



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 411 370
Organisasjonsform: Aksjeselskap
Foretaksnavn: SEADRILL EUROPE MANAGEMENT AS
Forretningsadresse: Finnestadveien 28
4029 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Livar Voll
Dato for fastsettelse av årsregnskapet: 25.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 20.10.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Intercompany revenues	1, 3, 16	64 426 898	30 785 224
Gain/loss on sale of assets		0	4 398
Sum inntekter		64 426 898	30 789 622
Kostnader			
Salaries and other personnel costs	9, 10, 11	15 068 306	14 347 365
Annen driftskostnad	3, 12, 14	46 737 213	14 667 186
Sum kostnader		61 805 519	29 014 551
Driftsresultat		2 621 379	1 775 071
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		44 219	582 195
Annen renteinntekt		0	3 817
Foreign exchange gains/losses	15	-255 926	195 294
Sum finansinntekter		-211 707	781 306
Rentekostnad til foretak i samme konsern		53 343	22 796
Other financial items		34 991	125 278
Sum finanskostnader		88 334	148 074
Netto finans		-300 041	633 232
Ordinært resultat før skattekostnad		2 321 338	2 408 303
Skattekostnad på ordinært resultat	8	408 050	582 560
Ordinært resultat etter skattekostnad		1 913 288	1 825 743
Årsresultat		1 913 288	1 825 743
Overføringer og disponeringer			
Avgitt konsernbidrag	6	-389 376	-368 589



Resultatregnskap

Beløp i: USD	Note	2020	2019
Overføringer til/fra annen egenkapital		1 523 912	1 457 155
Sum overføringer og disponeringer		1 913 288	1 825 744



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	799 269	1 106 665
Sum immaterielle eiendeler		799 269	1 106 665
Sum anleggsmidler		799 269	1 106 665
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		95 573	3 332
Other current receivables	4	1 078 543	671 321
Konsernfordringer	2, 3	29 599 964	20 456 188
Sum fordringer		30 774 080	21 130 841
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	1 191 936	1 202 807
Sum bankinnskudd, kontanter og lignende		1 191 936	1 202 807
Sum omløpsmidler		31 966 016	22 333 648
SUM EIENDELER		32 765 285	23 440 313
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6	18 238	18 238
Annen innskutt egenkapital	5	5 734 917	5 734 917
Sum innskutt egenkapital		5 753 155	5 753 155
Opptjent egenkapital			
Annen egenkapital	6	2 972 138	1 457 396



Balanse

Beløp i: USD	Note	2020	2019
Sum opptjent egenkapital		2 972 138	1 457 396
Sum egenkapital		8 725 293	7 210 551
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	1 004 162	871 395
Utsatt skatt	8	0	0
Other current liabilities		331 053	926 947
Sum avsetninger for forpliktelser		1 335 215	1 798 342
Annen langsiktig gjeld			
Sum langsiktig gjeld		1 335 215	1 798 342
Kortsiktig gjeld			
Leverandørgjeld		629 751	972 922
Betalbar skatt	8	0	0
Skyldige offentlige avgifter		470 629	1 218 867
Kortsiktig konserngjeld	2, 3	13 534 224	4 465 785
Other current liabilities	13	8 070 174	7 773 844
Sum kortsiktig gjeld		22 704 778	14 431 418
Sum gjeld		24 039 993	16 229 760
SUM EGENKAPITAL OG GJELD		32 765 286	23 440 311



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
01.10.2012

Vår dato
12.10.2012

Telefon
977 59 464

Deres referanse
Maren Thu

Vår referanse
2012/760008

NORTH ATLANTIC MANAGEMENT AS
Postboks 109
4001 STAVANGER

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for norske datterselskaper av North Atlantic Drilling Limited

Vi viser til deres brev av 14. september 2012 til Fiansdepartementet hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

North Atlantic Management AS,	org.nr. 996 411 370
North Atlantic Crew AS,	org.nr. 996 540 812
North Atlantic Norway Ltd,	org.nr. 996 732 851

Søknaden er oversendt Skattedirektoratet for behandling.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

North Atlantic Drilling Ltd (Bermuda) er konsernspiss for North Atlantic konsernet som er notert på OTC i Norge. Konsernregnskapet avlegges i henhold til US GAAP (amerikanske regnskapsprinsipper), mens de norske datterselskapene avlegger sine selskapsregnskaper i henhold til den norske regnskapsloven.

