	See below

Morten Ulstein owns shares indirectly through his indirect ownership in Borgstein AS. Trond Mohn owns shares indirectly through his ownership in Meteva AS. Gary J Chouest owns shares indirectly through his indirect ownership in Rig Invest LLC



ISLAND DRILLING



Island Drilling Company AS
Notes

Note 15 - Exchange rates

	Exchange rate 01.01.24	Average exchange rate 2024	Exchange rate 31.12.24
NOK/USD	10,1724	10,7433	11,3534
USD/GBP	1,2747	1,2783	1,2529

Note 16 - Related parties

The Group's related parties consist of main shareholders, members of the Board and management. All transactions were carried out as part of normal business and at arm's length prices.

The Company has hired management services from the company Borgstein AS. The Company pays a fixed monthly rate for management and construction supervision. In addition the Company pays for travel expenses and other out of pocket expenses. The following transactions were carried out with related parties:

Purchase of services:	2023	2024
Management from Borgstein AS	179	512
Sum	179	512

	2023		2024	
Guarantees given by previous shareholders	Guarantee amount	Guarantee commission accrued	Guarantee amount	Guarantee commission accrued
Alpha Marine Services LLC	7 754	0	7 754	0
Borgstein AS	2 532	0	2 532	0
Meteva AS	2 401	0	2 401	0
Alden AS	1 029	0	1 029	0
Sum	13 714	0	13 714	0

Parent Company

Year end balances arising from transactions with related parties:	2023	2024
Other short-term payables from related parties	-	62
Trade payables	6 611	2 908
Other short-term receivables from related parties	134	-

Group

Year end balances arising from transactions with related parties:	2023	2024
Other short-term payables from related parties	-	-
Trade payables	-	-
Other short-term receivables from related parties	-	-

Note 17 - Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares outstanding.

Parent Company	2023	2024 Earnings per share	Group 2023	2024
	85 553	Profit for the year attributable to -47 605 shareholders	85 691	-49 965
	87 373 852	Weighted average number of ordinary shares	87 373 852	87 373 852
	87 373 852	Weighted average number of shares for calculation of diluted earnings	87 373 852	87 373 852
	0,98	-0,54 Earnings per share (USD)	0,98	-0,57
	0,98	-0,54 Diluted earnings per share (USD)	0,98	-0,57



ISLAND DRILLING



Island Drilling Company AS
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Note 18 - Financial assets and liabilities by category

Parent company

This note gives an overview of the carrying and fair value of Island Drilling Company AS's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding financial risk.

The maturity of all current assets and liabilities are within 12 months, while borrowings are measured at amortised cost in accordance with IFRS 9.

Parent Company	2024 Financial assets:		Category:	Group	
	2023	2024		2023	2024
	19 769	25 073	1)	20 898	25 777
	609	1 456	1)	1 689	2 338
	<u>20 378</u>	<u>26 529</u>		<u>22 588</u>	<u>28 115</u>
		Financial liabilities:	Category:		
	37 265	24 737	3)	35 081	24 858
	259 355	314 571	3)	259 355	314 571
	0	0	2)	-	-
	<u>296 620</u>	<u>339 308</u>		<u>294 436</u>	<u>339 430</u>

1): Loans and receivables

2): Fair value through profit and loss

3): Other financial liabilities, amortised cost

* Statutory liabilities are excluded from accounts payables and other payables as this analysis is only required for financial instruments

Group

31.12.2024

	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	25 777	25 777	25 777
Other current receivables	-	-	-	4 957	4 957	4 957
Cash and cash equivalents	-	-	-	2 338	2 338	2 338
Total financial assets	-	-	-	33 072	33 072	33 072
Liabilities						
Borrowings including current	-	-	314 571	-	314 571	314 571
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	24 858	24 858	24 858
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	314 571	24 858	339 430	339 430
Total financial instruments	-	-	(314 571)	8 213	(306 358)	(306 358)



ISLAND DRILLING



Island Drilling Company AS
Notes

31.12.2023						
	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	20 898	20 898	20 898
Other current receivables	-	-	-	1 713	1 713	1 713
Cash and cash equivalents	-	-	-	1 689	1 689	1 689
Total financial assets	-	-	-	24 301	24 301	24 301
Liabilities						
Borrowings including current	-	-	259 355	-	259 355	259 355
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	35 081	35 081	35 081
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	259 355	35 081	294 436	294 436
Total financial instruments	-	-	(259 355)	(10 780)	(270 135)	(270 135)

*
Borrowings do not have quoted prices and fair value is estimated as nominal value.

Parent company						
31.12.2024	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	25 073	25 073	25 073
Other current receivables	-	-	-	4 756	4 756	4 756
Cash and cash equivalents	-	-	-	1 456	1 456	1 456
Total financial assets	-	-	-	31 285	31 285	31 285
Liabilities						
Borrowings including current	-	-	314 571	-	314 571	314 571
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	24 737	24 737	24 737
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	314 571	24 737	339 308	339 308
Total financial instruments	-	-	(314 571)	6 548	(308 023)	(308 023)

*
Borrowings do not have quoted prices and fair value is estimated as nominal value.



