



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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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:	30.06.2024

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 07.08.2025



Resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	50 411 000	47 961 000
Annen driftsinntekt	5	12 654 000	
Sum inntekter		63 065 000	47 961 000
Kostnader			
Lønnskostnad	6	26 726 000	22 146 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 21	24 019 000	24 976 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	-119 173 000	
Annen driftskostnad	6,7	41 397 000	26 461 000
Sum kostnader		-27 031 000	73 583 000
Driftsresultat		90 096 000	-25 622 000
Finansinntekter og finanskostnader			
Annen finansinntekt	7, 16	3 135 000	2 518 000
Sum finansinntekter		3 135 000	2 518 000
Annen finanskostnad	7	7 678 000	5 114 000
Sum finanskostnader		7 678 000	5 114 000
Netto finans		-4 543 000	-2 596 000
Ordinært resultat før skattekostnad		85 553 000	-28 218 000
Skattekostnad på ordinært resultat	10	0	0
Ordinært resultat etter skattekostnad		85 553 000	-28 218 000
Årsresultat		85 553 000	-28 218 000



Balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	0	0
Goodwill	20	0	0
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	21	382 000	535 000
Skip, rigger, fly og lignende	11	258 313 000	156 988 000
Sum varige driftsmidler		258 695 000	157 523 000
Finansielle anleggsmidler			
Investering i datterselskap	19	1 607 000	1 607 000
Sum finansielle anleggsmidler		1 607 000	1 607 000
Sum anleggsmidler		260 302 000	159 130 000
Omløpsmidler			
Varer			
Varer		0	967 000
Sum varer		0	967 000
Fordringer			
Kundefordringer	8,18	19 769 000	12 998 000
Andre fordringer	8, 18	1 786 000	8 770 000
Sum fordringer		21 555 000	21 768 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13, 18	609 000	818 000
Sum bankinnskudd, kontanter og lignende		609 000	818 000
Sum omløpsmidler		22 164 000	23 553 000
SUM EIENDELER		282 466 000	182 683 000



Balanse

Beløp i: USD	Note	2023	2022
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	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		-55 440 000	-140 993 000
Sum opptjent egenkapital		-55 440 000	-140 993 000
Sum egenkapital		-14 155 000	-99 708 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12, 18		76 604 000
Øvrig langsiktig gjeld	12, 18	182 751 000	182 877 000
Sum annen langsiktig gjeld		182 751 000	259 481 000
Sum langsiktig gjeld		182 751 000	259 481 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	12, 18	76 604 000	
Leverandørgjeld	18	32 037 000	19 796 000
Annen kortsiktig gjeld	9, 12, 18	5 228 000	3 114 000
Sum kortsiktig gjeld		113 869 000	22 910 000
Sum gjeld		296 620 000	282 391 000
SUM EGENKAPITAL OG GJELD		282 465 000	182 683 000



Konsernets resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	57 226 000	55 153 000
Annen driftsinntekt	5	12 654 000	
Sum inntekter		69 880 000	55 153 000
Kostnader			
Lønnskostnad	6	28 479 000	24 703 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 21	24 019 000	24 976 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	-119 173 000	
Annen driftskostnad	6, 7	44 427 000	29 039 000
Sum kostnader		-22 248 000	78 718 000
Driftsresultat		92 128 000	-23 565 000
Finansinntekter og finanskostnader			
Annen finansinntekt	7, 16	1 315 000	831 000
Sum finansinntekter		1 315 000	831 000
Annen finanskostnad	7	7 753 000	5 157 000
Sum finanskostnader		7 753 000	5 157 000
Netto finans		-6 438 000	-4 326 000
Ordinært resultat før skattekostnad		85 690 000	-27 891 000
Skattekostnad på ordinært resultat	10	0	0
Ordinært resultat etter skattekostnad		85 690 000	-27 891 000
Årsresultat		85 690 000	-27 891 000
Andre resultatkomponenter for IFRS-foretak		-172 000	-482 000
Sum resultatkomponenter for IFRS-foretak		-172 000	-482 000
Totalresultat		85 518 000	-28 373 000



Konsernets balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	0	0
Goodwill	20	1 603 000	1 603 000
Sum immaterielle eiendeler		1 603 000	1 603 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		382 000	535 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		258 313 000	156 988 000
Sum varige driftsmidler		258 695 000	157 523 000
Finansielle anleggsmidler			
Investering i datterselskap	19	0	0
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		260 298 000	159 126 000
Omløpsmidler			
Varer			
Varer		0	967 000
Sum varer		0	967 000
Fordringer			
Kundefordringer	8, 18	20 898 000	14 553 000
Andre fordringer	8, 18	1 713 000	3 902 000
Sum fordringer		22 611 000	18 455 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13, 18	1 689 000	2 005 000
Sum bankinnskudd, kontanter og lignende		1 689 000	2 005 000
Sum omløpsmidler		24 300 000	21 427 000
SUM EIENDELER		284 598 000	180 553 000



Konsernets balanse

Beløp i: USD	Note	2023	2022
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	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		-51 122 000	-136 640 000
Sum opptjent egenkapital		-51 122 000	-136 640 000
Sum egenkapital		-9 837 000	-95 355 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12, 18		76 604 000
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Sum annen langsiktig gjeld		182 751 000	259 481 000
Sum langsiktig gjeld		182 751 000	259 481 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	12, 18	76 604 000	
Leverandørgjeld	18	26 601 000	10 493 000
Annen kortsiktig gjeld	9, 12, 18	8 480 000	5 934 000
Sum kortsiktig gjeld		111 685 000	16 427 000
Sum gjeld		294 436 000	275 908 000
SUM EGENKAPITAL OG GJELD		284 599 000	180 553 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 695101

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap 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: 30.06.2024

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 2023: Årsregnskap er elektronisk innlevert.
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023.