De viktigste brukerne av North Atlantic sine norske årsregnskap er:

- Banker og banksyndikat, inkl, utenlandske banker
- Oljeselskaper som har North Atlantic Norway Ltd som kontraktspartner
- Offentlige organ i land hvor North Atlantic Norway Ltd har virksomhet eller filial

På grunn av at all kommunikasjon med våre regnskapsbrukere skjer på engelsk vil vi med dette søke om at enkelte av de norske datterselskapene i North Atlantic konsernet får utarbeide sine årsregnskap kun på engelsk iht. unntaksbestemmelsene i regnskapsloven § 3-4. 3 ledd. Det vil medføre vesentlig merarbeid for North Atlantic å utarbeide et fullstendig årsregnskap på norsk som deretter må oversettes av sertifiserte translatørselskaper for å bli akseptert av utenlandske brukere. Dette er både en dyr og tidkrevende prosess.

Postadresse
Postboks 9200 Grønland
0134 Oslo
For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse
Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



Vi mener at regnskapsbrukernes informasjonsbehov vil være dekket gjennom engelske årsregnskaper for de norske selskapene, ettersom all vår kommunikasjon med både banker, kunder og leverandører skjer på engelsk. Videre vil den viktigste allmenne kilden til informasjon om North Atlantic være konsernregnskapet som publiseres via Oslo Børs.

Skattedirektoratets vurdering

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap 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 markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."


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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes virksomhet er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at selskapene er datterselskap av et utenlandsk selskap.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Rune Tystad



To the General Meeting of Seadrill Europe Management AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seadrill Europe Management AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 18 in the financial statements and the Board of Directors' report, which indicates that the Company, as a subsidiary of Seadrill Limited, is involved in a voluntary petition for reorganization under Chapter 11. As stated in Note 18 and the Board of Directors' report these events or conditions, along with other matters as set forth in Note 18 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Seadrill Europe Management AS



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

(2)



Independent Auditor's Report - Seadrill Europe Management AS



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 25 August 2021
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Auditor's report

Signers:

Name	Method	Date
Birkeland, Arne	BANKID_MOBILE	2021-09-21 10:37

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SEADRILL EUROPE MANAGEMENT AS

Annual Report

2020

Seadrill Europe Management AS is a provider of administrative and support services. Its main customers are Seadrill Norway Operations Limited and Seadrill Northern Operations Ltd (Norway Branch), with whom it has long-term management agreements. The Company also provides services to Seadrill UK Operations Limited.

The Company conducts its business from rented offices in Stavanger, Norway.

Activities

The Company has had an increased demand for its services during 2020, due to increased volume of operations performed by the Seadrill Norway Operations Ltd and Seadrill Northern Operations Ltd (Norway Branch).

Revenues and result

Total revenues generated by the Company in 2020 were USD 64.4 million compared to USD 30.8 million in 2019. The increase is a result of the abovementioned increase in activity and that the services provided to Seadrill Northern Operations Ltd (Northern Branch) is more comprehensive compared services provided to Seadrill companies.

Operating expenses amounted to USD 61.8 million in 2020, leading to a net operating profit of USD 2.6 million. In 2019 operating expenses and net operating profit were USD 29 million and USD 1.8 million, respectively.

The Company realised a net financial loss of USD 0.3 million in 2020, compared to a net financial gain of USD 0.6 million in 2019. This represents net interest income/expense and net foreign exchange gains/losses.

Profit after taxes for the year was USD 1.9 million compared to a profit after taxes of USD 1.8 million in 2019. The Board proposes a group contribution with tax effect of USD 0.5 million to Seadrill Offshore AS.