Island Drilling Company AS NOTES						
31.12.2023						
	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	19 769	19 769	19 769
Other current receivables	-	-	-	1 786	1 786	1 786
Cash and cash equivalents	-	-	-	609	609	609
Total financial assets	-	-	-	22 164	22 164	22 164
Liabilities						
Borrowings including current	-	-	259 355	-	259 355	259 355
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	37 265	37 265	37 265
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	259 355	37 265	296 620	296 620
Total financial instruments	-	-	(259 355)	(15 101)	-274 456	(274 456)

* Borrowings do not have quoted prices and fair value is estimated as nominal value.

Note 19 - Shares in subsidiaries Parent company

	Acquisition year	Office	Ownership share	Voting share	Book value
Island Drilling Management AS	2018	Ålesund	100%	100%	1 603
Island Drilling Crewing AS	2018	Ålesund	100%	100%	4

	Foundation year	Office	Ownership share	Voting share	Book value
Island Drilling LTD	2022	UK	100%	100%	0,1

Group

Subsidiaries that are included in the consolidated financial statements:

	Acquisition year	Office	Ownership share	Voting share
Island Drilling Management AS	2018	Ålesund	100%	100%
Island Drilling Crewing AS	2018	Ålesund	100%	100%

	Foundation year	Office	Ownership share	Voting share
Island Drilling LTD	2022	UK	100%	100%

Note 20 - Goodwill

Group

Cost Price	Goodwill
Opening balance 01.01.24	1 603
Additions from purchase of companies	-
Cost of acquisition 31.12.24	1 603
Accumulated impairment	
Opening balance 01.01.24	-
Impairment	-
Accumulated impairment 31.12.24	-
Net carrying amount 31.12.24	1 603
Amortization rate	None
Useful life	Indefinite
Depreciation method	None

Additions from purchase of companies in 2018 relate to the acquisition of Island Drilling Management AS. Purchase effect from 1 November 2018. The company provides management services, including hire of onshore personnel to parent company. In the Group's profit for 2018, Island Drilling Management AS was included from the acquisition date. Final PPA allocates all value to goodwill.

Goodwill is not depreciated but is subject to impairment testing in the fourth quarter each year. The acquisition was completed in fourth quarter in 2018 and no impairment was deemed necessary in 2018. There is no indication of loss of value of the subsidiary in 2024. Management has performed an impairment test of the goodwill per 31.12.24 and has concluded that there is no need for impairment. In addition, there is no impairment of the fixed assets for the group.



ISLAND DRILLING



Island Drilling Company AS
Notes

Note 21 - Leases

Specification of right-of-use asset 2024	Land and buildings	Total
Opening balance	840	840
New contracts	-	-
Exention and other adjustments of existing contracts	-	-
Termination of agreements	-	-
Foreign currency adjustments	-	-
Total acquisition cost as of 31.12	840	840
Accumulated depreciation and impairment losses as of 01.01	-459	-459
Depreciation in the year	-152	-152
Accumulated depreciation on terminated contracts	-	-
Total accumulated depreciation as of 31.12	-611	-611
Total carrying amount as of 31.12	229	229
Depreciation method	Linear	

Reconciliation of lease liability 2024	Land and buildings	Total
Opening balance	405	405
New contracts	-	-
Exention and other adjustments of existing contracts	-	-
Termination of agreements	-	-
Down payment leasing debt (cash movement)	-190	-190
Interest expense on leasing debt	24	24
Foreign currency adjustments	-	-
Closing balance 31.12	239	239
Of which non-current liabilities	104	104
Of which current liabilities	135	135

Specification of right-of-use asset 2023	Land and buildings	Total
Opening balance	840	840
New contracts	-	-
Exention and other adjustments of existing contracts	-	-
Termination of agreements	-	-
Foreign currency adjustments	-	-
Total acquisition cost as of 31.12	840	840
Accumulated depreciation and impairment losses as of 01.01	-306	-306
Depreciation in the year	-152	-152
Accumulated depreciation on terminated contracts	-	-
Total accumulated depreciation as of 31.12	-458	-458
Total carrying amount as of 31.12	382	382
Depreciation method	Linear	

Reconciliation of lease liability 2023	Land and buildings	Total
Opening balance	540	540
New contracts	-	-
Termination of agreements	-	-
Exention and other adjustments of existing contracts	-	-
Down payment leasing debt (cash movement)	-180	-180
Interest expense on leasing debt	46	46
Closing balance 31.12	405	405
Of which non-current liabilities	126	126
Of which current liabilities	280	280

The Company and Group implemented IFRS 16 with effect from January 1st 2019 using the modified retrospective method. However, the impact of the implementation was considered immaterial as the Group only had minor rental contracts for office premises for administrative personnel and no significant leasing agreement which exceeded one year. Subsequently, there was an adjustment to the office premises rental contract. Because of these adjustments, the Company and Group recognized per 31.12.20 a lease liability and a right-of-use asset amounting to approximately TUSD 840.



ISLAND DRILLING



Island Drilling Company AS
Notes

Note 22 - Contingent liabilities

Island Drilling Company (IDC) has initiated arbitration proceedings in London following the termination of a drilling contract by Trident in February 2024. IDC disputes the validity of the termination and is seeking to recover its financial losses.