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

Brønnøysundregistrene, 17.08.2024

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	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	50 411 000	47 961 000
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Netto finans		-4 543 000	-2 596 000
Ordinært resultat før skattekostnad			
Skattekostnad på ordinært resultat	10	0	0
Ordinært resultat etter skattekostnad		85 553 000	-28 218 000
Årsresultat		85 553 000	-28 218 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

BALANSE

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	0	0
Goodwill	20	0	0
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	21	382 000	535 000
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BALANSE - EGENKAPITAL OG GJELD			
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Innskutt egenkapital			
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Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til			
kredittinstitusjoner	12, 18		76 604 000
Øvrig langsiktig gjeld	12, 18	182 751 000	182 877 000
Sum annen langsiktig gjeld		182 751 000	259 481 000
Sum langsiktig gjeld		182 751 000	259 481 000
Kortsiktig gjeld			
Gjeld til			
kredittinstitusjoner	12, 18	76 604 000	
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SUM EGENKAPITAL OG GJELD		282 465 000	182 683 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

KONSERNRESULTATREGNSKAP

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	57 226 000	55 153 000
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Sum finanskostnader		7 753 000	5 157 000
Netto finans		-6 438 000	-4 326 000
Ordinært resultat før skattekostnad			
Skattekostnad på ordinært resultat	10	0	0
Ordinært resultat etter skattekostnad		85 690 000	-27 891 000
Årsresultat		85 690 000	-27 891 000
Andre resultatkomponenter for IFRS-foretak			
Sum resultatkomponenter for IFRS-foretak		-172 000	-482 000
Totalresultat		85 518 000	-28 373 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

KONSERNBALANSE

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	0	0
Goodwill	20	1 603 000	1 603 000
Sum immaterielle eiendeler		1 603 000	1 603 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		382 000	535 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		258 313 000	156 988 000
Sum varige driftsmidler		258 695 000	157 523 000
Finansielle anleggsmidler			
Investering i datterselskap 19		0	0
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		260 298 000	159 126 000
Omløpsmidler			
Varer			
Varer		0	967 000
Sum varer		0	967 000
Fordringer			
Kundefordringer	8, 18	20 898 000	14 553 000
Andre fordringer	8, 18	1 713 000	3 902 000
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Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13, 18	1 689 000	2 005 000
Sum bankinnskudd, kontanter og lignende		1 689 000	2 005 000
Sum omløpsmidler		24 300 000	21 427 000
SUM EIENDELER		284 598 000	180 553 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital
Innskutt egenkapital



Selskapskapital	14	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		-51 122 000	-136 640 000
Sum opptjent egenkapital		-51 122 000	-136 640 000
Sum egenkapital		-9 837 000	-95 355 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til			
kredittinstitusjoner	12, 18		76 604 000
Øvrig langsiktig gjeld	12, 18	182 751 000	182 877 000
Sum annen langsiktig gjeld		182 751 000	259 481 000
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Kortsiktig gjeld			
Gjeld til			
kredittinstitusjoner	12, 18	76 604 000	
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Sum gjeld		294 436 000	275 908 000
SUM EGENKAPITAL OG GJELD		284 599 000	180 553 000



Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper

Note
22

Er det usikkerhet om fortsatt drift?: Ja

The Rig owned by the Group 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 the COVID-19. The market has since recovered with an ongoing upcycle in 2023 with higher day rates and fleet utilization due to rising demand and tightening supply. The upcycle has continued in 2024 and the Group had satisfactory backlog with almost full utilization firming in 2024. Following the balance sheet date a charterer terminated the current contract for the Rig, and the Group has subsequently taken legal action to set aside an arbitral award for wrongful termination. The proceedings will likely take place in 2025. The Rig sailed to LPA to perform an expedited Special Periodic Survey and testing, before mobilization and commencement for the next contract in July 2024. The Group has been successful in aligning the contracts back-to-back to the end of the year. The situation strained the liquidity for the Group and postponed the ongoing re-financing of the Senior Facility Agreement. The owners have since made available a significant working capital facility for the Company, covering the operational and capital expenditures and improving the working capital situation. The contribution from the owners also secured an amended and restated Facility Agreement with the lenders, extending the runway to May 2025 and with amended amortization. The Group is optimistic about securing more contracts and increasing the backlog going forward given the status of ongoing tenders with sustainable rates, and the market for semi-submersible vessels is still on the rise. The Board will follow the liquidity and contract situation closely. The accounts are prepared on the assumption of a going concern and the assessment is 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
6

Antall årsverk i regnskapsåret
1.00

Note
6

Spesifisering av resultatregnskapet



Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	1455000.00	545000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	288000.00	88000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	21000.00	31000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	150000.00	138000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	1914000.00	802000.00

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>
	1030313000.00	
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	6167000.00	
<u>Avgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	0.00	
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1036480000.00	
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	778168000.00	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	258312000.00	
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	-95154000.00	

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
22

Er det usikkerhet om fortsatt drift?: Ja

The Rig owned by the Group 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 the COVID-19. The market has since recovered with an ongoing upcycle in 2023 with higher day rates and fleet utilization due to rising demand and tightening supply. The upcycle has continued in 2024 and the Group had satisfactory backlog with almost full utilization firming in 2024. Following the balance sheet date a charterer terminated the current contract for the Rig, and the Group has subsequently taken legal action to set aside an arbitral award for wrongful termination. The proceedings will likely take place in 2025. The Rig sailed to LPA to perform an expedited Special Periodic Survey and testing, before mobilization and commencement for the next contract in July 2024. The Group has been successful in aligning the contracts back-to-back to the end of the year. The situation strained the liquidity for the Group and postponed the ongoing re-financing of the Senior Facility Agreement. The owners have since made available a significant working capital facility for the Company, covering the operational and capital expenditures and improving the working capital situation. The contribution from the owners also secured an amended and restated Facility Agreement with the lenders, extending the runway to May 2025 and with amended amortization. The Group is optimistic about securing more contracts and increasing the backlog going forward given the status of ongoing tenders with sustainable rates, and the market for semi- submersible vessels is still on the rise. The Board will follow the liquidity and contract situation closely. The accounts are prepared on the assumption of a going concern and the assessment is 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
6

Antall årsverk i regnskapsåret
141.00

Note
6

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	15513000.00	14852000.00



<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	2637000.00	2173000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	1063000.00	966000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	418000.00	175000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	19631000.00	18166000.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
------------	--------------

Note

11

Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1030313000.00	
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	6167000.00	
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1036480000.00	
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	778168000.00	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	258312000.00	
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	-95154000.00	

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



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

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

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Drilling Company AS

Opinion

We have audited the financial statements of Island Drilling Company AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and their 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)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation 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.