The Board is of the opinion that the accounts have been prepared in accordance with applicable laws and regulations and that all known facts have been taken into account and that they therefore give a true and fair view of the Company's financial position as of December 31, 2020 and its profit in 2020.

Cash-flow

Net cash provided in operating activities was USD 0.1 million.

The Company did not enter into any investing or financing activities during the year.

Relevant risk factors

The main risk factor associated with the Company's operations relates to the possible termination of its management contracts. The rig market in general remains challenging and there is a risk that management contracts may be terminated in the future.

The Company has some exposure to fluctuating interest and currency exchange rates but takes no specific precautions in order to reduce these. These risks are thus considered a part of the overall business risk of the Company.



Liquidity Risk

The Company participates in a cash pool arrangement within the Seadrill Group and thus enjoys the benefit of this in relation to the financing of its activities. The Company is therefore dependent on the financing from the Seadrill Group. For further detail on liquidity information for the Seadrill Group, it is referred to the relevant sections of the 2020 annual report for Seadrill Ltd. on form 20-F.

Going concern assumption

Since the mid-2010s, the industry has experienced a sustained decline in oil prices which has culminated in an industry-wide supply and demand imbalance. During this period, market dayrates for drilling rigs have been lower than was anticipated when the debt associated with acquiring our rigs was incurred. This challenging business climate was further destabilized by challenges that have arisen due to the COVID-19 pandemic. The actions taken by governmental authorities around the world to mitigate the spread of COVID-19 have had a significant negative effect on oil consumption. This has led to a further decrease in the demand for our services and has had an adverse impact on our business and financial condition.

Since the end of 2019, Seadrill Limited has been working with senior creditors to provide a solution to Seadrill Limited's high cash outflow for debt service.

In September 2020, Seadrill Limited and its subsidiaries ceased making interest payments on secured credit facilities which constituted an event of default. Furthermore, this triggered cross-defaults on the senior secured notes. The events of default meant that amounts due on the secured credit facilities and senior notes became callable on demand. As at December 31, 2020, Seadrill Limited had \$6,177 million in principal amount of these debt obligations. The available resources would not have been sufficient to repay these obligations, were they called.

On February 7, 2021 and February 10, 2021 Seadrill Limited and most of its subsidiaries (the "Debtors") filed voluntary petitions for reorganization under Chapter 11, triggering a stay on enforcement of remedies with respect to debt obligations. As part of the Chapter 11 Proceedings, the Debtors were granted "first-day" relief which enables the Debtors to continue operations without interruption.

As at December 31, 2020, Seadrill Limited had cash and cash equivalents including restricted cash of \$723 million, of which \$526 million was unrestricted and had implemented, and will continue to implement, various measures to preserve liquidity. Whilst it is believed this should provide sufficient liquidity for the 12 month period from the date of the issuance of these financial statements to allow the Debtors to complete a comprehensive restructuring, the process is difficult to predict and subject to factors outside of our control.

These conditions and events raise substantial doubt as to the Company's ability to continue as a going concern for the twelve months after the date the financial statements are issued. Financial information in this report has been prepared on a going concern basis of accounting, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due.

Research and development

The Company had no research- and development activities in 2020.



Working environment

One of the Company's stated objectives is to have a diversified work force. Diversification means, in this context, a work force which, on the whole, has a satisfactory mix in relation to age and sex.

The Company endeavours to create a workplace where its employees have the opportunity to use their best skill sets and to develop these within the Company's code of ethics.

As of the end of 2020, the Company employed 74 persons. Of these, 18 were women and 56 men.

The Board and the Company's management are conscious of the overall expectation that exist to promote gender equality. The Company uses, in response to this, different tools and policies. Among these are flexible working hours, possibilities for part time work, relocation opportunities, routines for reducing physical work during pregnancy, liberal maternity/ paternity leave arrangements and access to day care.

During this year, there have not been reported any serious incidents or accidents that have resulted in personal injury or material damage.

Absence from work due to sick leave represented 1.18 % of the total capacity during 2020, representing a meaningful improvement from 2019.