The rig had been operating offshore Equatorial Guinea, where it completed initial drilling activities before being moved to port. IDC believes the termination was not carried out in accordance with the terms of the contract, and that the issues raised by Trident could have been resolved within the agreed notice period.

Trident has submitted a counterclaim, which IDC strongly contests. The matter will be resolved through arbitration in accordance with English law in June 2025. Based on legal advice and the facts of the case, IDC considers it more likely than not that the outcome will be in the Company's favour.

Note 23 - Going concern

The rig owned by IDC operates in the global offshore drilling market, which suffered a significant downturn from 2015 due to the low oil price, reduced investments and activity and high market volatility caused by COVID-19.

The oil drilling market stabilized from 2023 to 2024, as global demand for oil and gas also stabilized. Island Drilling Company continued to experience a high number of tenders to bid for globally.

On 28 March 2025, Island Drilling Company AS announced that it has been awarded a significant contract with Equinor for Permanent Plug & Abandonment ("PP&A") work on the Norwegian Continental Shelf ("NCS"). The contract will commence at latest in the first quarter of 2026. The firm contract period is for three years, plus five one-year options. The contract value for the firm period is estimated to USD 330 million which includes mobilization, integrated services and modifications.

The contract is expected to have positive implications for both the Group and the region, including the employment of an additional 10-15 individuals onshore in Bergen and Stavanger, and 80 to 100 new employees offshore. The inclusion of the Island innovator in the fleet of drilling rigs on the Norwegian Continental Shelf will also drive substantial procurement of goods and services from Norwegian suppliers.

On 26 May 2025, the Company entered into a new facility agreement comprising a continuation of the existing USD 74 million term loan and a new USD 41 million revolving credit facility to fund working capital needs until the commencement of the Equinor contract.

The annual accounts are prepared on the assumption of a going concern and long-term nature and significant value of the contract strengthen the Company's operational outlook and financial foundation, supporting the Board's assessment that the Island Drilling Group with continued support from its owners has the resources, organization, competence, assets, and customer base to continue being a going concern.

Note 24 - Subsequent events

On 28 March 2025, Island Drilling Company AS announced the award of a significant contract with Equinor for Permanent Plug & Abandonment ("PP&A") work on the Norwegian Continental Shelf ("NCS"). The contract will commence at latest in the first quarter of 2026. See also Note 23.

On 26 May 2025, the Company entered into a new facility agreement comprising a continuation of the existing USD 74 million term loan and a new USD 41 million revolving credit facility to fund working capital needs until the commencement of the Equinor contract.



ISLAND DRILLING



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the General Meeting in Island Drilling Company AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Island Drilling Company AS (the Company) which comprise:

- The financial statements of the Company, which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information, and
- The financial statements of the Group, which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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 and the Group 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)* (the 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

The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and



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- contains the information required by applicable statutory 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 IFRS Accounting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, 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 and the Group'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 and the Group'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 and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report - Island Drilling Company AS 2024

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Pennco Dokumentnr: XAKW4-OSILE-YKINIS-IML2Z-XY4MJ-RQ5T5



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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, 27 June 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Pennco Dokumentnr: XAKW4-OSIE-YKINS-IML2Z-XY4MJ-RQ5T5



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

Knutsen, Jørn

Statsautorisert revisor

På vegne av: Ernst & Young AS

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Skattedirektoratet

Vår dato
06.06.2019

Din/Deres dato
06.06.2019

Saksbehandler
Hennyng Skatte

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Tilfattede til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 6. mai 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- IOC Holding AS org.nr. 889 734 229
- Island Drilling Company AS org.nr. 816 3 75 651

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor 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 tilfatteden er gilt.

Bakgrunn

Fra søknaden gjengis:

Dette er norske private aksjeselskaper. IOC Holding AS er eid 61,7 % av et amerikansk selskap Leba Holding LLC, kontrollert av Gary Chouesl mvfamille. Island Drilling Company AS er majoritets eid av det amerikanske selskapet Rig Invest, L.L.C der Gary Chouesl mvfamille er eiere.

Selskapene er altså majoritets eid av en felles utlandet utenlandske aksjonær der andre vesentlige eiere er utenlandske selskaper. Borgstein AS er forretningsfører for selskapene. Selskapenes forretnings språk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorne er finansinstitusjoner med internasjonal virksomhet. Engelske regnskaper vil fullt ut dekke det informasjonsbehov som de vesentlige regnskapsbrukerne måtte ha. Selskapene må uansett utarbeide regnskap på engelsk, og vi mener det vil påføre en unødvendig byrde gjennom ekte kostnader og ikkebruk og også være nedt til å utarbeide det på norsk.

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."

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I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., 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 prisbestemmelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for metodskiltakere å ta ut spekulasjonsgevinster med basert skjult 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.

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonsassesskned. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eid av en felles utlendt utlendt aksjonær. Eierforholdet er begrenset, i tillegg opererer selskapet i en internasjonal bransje, og arbeidsprøvet er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
Seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.