Building a better
working world

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.

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.



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Bergen, 9 July 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo document key: 1HDZQ-SV014-BQPU3-6LPGU-OC7G1-QP573



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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

Serienummer: no_bankid:9578-5992-4-3012515

IP: 147.161.xxx.xxx

2024-07-09 08:36:27 UTC



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Island Drilling Company AS



Island Drilling Company AS
Annual Report 2023

- 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 2023

1. The nature of the business

Island Drilling Company AS (hereinafter referred to as "IDC" or "the Company") is the owner and operator of IDC's semi-submersible drilling rig, Island Innovator.

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 and an agreement between Island Drilling Crewing AS and IDC is entered into in relation to hiring of offshore personnel. In 2022, Island Drilling LTD was established to complement the crewing agreement between IDC and its crew. Management has been based on governing systems from NSDG (North Sea Drilling Group).

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

2. Going concern – operational update

The Rig owned by the Group 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 the COVID-19. The market has since recovered with an ongoing upcycle in 2023 with higher day rates and fleet utilization due to rising demand and tightening supply. The upcycle has continued in 2024 and the Group had satisfactory backlog with almost full utilization firm in 2024.

Following the balance sheet date a charterer terminated the current contract for the Rig, and the Group has subsequently taken legal action to set aside an arbitral award for wrongful termination. The proceedings will likely take place in 2025.

The Rig sailed to LPA to perform an expedited Special Periodic Survey, testing and improvements before commencement and mobilisation for the next contract in July 2024. The Group has been successful in aligning the contracts back-to-back to the end of the year.

The situation strained the liquidity for the Group and postponed the ongoing re-financing of the Senior Facility Agreement. The owners have since made available a significant working capital facility for the Company, covering the operational and capital expenditures and improving the working capital situation. The contribution from the owners also secured an amended and restated Facility Agreement with the lenders, extending the runway to May 2025 and with amended amortization.

The Group is optimistic about securing more contracts and increasing the backlog going forward given the status of ongoing tenders with sustainable rates, and the market for semi-submersible vessels is still on the rise. The Board will follow the liquidity and contract situation closely.



Island Drilling Company AS



The accounts are prepared on the assumption of a going concern and the assessment is 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 141 employees as of 31 December 2023 (1 employee in IDC, 20 employees in Island Drilling Management AS and 96 employees in Island Drilling Crewing AS and 24 in Island Drilling LTD.) In addition, there were also external consultants in Island Drilling Management.

IDC Group's competence and resource requirements that previously was met through the management agreement with Odjell Drilling, is fulfilled through the established Island Drilling Management AS and Island Drilling Crewing AS.

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

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

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 Company follows the International Labor Organization's (ILO) convention for working and living conditions of seafarers which ensures that 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 MLC ("Maritime Labor Convention"). For office staff, the working conditions are in accordance with the Norwegian Working Environment Act.

The Company require that employees, agents and representatives comply with applicable laws when it comes to gifts and possible other benefits and such matters must be reported to an immediate superior. The Company require that all its' trading meets all applicable ethical standards. The company respects the traditions and cultures in the countries in which the drilling rig will operate and pledges to comply with the laws in the areas where the business activities are carried out.

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 2023.



Island Drilling Company AS



The Board of Directors consist of three members, all men.

6. Environmental reporting

The IDC Group's business as of 31 December 2023 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 and social issue, 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/ahse/>.

7. Future developments

The IDC Group is well established in the drilling market and is continuing the operation of Island Innovator. The main focus is still operation on the NCS as well as UKCS. However, IDC is also open for attractive opportunities globally and has performed work on the African Continent in 2023.

8. Market update

The oil drilling market continued to recover from the pandemic-induced downturn, as global demand for oil and gas increased in 2023. Island Drilling Company is experiencing a healthy number of tenders to bid on and IDC's top priority is to deliver top performance on ongoing contracts and secure an order back-log in Q3 2024 and onwards.

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 revenue of TUSD 63 065 in 2023 (TUSD 47 961 in 2022). Depreciation amounted to TUSD 24 019. Reversal of impairment 119 173 TUSD leads to operating profit in the amount of TUSD 90 097 in 2023 (minus TUSD -25 623 in 2022).

The IDC Group in total had a revenue of TUSD 69 880 in 2023 (TUSD 55 153 in 2022). The Group operating profit was TUSD 92 128 in 2023 (minus TUSD 23 565 in 2022).

In Q4 2020, the owners concluded a buy-back of a senior secured loan (Facility A) of approximately MUSD 176,5 at a significant discount. In connection with this transaction, Rig Invest, Borgstein, Meteva and Alden provided a "Net Facility A Commitment" of MUSD 75, which is an interest-free unsecured and subordinated loan to the company.



Island Drilling Company AS



The total cash flow from operational activities in the Company was TUSD 11 291 in 2023. The total cash flow from investments in 2023 was minus TUSD 6 171. Cash and cash equivalents at end of year was TUSD 609.

The total cash flow from operational activities in the Group was minus TUSD 11 185 in 2023. The total cash flow from investments in 2023 was minus TUSD 6 171. Cash and cash equivalents at end of year was TUSD 1 690.

10. Financial risk

10.1 Market risk

Crewing is generally exposed to market risk. The Group has secured short- and medium-term contracts until 2Q25, however as no long-term contracts has been secured for Island Innovator, the risk is still considered moderate.

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 senior bank loan has a floating interest rate (LIBOR based) and thus the Group is exposed to changes in the interest rate level.

10.4 Credit risk

The IDC Group is to a certain extent exposed to credit risk. However, the Group's charterers are medium sized international companies. Consequently, the credit risk is considered low/ acceptable.

10.5 Liquidity risk

At yearend 2023 the Group reported negative working capital. The main driver is increase in liabilities through borrowings and accounts payables compared to 2022.