The Board's view is that the Company has a satisfactory working environment, despite some challenging years, during which the Company has been forced to reduce the size of the workforce.

External environment

The Company's business does not have any material influence on the external environment.

Post year-end events

On February 10, 2021 the Company, along with Seadrill Limited and most of its subsidiaries filed for Chapter 11 proceedings under the US Bankruptcy Court.

On February 10, 2021, the Company, as a subsidiary of Seadrill Limited, filed petition for reorganization in a voluntary bankruptcy under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas in respect of Seadrill Limited and its consolidated subsidiaries with the exceptions of Seadrill New Finance Limited and its subsidiaries (the "Seadrill Group").

As part of the Chapter 11 Proceedings, the Seadrill Group were granted "first day" relief to enable day-to-day operations of the Seadrill Group to continue as usual. Specifically, the relief included the authority to pay key trade creditors and employee wages and benefits without change or interruption and it is expected that the Seadrill Group will pay all suppliers and vendors in full under normal terms for goods and services provided during the Chapter 11 Proceedings.

The Chapter 11 Proceedings are opened to facilitate a balance sheet restructuring which will enable Seadrill Limited to continue to operate its modern fleet of drilling units. We expect that the Chapter 11 reorganization will lead to significant equitization of the Seadrill Group debt and result in minimal or no recovery for current shareholders. Seadrill Limited has commenced parallel liquidation proceedings in Bermuda and on February 12, 2021, the Bermuda Supreme Court ordered the appointment of Joint Provisional Liquidators under Bermuda law to oversee the Chapter 11 Proceedings together with the Board of Directors of the Company.

On May 4, 2021, Wintershall DEA Norge AS terminated the West Mira drilling contract with Seadrill Northern Operations Ltd. The Company, being a service provider for the



West Mira drilling contract, will be negatively impacted by this termination and is evaluating measures including furlough and layoffs of employees.

These events do not change or otherwise impact the evaluation of the Company's profit in 2020 or financial position as of December 31, 2020.

Stavanger, August 25, 2021

Livar Voll

Chairman of the Board

Sandra Redding

Board member

Marcel Wieggers

Board member



Seadrill Europe Management AS

Income Statement 2020

USD	Note	2020	2019
Operating revenue			
Intercompany revenues	1,3,16	64 426 898	30 785 224
Gain (loss) on sale of assets		-	4 398
Total operating revenue		64 426 898	30 789 622
Operating expenses			
Salaries and other personnel costs	9,10,11,	(15 068 306)	(14 347 365)
Depreciation and amortisation		-	-
Other operating expenses	3,12,14	(46 737 213)	(14 667 186)
Total operating expenses		(61 805 519)	(29 014 551)
Operating income		2 621 379	1 775 071
Financial items			
Interest income, group companies		44 219	582 195
Other interest income		-	3 817
Foreign exchange gains/(losses)	15	(255 926)	195 294
Interest expense, group companies		(53 343)	(22 796)
Other financial items		(34 991)	(125 278)
Total financial items		(300 041)	633 232
Income before taxes		2 321 338	2 408 304
Income taxes		(408 050)	(582 560)
Net income		1 913 288	1 825 744
Attributable to:			
Group contribution	6	389 376	368 589
Transferred from/to other equity	6	1 523 912	1 457 155

Seadrill Europe Management AS
Balance Sheet 2020

USD	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	8	799,269	1,106,665
Total intangible assets		799,269	1,106,665
Current Assets			
Accounts Receivable		95,573	3,332
Other current receivables	4	1,078,543	671,321
Intercompany receivables	2,3	2,779,901	11,151,572
Related party balances	2,3	26,820,063	9,304,616
Cash and Cash Equivalents	5	1,191,936	1,202,807
Total current assets		31,966,016	22,333,648
Total assets		32,765,285	23,440,313
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Paid-in capital			
Share Capital	6	18,238	18,238
Other Paid-in Capital	6	5,734,917	5,734,917
Total Paid-in Capital		5,753,155	5,753,155
Retained Earnings			
Other Equity	6	2,972,138	1,457,396
Total Retained Earnings		2,972,138	1,457,396
Total shareholders' equity		8,725,293	7,210,551
Liabilities			
Non-current liabilities			
Pension liabilities	7	1,004,162	871,395
Deferred taxes	8	-	-
Other non-current liabilities		331,053	926,947
Total non-current liabilities		1,335,215	1,798,342
Current liabilities			
Accounts payable		629,751	972,922
Tax payable	8	-	0
Employee benefits and withholding tax		470,629	1,218,867
Intercompany payables	2,3	13,534,224	4,465,785
Other current liabilities	13	8,070,174	7,773,844
Total current liabilities		22,704,777	14,431,419
Total liabilities and shareholder's equity		32,765,285	23,440,313

Stavanger, August 25, 2021

The Board of Seadrill Europe Management AS

Sandra Redding
Board MemberLivar Voll
ChairmanMarcel Wieggers
Board Member
General manager



Seadrill Europe Management

Cash Flow Statement

USD	2020	2019
Cash flow from operating activities		
Income before tax	2 321 338	2 408 304
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	-	-
Taxes paid	-	-
<i>Changes in working capital items:</i>		
Account receivables	(92 241)	60
Accounts payable	(343 172)	490 451
Change in pension liabilities	132 767	(303 596)
Other current assets	(407 223)	200 955
Other current liabilities	(1 547 004)	(968 632)
Change in corporate receivables/payables	(75 337)	(1 470 674)
Net cash provided by operating activities	(10 871)	356 867
Cash flow from investment activities		
Proceeds from sale of fixed assets	-	4 398
Investments/Disposals in fixed assets	-	-
Net cash used in investment activities	-	4 398
Cash flow from financing activities		
Group contribution	-	-
Net cash from / to financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(10 871)	361 264
Cash at the beginning of the reporting period	1 202 807	841 542
Cash and cash equivalents at the end of the reporting period	1 191 936	1 202 807



Seadrill Europe Management AS

Notes to the financial statements for the period ending December 31, 2020

Note 1 - Accounting principles

Main activity

Seadrill Europe Management AS (the "Company") was incorporated in Norway on 05.01.2011. The Company provides administrative services to the oil and gas industry.

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The majority of the Company's transactions are made in USD. For that reason, the Company's functional currency is USD.

Revenue recognition

The Company's revenues are mainly derived from management fees generated from services provided to other companies in the Seadrill group.

The basis for the Company's revenues is actual cost plus a fixed profit margin. Revenue recognition occurs in the period services are performed. Expenses are recognized in the same period as the corresponding income is recognized.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Foreign currency

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

Other non-current assets

Non-current assets are recorded at historic cost less accumulated depreciation. Fixed assets are depreciated on a straight line basis over their useful lifetime. Furniture and office equipment is depreciated over its useful life, usually expected to be between three and ten years, depending on the classification or the use of the asset.

Receivables

Accounts receivables are recognized at fair value less any allowance for uncollectable receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash, restricted cash, and deposits with a maturity date of less than ninety days.

Leases

Leases where most of the risk and return associated with ownership of the asset are not transferred to the Company are classified as operating leases. All leaseholds are recognized as operational leases and expensed in the corresponding periods from the date the lease agreement has been signed.

Pension liabilities

The Company has several pension plans in place for its employees, that includes benefits on death and termination of employment due to inability to work. The benefits will typically be based on salary. The plans are in most cases financed through insurance companies. The Company's calculations are performed by an actuary and recorded in the period when the services are rendered by the employees.

Tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 % of temporary differences and the



tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that they will be utilized.



Share based compensation

Certain employees in the Company had been granted share options in Seadrill Limited ("Seadrill") prior to the transfer of their employment contracts to the Company. Valuation of options granted is determined at the time of the grant. The value of the options granted is expensed over the vesting period defined in the option grant and is recognized under other equity. All option grants to employees of the Company are, on exercise settled by subscription of new shares in Seadrill.