Since year-end 2018 to end 2023, the major owners have made cash contributions by way of equity and liquidity loans in a total amount of close to USD 228 mill.

The IDC Group has a negative Equity, but due to the financial restructuring carried through in December 2020 the situation was significantly improved. The liquidity risk is still an issue, but under control given the continued support from the Group's major owners and its lenders.

10.6 Board Insurance

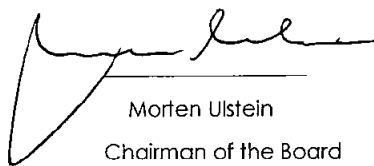
IDC is covered by board insurance, an essential component of our risk management strategy.



Island Drilling Company AS



Bergen, 30. Juni 2024



Morten Ulstein
Chairman of the Board



Gary J. Chouest
Board Member

Trond Mohn
Board Member

Roger Simmenes
Chief Executive Officer



Island Drilling Company AS



Bergen, 30. Juni 2024

Morten Ustein
Chairman of the Board



Trond Mohn
Board Member

Gary J. Chouest
Board Member

Roger Simmenes
Chief Executive Officer



Island Drilling Company AS



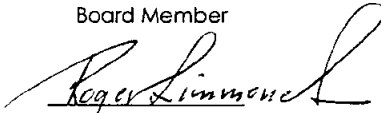
ISLAND DRILLING

Bergen, 30. Juni 2024

Morten Ulstein
Chairman of the Board

Gary J. Chouest
Board Member

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			Note	Island Drilling Company Group	
2022	2023			2022	2023
Revenue					
47 961	50 411	Revenue	5	55 153	57 226
0	12 654	Other operating income	5	0	12 654
47 961	63 065	Total revenue		55 153	69 880
Operating expenses					
22 146	26 726	Salaries	6	24 703	28 479
24 976	24 019	Depreciation and impairment	11, 21	24 976	24 019
26 461	41 397	Other operating expenses	6, 7	29 039	44 427
-	-119 173	Reversal of impairment	11	-	-119 173
73 584	-27 031	Total operating expenses		78 719	-22 248
-25 623	90 097	Operating profit (-loss)		-23 565	92 128
Finance income and expenses					
2 518	3 135	Finance income	7, 16	831	1 315
5 114	7 678	Finance expenses	7	5 157	7 753
-2 595	-4 543	Net financial items		-4 327	-6 438
-28 218	85 553	Profit (-loss) before tax		-27 892	85 691
-	-	Tax expense	10	-	-
-28 218	85 553	Profit (-loss) for the year		-27 892	85 691
Other comprehensive income					
-	0	Other comprehensive income for the year		-482	-172
-28 218	85 553	Total comprehensive income for the year		-28 374	85 519
Earnings per share (USD)					
-0,35	0,98	Ordinary	17	-0,35	0,98
-0,35	0,98	Diluted	17	-0,35	0,98






Island Drilling Company AS					
Statement of Financial Position 31.12					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
31.12.2022	31.12.2023	Note	31.12.2022	31.12.2023	
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>					
156 988	258 313	11	156 988	258 313	Rig
535	382	21	535	382	Land and buildings (right-of-use assets)
157 523	258 695		157 523	258 695	Total tangible assets
<i>Financial assets</i>					
1 607	1 607	19	-	-	Investments in subsidiaries
1 607	1 607		-	-	Total financial assets
159 129	260 301		159 125	260 298	Total non-current assets
CURRENT ASSETS					
967	-0		967	-0	Inventories
<i>Receivables</i>					
12 998	19 769	8, 18	14 553	20 898	Account receivables
-	-		-	-	Contract assets (accrued revenue)
8 770	1 786	8, 18	3 902	1 713	Other short term receivables
21 768	21 555		18 455	22 612	Total receivables
818	609	13, 18	2 005	1 689	Cash and cash equivalents
23 553	22 164		21 427	24 301	Total current assets
182 682	282 465		180 553	284 599	TOTAL ASSETS

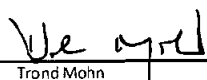


ISLAND DRILLING



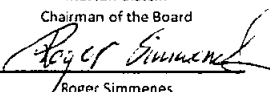

Island Drilling Company AS					
Statement of Financial Position 31.12					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
31.12.2022	31.12.2023	Note	31.12.2022	31.12.2023	
EQUITY					
<i>Paid in equity</i>					
9 580	9 580	14	9 580	9 580	Share capital
-	-		-	-	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>					
-140 993	-55 440		-136 640	-51 122	Other equity
-140 993	-55 440		-136 640	-51 122	Total other equity
-	-		-	-	Minority interests
-99 708	-14 155		-95 355	-9 837	Total equity
LIABILITIES					
<i>Non-current liabilities</i>					
76 604	-	12, 18	76 604	-	Loan to financial institutions
182 877	182 751	12, 18	182 877	182 751	Other non-current loans
259 481	182 751		259 481	182 751	Total non-current liabilities
<i>Current liabilities</i>					
-	76 604	12, 18	-	76 604	Borrowings
19 796	32 037	18	10 493	26 601	Account payables
3 114	5 228	9, 12, 18	5 934	8 480	Other short term liabilities
22 910	113 869		16 427	111 685	Total current liabilities
282 391	296 620		275 908	294 436	Total liabilities
182 682	282 465		180 553	284 599	TOTAL EQUITY AND LIABILITIES
<p>Ulstein, 30 June 2024</p> <p>Morten Ulstein Chairman of the Board</p> <p>Gary J Chojeat Board Member</p> <p>Trond Mohn Board Member</p> <p>Roger Simmenes CEO</p>					
 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		
31.12.2022	31.12.2023	Note	31.12.2022	31.12.2023	
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182 682	282 465		180 553	284 599	TOTAL EQUITY AND LIABILITIES
Ulsteinvik, 30 June 2024					
Morten Ulstein Chairman of the Board		Gary J Chouest Board Member	 Trond Mohn Board Member		
Roger Simmenes CEO					