Restricted Stock Units

The Company has established a Restricted Stock Units ("RSU") plan in Seadrill Ltd where the holder of an award is entitled to receive shares if still employed at the end of the three year vesting period. There is no requirement for the holder to pay for the shares on grant or vesting of the award. The fair value of the RSU award is calculated as the market share price on grant date. The fair value of the awards expected to vest is recognized as compensation cost straight-line over the vesting period.

Cash flow statement

The Company uses the indirect method for the presentation of the cash flow statements. Cash and cash equivalents are defined as cash, cash deposits, and other short term liquid investments.

Note 2 - Balances to group companies

The Company had the following intercompany and related party balances at year end:

USD	2020	2019
Short term receivable intercompany	2,779,901	11,151,572
Short term receivable related party	26,820,063	9,304,616
Short term liabilities intercompany	13,534,224	4,465,785
Net receivable/liability	16,065,740	15,990,403

Note 3 - Intercompany and related party transactions

The Company has entered into management agreements with related parties. Under these agreements, the following transactions have been conducted:

USD	2020	2019
<u>Revenues:</u>		
Management fee	63,623,148	29,890,396
<u>Expenses:</u>		
Management fee	40,375,273	7,314,375

Note 4 - Other current receivables

USD	2020	2019
Other prepaid expenses	805,222	111,181
Reimbursible expenses	162,677	479,342
Other receivables	110,645	80,798
Total	1,078,543	671,321

Note 5 - Cash, cash equivalents and tax funds

The Company is part of a cash pool arrangement for the Seadrill Group with Danske Bank, where all cash is transferred to/from the cash pool owner (Seadrill Treasury UK Ltd) and the Company will thus have intercompany liabilities/receivables with the cash pool owner.

Restricted cash per 31.12.2020 is USD 1 181 936. This is related to withholding tax for employees.



Note 6 - Equity and other paid-in capital

Equity

Shareholder's equity is accounted for at USD 18 238 and is represented by 1000 shares at NOK 100 par value. All shares are owned by Seadrill North Atlantic Holdings Ltd.

Changes in equity:

USD	Share capital	Other Paid-in Capital	Other equity	Total
Equity as of December 31, 2019	18,238	5,734,917	1,457,396	7,210,551
Net income			1,913,288	1,913,288
Group Contribution - (net of tax)			-389,376	-389,376
Translation difference	-	-	-9,169	-9,169
Equity as of December 31, 2020	18,238	5,734,917	2,972,138	8,725,293

Note 7 - Pension liabilities

The Company has collective defined benefit pension schemes for certain employees. In general, the schemes are covered by life insurance companies, based on 30 years of service period. The main conditions for onshore employees in Norway are retirement benefits from 67 years of age, equivalent to 66% of pensionable salary, limited to 12 times the basic amount of the Norwegian health scheme (Grunnbeløpet). The employees retirement scheme is with effect from 62 to 67 years of age. The plan satisfies the requirements associated with the act of mandatory pension.

USD	2020	2019
Estimated pension liabilities	13,938,819	12,401,779
Estimated pension funds	(10,179,992)	(9,882,298)
Unrecognized gains/losses	(2,754,666)	(1,648,086)
Net pension liabilities as of 31.12	1,004,162	871,395
Accrued payroll tax	-	0
Accrued pension liabilities	1,004,162	871,395

Underlying assumptions for the calculations:

	2020	2019
Discount rate	1.70%	2.30%
Expected return on plan assets	2.70%	3.80%
Salary increase	2.25%	2.25%
Long term inflation	1.50%	1.50%
Social security escalation rate ('G'-adjustments)	2.00%	2.00%
Pension increase	1.20%	1.20%
Social security rate	14.10%	14.10%

Pension funds, managed by our life insurance company, consist of cash deposits, bonds, stocks, and real estate.