Island Drilling Company AS					
Statement of Financial Position 31.12					
01.01-31.12					
USD thousands					
Island Drilling Company AS			Island Drilling Company Group		
31.12.2022	31.12.2023	Note	31.12.2022	31.12.2023	
EQUITY					
<i>Paid in equity</i>					
9 580	9 580		9 580	9 580	
-	-	14	-	-	
31 705	31 705		31 705	31 705	
41 285	41 285		41 285	41 285	
<i>Other equity</i>					
-140 993	-55 440		-136 640	-51 122	
-140 993	-55 440		-136 640	-51 122	
-	-		-	-	
-99 708	-14 155		-95 355	-9 837	
LIABILITIES					
<i>Non-current liabilities</i>					
76 604	-		76 604	-	
182 877	182 751	12, 18	182 877	182 751	
259 481	182 751		259 481	182 751	
<i>Current liabilities</i>					
-	76 604	12, 18	-	76 604	
19 796	32 037	18	10 493	26 601	
3 114	5 228	9, 12, 18	5 934	8 480	
22 910	113 869		16 427	111 685	
282 391	296 620		275 908	294 436	
182 682	282 465		180 553	284 599	
Ufsteinvik, 30 June 2024					
Morten Ulstein Chairman of the Board		Gary J Chouest Board Member		Trond Mohn Board Member	
 Roger Simmenes CEO					
 ISLAND DRILLING					



Island Drilling Company AS				
Statement of cash flow				
01.01-31.12				
USD thousands				
Island Drilling Company AS			Island Drilling Company Group	
2022	2023	Note	2022	2023
Cash flow from operating activities				
-28 218	85 553		-27 892	85 691
-	-		-	-
-	-		-	-
-	-		-	-
24 976	-95 154		24 976	-95 154
-701	6 437		-4 847	10 730
-1 047	14 455		2 290	9 915
-4 990	11 291		-5 470	11 184
-2 933	-5 329		-2 933	-5 329
-7 923	5 962		-8 403	5 856
Cash flows from investing activities				
-5 489	-6 171		-5 489	-6 171
-5 489	-6 171		-5 489	-6 171
Cash flows from financing activities				
-	-		-	-
13 000	-		13 000	-
-	-		-	-
13 000	-		13 000	-
-412	-209		-892	-315
1 230	818		2 897	2 005
-	-		-	-
818	609		2 005	1 689





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 2022	1,538	31,705	9,580	-114,310	-71,490
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-1,538	-	-	1,538	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	9,580	-	-9,580	-	-
Conversion of loan	-	-	-	-	-
Total contributions by and distributions to shareholders	8,042	-	-9,580	1,538	-
Profit (-loss) for the year	-	-	-	-28,218	-28,218
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-28,218	-28,218
Balance 31 December 2022	9,580	31,705	-	-140,990	-99,708
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	-	-	-	-	-
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
Island Drilling Company Group					
USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2022	1,538	31,705	9,580	-109,808	-66,983
Cash contribution by foundation	-	-	-	-	-
Capital reduction	-1,538	-	-	1,538	-
Contributed by merger/demerger	-	-	-	-	-
Contributed by demerger	-	-	-	-	-
Convertible loan	-	-	-	-	-
Share capital increase not registered	9,580	-	-9,580	-	-
Conversion of loan	-	-	-	-	-
Total contributions by and distributions to shareholders	8,042	-	-9,580	1,538	-
Profit (-loss) for the year	-	-	-	-27,892	-27,892
Other comprehensive income for the year	-	-	-	-482	-482
Total comprehensive income for the year	-	-	-	-28,374	-28,374
Balance 31 December 2022	9,580	31,705	-0	-136,645	-95,355
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





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 30 June 2024.

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 2023, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as per 31 December 2023.

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) New and amended standards adopted by the Group

No new standards have been applied in 2023.

(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



ISLAND DRILLING



Island Drilling Company AS

Notes

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

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.



Island Drilling Company AS

Notes

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 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



ISLAND DRILLING



Island Drilling Company AS

Notes

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



Island Drilling Company AS

Notes

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



Island Drilling Company AS

Notes

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.



Island Drilling Company AS

Notes

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



Island Drilling Company AS

Notes

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

Notes

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 31.12.2023.

(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 2023 would increase the total interest cost by approximately 11 % in 2023.

(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



Island Drilling Company AS

Notes

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 2022 and 2023 were as follows:

USD thousands	Parent Company		Group	
	2022	2023	2022	2023
Total assets	182 682	282 465	180 553	284 599
Total equity	-99 708	-14 155	-93 355	-9 837
Equity ratio	-55%	-5%	-52,8%	-3,5%

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 previously 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 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 31.12.23 there are no provisions for material claims.



Island Drilling Company AS
NOK

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 76,4 MNOK in 2023 (74,7 MNOK in 2022). 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	2023
Norway	11,877
Mauritania	3,673
United Kingdom	25,379
Equatorial Guinea	16,297
Operating revenue	57,226

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

Parent Company	2022	2023 Payroll costs	Group	2022	2023
	545	1,455 Salaries and wages		14,852	15,513
	88	288 Employer's national insurance contributions		2,173	2,637
	31	21 Pension expenses		966	1,063
	138	150 Other benefits		175	418
	21,345	24,811 Hired personnel		6,537	8,847
	22,146	26,726 Total personnel expenses		24,703	28,478
	1	1 No. of employees (annual average)		119	141

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	2022	2023
Salary	486	458
Bonus	52	1,031
Other remuneration	23	22
Total compensation	561	1,512

Remuneration to the Board of Directors

	2022	2023
Total	52	47

The board of directors consist of Morten Ulstein, Gary Chouest and Trond Mohn. 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.



ISLAND DRILLING



Island Drilling Company AS
Notes

Auditor fee

Parent Company	2022	2023 Auditor fee	Group 2022	2023
	18	33 Statutory Audit	41	52
	9	15 Tax advisory fee	9	15
	8	15 Other services	8	15
	<u>35</u>	<u>63 Total</u>	<u>58</u>	<u>82</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	2022	2023 Other operating expenses	Group 2022	2023
	2,557	8,609 Hired services, subcontractors and stand-in employees	2,557	8,609
	12,927	11,192 Repair and maintenance	12,927	11,219
	1,706	2,369 Insurance, guarantee and service costs	1,706	2,369
	473	717 Office rent and warehouses	516	737
	641	938 Fees for financial and legal assistance	1,585	2,227
	504	1,149 Inspection	504	1,149
	263	269 Travel expenses	1,459	1,641
	<u>7,391</u>	<u>16,154 Other operating and administrative expenses</u>	<u>7,785</u>	<u>16,476</u>
	<u>26,461</u>	<u>41,397 Total other operating expenses</u>	<u>29,039</u>	<u>44,427</u>

Parent Company	2022	2023 Financial income/expenses	Group 2022	2023
	39	66 Interest income	43	78
	721	1,165 Currency gain	788	1,237
	<u>1,759</u>	<u>1,804 Other finance income</u>	<u>0</u>	<u>0</u>
	<u>2,518</u>	<u>3,135 Total finance income</u>	<u>830</u>	<u>1,315</u>

Parent Company	2022	2023 Other financial items	Group 2022	2023
	-4,593	-7,392 Interest expense	-4,595	-7,405
	-	- Guarantee commission shareholders	-	-
	-500	-287 Currency loss	-542	-348
	-20	- Other financial expenses	-18	2
	<u>-5,114</u>	<u>-7,678 Total finance expense</u>	<u>-5,157</u>	<u>-7,753</u>



Island Drilling Company AS
Notes

Note 8 - Account receivables and other receivables

Parent Company		Group	
2022	2023	2022	2023
12,848	18,991	14,553	20,898
150	778	150	778
0	-	0	-
<u>12,998</u>	<u>19,769</u>	<u>14,703</u>	<u>21,677</u>
	Other current receivables		
8,613	1,787	4,025	1,713
156	-	-123	-
<u>8,770</u>	<u>1,787</u>	<u>3,902</u>	<u>1,713</u>
	The fair value of trade receivables and other receivables are as follows:		
12,998	19,769	14,703	21,677
8,770	1,787	3,902	1,713
<u>21,768</u>	<u>21,556</u>	<u>18,605</u>	<u>23,390</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 31.12.23.

The carrying amounts of the account receivables are denominated in the following currencies:			
12,848	18,852	12,848	20,898
	126	14,553	
	12		
<u>12,848</u>	<u>18,991</u>	<u>27,401</u>	<u>20,898</u>

The ageing of the account receivables, not impaired:			
3,280	Not due	3,922	
9,649	17,183	10,631	18,909
-	41	-	45
-	1,767	-	1,945
<u>12,848</u>	<u>18,991</u>	<u>14,553</u>	<u>20,898</u>

Note 9 - Other short term liabilities

Parent Company		Group	
2022	2023	2022	2023
30	733	1,886	3,236
1,525	1,928	1,525	1,928
78	53	688	489
-	-	-	-
767	-	767	64
-	-	-	-
714	2,515	1,138	2,763
<u>3,115</u>	<u>5,228</u>	<u>6,005</u>	<u>8,480</u>



Island Drilling Company AS
Notes

Note 10 - Tax

Parent Company	2022	2023	Components of Income tax expense	Group	2022	2023
	-	-	- Tax payable		-	-
	-	-	- Changes in deferred tax		-	-
	-	-	- Changes in deferred tax to equity		-	-
	-	-	- Total income tax expense		-	-

Explanation of why profit before tax differs from the amount that would arise using the 22 % tax rate (22 % for 2021, 22 % for 2022):

Parent Company	2022	2023	Profit/loss before income tax	Group	2022	2023
	-28,218	85,553	Profit/loss before income tax		-27,892	85,691
	-6,208	18,822	22 % / 22 % of profit before income tax		-6,136	18,852
	10,366	211	Permanent differences*		11,475	181
	-4,158	-19,033	Not recognised change in deferred tax asset		-5,339	-19,033
	-	-	Total income tax expense		-	-
	0%	0%	Effective tax rate in %		0%	0%

*) Permanent differences mainly relates to currency translation effects since the tax returns 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	
	2022	2023	2022	2023
Deferred tax / (deferred tax asset)				
Fixed assets	179	22,492	932	22,313
Borrowings	-	-	-	-
Financial Instruments	-	-	-	-
Tax losses carried forward	-129,557	-132,838	3,225	-3,281
Deferred tax asset not recognised	129,378	110,345	-4,158	-19,033
Deferred tax / (deferred tax asset)	-	-	-	-

Group	Balance Sheet		Change in deferred tax during the	
	2022	2023	2022	2023
Deferred tax / (deferred tax asset)				
Fixed assets	179	22,492	932	22,313
Borrowings	-	-	-	-
Financial Instruments	-	-	-	-
Tax losses carried forward	-129,557	-132,838	4,407	-3,280
Deferred tax asset not recognised	129,378	110,345	-5,339	-19,033
Deferred tax / (deferred tax asset)	-	-	-	-



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
2023						
Additions	2,664	-	-	1,849	1,654	6,167
Disposals	-	-	-	-	-	-
Additions capitalized finance cost						
Acquisition cost 31.12.23	771,182	155,506	53,829	52,794	2,770	1,036,480
Accumulated depreciation 31.12.23	-64,772	-105,481	-36,400	-46,855	0	-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	-	-	-	-	-119,173
2022						
Acquisition cost at 01.01.22	765,879	155,506	53,829	49,223	140	1,024,976
Additions	2,639	-	-	1,722	976	5,337
Disposals	-	-	-	-	-	-
Additions capitalized finance cost						
Acquisition cost 31.12.22	768,518	155,506	53,829	50,944	1,116	1,030,313
Accumulated depreciation 31.12.22	-59,295	-95,049	-32,711	-42,430	-	-229,489
Accumulated impairment loss 31.12.	-643,836	-	-	-	-	-643,836
Net carrying value at 31.12.22	65,387	60,457	21,117	8,514	1,116	156,987
Depreciation of the year	3,071	10,432	3,689	7,632	-	24,824
Impairment loss of the year	-	-	-	-	-	-
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 2022 and 2023. 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. Fair value has been calculated based on a value in use model where expected cash flows are discounted over the rig's estimated remaining useful life.

The model assumes a WACC of 15%, remaining useful life of 13 years and a long-term utilization of 97%.

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	2022	2023
Non-current		
Bank/bond borrowings	76,604	-
Convertible loan	-	-
Capital investment Loan	111,499	111,499
Lease Liability	406	290
Liquidity loan	68,908	68,908
Current		
Bank/bond borrowings incl accrued	-	76,604
Interests	-	-
Other short term liabilities	(134)	126
The carrying value of the bank/bond borrowings are specified below		
	2022	2023
Loan A	-	-
Total	76,604	76,604

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

	2022	2023
USD	76,604	76,604

Current and previous owner's contribution as of 31.12.2023:

	Total
Rig Invest LLC	95,125
Borgstein AS	20,941
Meteva AS	58,269
Alpha Marine	0
Borgstein AS	0
Meteva AS	0
Alden	6,471
Total	180,406

In connection with the refinancing of the Senior Facility Agreement, 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.

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 79 367 440. The interest terms for the Term Loan Facility Agreement is LIBOR 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 10.
- In addition, there are several general undertakings in the Term Loan Facility Agreement.

As of 31.12.2023 the Company was in breach with the working capital covenant and the loan is consequently classified as non-current per year-end 2023.

The contribution from the owners also secured an amended and restated Facility Agreement with the lenders, extending the runway to May 2025 and with amended amortization. In this period, Island Drilling Company AS shall only pay interests on the loan. See also further details in note 22.



Island Drilling Company AS
Notes

The table below shows the estimated nominal repayment profile including interest and guarantee provisions for the loans after the balance date (assuming 4% interests p.a.).

	2023	2024	Sub	Total
Term Loan Facility Agreement				
Repayment	2,500,000	70,867,440	-	73,367,440
interests	2,934,698	2,834,698	-	11,638,790
Total instalments	5,434,698	73,702,138	-	85,006,231
	2022	2023		
Debt secured by pledges:	76,604	76,604		
Pledged assets:				
Rig	156,988	258,313		
Sum	156,988	258,313		

Note 13 - Cash and cash equivalents

Parent Company	2022	2023	Group	2022	2023
	818	609	Bank deposits	2,005	1,689
	30	522	Restricted cash withholdings	754	1,292

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 Share capital
Shares/share capital 31.12.2023	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 31.12.23

	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 Company AS
Notes

Note 15 - Exchange rates

	Exchange rate 01.01.23	Average exchange rate 2023	Exchange rate 31.12.23
NOK/USD	9.8573	10.5647	10.1724
USD/GBP	1.0666	1.2434	1.2747

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:	2022	2023
Management from Borgstein AS	202	179
Sum	202	179

	2022		2023	
	Guarantee amount	Guarantee commission accrued	Guarantee amount	Guarantee commission accrued
Guarantees given by previous shareholders				
Alpha Marine Services LLC	14,538	0	7,754	0
Borgstein AS	4,747	0	2,532	0
Meteva AS	4,501	0	2,401	0
Alden AS	1,929	0	1,029	0
Sum	25,714	0	13,714	0

Parent Company

Year end balances arising from transactions with related parties:	2022	2023
Other short-term payables from related parties	65	-
Trade payables	9,604	6,611
Other short-term receivables from related parties	5,002	134

Group

Year end balances arising from transactions with related parties:	2022	2023
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	2022	2023 Earnings per share	Group 2022	2023
	-28,218	Profit for the year attributable to shareholders	-27,892	85,691
	80,207,906	Weighted average number of ordinary shares	80,207,906	87,373,852
	80,207,906	Weighted average number of shares for calculation of diluted earnings	80,207,906	87,373,852
	-0.35	0.98 Earnings per share (USD)	-0.35	0.98
	-0.35	0.98 Diluted earnings per share (USD)	-0.35	0.98



Island Drilling Company AS
Notes

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	2022	2023	Financial assets:	Category:	Group	2022	2023
	12,998	19,769	Receivables	1)		14,555	20,898
	818	609	Bank deposits	1)		2,005	1,689
	<u>13,816</u>	<u>20,378</u>				<u>16,558</u>	<u>22,588</u>
	22,910		Financial liabilities:				
		37,265	Accounts payables and other payables*	3)		16,427	35,081
	259,481	259,355	Borrowings, incl accrued interest	3)		259,481	259,355
	0	0	Financial instruments at fair value	2)		-	-
	<u>282,391</u>	<u>296,620</u>				<u>275,908</u>	<u>294,436</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

12/31/2023

	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
Unrealised 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)



ISLAND DRILLING



Island Drilling Company AS						
Notes						
12/31/2022						
	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortized cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	14,553	14,553	14,553
Other current receivables	-	-	-	3,902	3,902	3,902
Cash and cash equivalents	-	-	-	2,005	2,005	2,005
Total financial assets	-	-	-	20,460	20,460	20,460
Liabilities						
Borrowings including current	-	-	259,481	-	259,481	259,481
Other short term liabilities	-	-	-	16,427	16,427	16,427
Accounts payable and other current liabilities	-	-	-	-	-	-
Unrealized disagio currency swaps	-	-	-	-	275,908	275,908
Total financial liabilities	-	-	259,481	16,427	275,908	275,908
Total financial instruments	-	-	(259,481)	4,033	(255,448)	(255,448)

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

Parent company
12/31/2023

	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortized 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.



Island Drilling Company AS						
Notes						
12/31/2022						
	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	-	-	-	12,998	12,998	12,998
Other current receivables	-	-	-	8,770	8,770	8,770
Cash and cash equivalents	-	-	-	818	818	818
Total financial assets	-	-	-	22,586	22,586	22,586
Liabilities						
Borrowings including current	-	-	259,481	-	259,481	259,481
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	22,910	22,910	22,910
Unrealized foreign currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	259,481	22,910	282,391	282,391
Total financial instruments	-	-	(259,481)	(824)	-259,805	(259,805)

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%	4
Island Drilling Crewing AS	2018	Ålesund	100%	100%	1,603
Island Drilling LTD	2022	UK	100%	100%	0.1
Group					
<i>Subsidiaries that are included in the consolidated financial statements:</i>					
Island Drilling Management AS	2018	Ålesund	100%	100%	
Island Drilling Crewing AS	2018	Ålesund	100%	100%	
Island Drilling LTD	2022	UK	100%	100%	

Note 20 - Goodwill

Group

	Goodwill
Cost Price	
Opening balance 01.01.23	1,603
Additions from purchase of companies	
Cost of acquisition 31.12.23	1,603
Accumulated Impairment	
Opening balance 01.01.23	-
Impairment	-
Accumulated impairment 31.12.23	-
Net carrying amount 31.12.23	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 2023. Management has performed an impairment test of the goodwill per 31.12.23 and has concluded that there is no need for impairment. Further, Island Drilling Management AS have a positive EBITDA in 2023 of 21.5 million NOK, a positive Equity and significant carryable deficit. 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 2023	Land and buildings	Total
Opening balance	840	840
New contracts	-	-
Extension 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	-	-
Extension and other adjustments of existing contracts	-	-
Termination of agreements	-	-
Down payment leasing debt (cash movement)	-180	-180
Interest expense on leasing debt	46	46
Foreign currency adjustments	-	-
Closing balance 31.12	405	405
Of which non-current liabilities	126	126
Of which current liabilities	280	280

Specification of right-of-use asset 2022	Land and buildings	Total
Opening balance	688	688
New contracts	-	-
Extension and other adjustments of existing contracts	-	-
Termination of agreements	-	-
Foreign currency adjustments	-	-
Total acquisition cost as of 31.12	688	688
Accumulated depreciation and impairment losses as of 01.01	-153	-153
Depreciation in the year	-153	-153
Accumulated depreciation on terminated contracts	-	-
Total accumulated depreciation as of 31.12	-306	-306
Total carrying amount as of 31.12	382	382
Depreciation method	Linear	

Reconciliation of lease liability 2022	Land and buildings	Total
Opening balance	699	699
New contracts	-	-
Termination of agreements	-	-209
Extension and other adjustments of existing contracts	-	-
Down payment leasing debt (cash movement)	-209	-
Interest expense on leasing debt	50	50
Closing balance 31.12	540	540
Of which non-current liabilities	134	134
Of which current liabilities	406	406

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 Company AS
Notes

Note 22 - Going concern

The Rig owned by the Group 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 the COVID-19. The market has since recovered with an ongoing upcycle in 2023 with higher day rates and fleet utilization due to rising demand and tightening supply. The upcycle has continued in 2024 and the Group had satisfactory backlog with almost full utilization firm in 2024.

Following the balance sheet date a charterer terminated the current contract for the Rig, and the Group has subsequently taken legal action to set aside an arbitral award for wrongful termination. The proceedings will likely take place in 2025.

The Rig sailed to LPA to perform an expedited Special Periodic Survey and testing, before mobilization and commencement for the next contract in July 2024. The Group has been successful in aligning the contracts back-to-back to the end of the year.

The situation strained the liquidity for the Group and postponed the ongoing re-financing of the Senior Facility Agreement. The owners have since made available a significant working capital facility for the Company, covering the operational and capital expenditures and improving the working capital situation. The contribution from the owners also secured an amended and restated Facility Agreement with the lenders, extending the runway to May 2025 and with amended amortization.

The Group is optimistic about securing more contracts and increasing the backlog going forward given the status of ongoing tenders with sustainable rates, and the market for semi-submersible vessels is still on the rise. The Board will follow the liquidity and contract situation closely.

The accounts are prepared on the assumption of a going concern and the assessment is 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 23 - Subsequent events

Following the balance sheet date a charterer terminated the current contract for the Rig, and the Group has subsequently taken legal action to recover its loss following what the Group perceives as a wrongful termination. After arbitration proceedings commenced at the London Court of International Arbitration (LCIA), the client terminating the contract has lodged a substantial counterclaim for alleged losses. The Group perceives the claims to be without merit for two reasons: Firstly, the client wrongfully terminated the contract and the Group is not liable for the client's loss, and secondly, even if the client was entitled to terminate, the contract contains specific provisions limiting the Group's liability in such an event to a fraction of the claim raised. Consequently, based on information available to the Group at the date hereof, the Company considers it not likely to incur any liability towards the client. On the contrary, the Group considers it more likely than not that it will recover a substantial part of the loss it incurred as a result of the termination. The arbitration hearing determining the matter is scheduled to take place in the summer of 2025.

The owners have issued a Working capital-loan of 40,3 MUSD for the period February through July, to cover for the loss of income during this period, as well as the SPS before mobilization for new contract, starting July 1st.

The contribution from the owners also secured an amended and restated Facility Agreement with the lenders in June 2024, extending the runway to May 2025 and with amended amortization.



ISLAND DRILLING



Skattedirektoratet

Vår dato 06.08.2019	Din/Deres dato 08.05.2019	Saksbehandler Hannevig Stokka
800 80 000 Skattedirektoratet.no	Din/Deres referanse Møt Erik Myklebust	Telefon 800 80 000
Org.nr 874751076	Vår referanse 20195922008	Postadresse Postboks 8200 Grønland 0134 OSLO

BORGSTEIN INVEST AS
Postboks 370
6067 ULSTEINVIK

Tillatelse 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. 918 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 tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Dette er norske private aksjeselskaper. IOC Holding AS er eid 61,7 % av et amerikansk selskap Loba Holding LLC, kontrollert av Gery Chouest m/familie. Island Drilling Company AS er majoritets eid av det amerikanske selskapet Rig Invest, L.L.C der Gary Chouest m/familie er eiere.

Selskapene er altså majoritets eid av en felles utlendt utlendtsk aksjonær der andre vesentlige eiere er utenlandske selskaper. Borgstein AS er forretningsfører for selskapene. Selskapenes forretningspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorane 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 økte kostnader og tidsbruk og også være nødt til å utarbeide det på norsk.

Skattedirektoratets vurdering

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



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap 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 prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeftakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

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

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

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eid av en felles ulimat utenlandsk aksjonær. Eierkretsen er begrenset. I tillegg opererer selskapet i en internasjonal bransje, og arbeidspråket 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 Sløkke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.