Pension expense - Defined Pension Obligation:	2020	2019
Current Service cost	274,092	316,291
Interest Cost	224,773	284,774
Expected return on plan assets	(349,166)	(144,332)
Special events (settlement, curtailment, termination events, and so on)	-	294,584
Recognized actuarial loss/(gain)	248,569	(74,177)
FX loss/(gain)	155,282	-
Net pension expense	553,552	677,140

Pension expense - Defined Pension Contribution:	2020	2019
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Defined Pension Contribution	661,210	507,892
	2020	2019
Total net pension cost	1,214,762	1,185,032

As of December 31, 2020 the defined benefit pension plan had 8 active members and 30 retirees.
Certain agreements also has provisions for disability, survivors , co-habitants, and children as beneficiaries.



Note 8 - Taxes

Reconciliation of difference between net income before tax and basis for income tax:

USD	2020	2019
Income before tax	2,321,338	2,408,304
+ Other permanent differences	15,818	-
+ Change in temporary differences	(1,397,253)	(2,174,351)
Interest restriction	(136,401)	(6,880)
Translation differences	(304,303)	245,477
Basis for taxes payable - Norway	499,200	472,551

Income tax expense in the income statement consists of the following elements:

Tax payable on net income	109,824	103,961
Change in deferred taxes at 22 %	307,396	478,357
Translation differences	(9,169)	241
Tax expense	408,050	582,560

Tax payable in the balance sheet consists of the following elements:

USD	12/31/2020	12/31/2019
Estimated owed taxes payable - Norway	109,824	3,788,832
Tax reduction due to group contribution	(109,824)	(3,788,832)
Taxes payable on the balance sheet	-	-

Deferred tax:

USD	12/31/2020	12/31/2019	Change
Pension liabilities	(1,004,162)	(871,395)	132,767
Receivables	-	(356,460)	(356,460)
Fixed assets	(1,096,217)	(1,478,664)	(382,447)
Provision loss on leases	(1,532,663)	(2,323,776)	(791,113)
Total temporary differences before NOL	(3,633,042)	(5,030,294)	(1,397,253)
NOL brought forward	-	-	-
Total temporary diff	(3,633,042)	(5,030,294)	(1,397,253)
Corporate tax rate	22%	22%	
Deferred tax liability/(asset)	(799,269)	(1,106,665)	(307,396)

Reconciliation of tax expense to the nominal tax rate:

USD	2020	2019
Income before taxes	2,321,338	2,408,304
Actual tax expense	408,050	582,560
Tax expense at corporate tax rate	510,694	529,827
Difference	(102,644)	52,733

Explanation of the difference:

Tax effect on permanent differences	-93,475	52,492
Tax effect on change in tax rate	-	0
Currency differences	-9,169	241
Correction prior year tax expense	-	0
Total	(102,644)	52,733



Note 9 - Salaries, personnel costs and number of employees

Salaries and other personnel costs:	2020	2019
Salaries	11,525,152	11,277,942
Payroll tax	1,762,392	1,693,190
Pension expenses	1,214,762	1,185,032
Stock options	314,681	119,799
Other benefits	251,319	71,402
Total	15,068,306	14,347,365

At the end of the year there were 72 employees in the Company

Note 10 - Compensation of General Manager, Board of Directors, and auditors

Compensation managing director (in NOK)	2020
Base salary	4,400,000
Benefits	885,936
Other compensation	3,188,592
Total	8,474,528

Recognized auditor fee in 2020 was USD 136 855 (excluding VAT)

Board of Directors did not receive any remuneration during 2020

Note 11 - Options and Restricted Stock Units

During 2020 options and restricted stock units (RSUs) granted to employees of the company was offered surrendered in exchange for a one-off compensatory cash payment. Following this transactions the remaining value of stock options and RSUs of USD 314 681 was recognized in the income statement.

The following table summarizes RSU activity for the year ended December 31

Number of Restricted Stock Units	2020	2019
Outstanding at beginning of the year	118,304	16,693
Granted	-	87,028
Forfeited		9,494
Exercised	118,304	5,089
Number of RSU's outstanding at end of year	-	118,304



Note 12 - Other operating expenses

USD	2020	2019
Administration costs and management fees	40,375,273	7,314,375
Office rental	3,275,766	2,896,801
Consultant fees	1,608,724	1,656,627
Other	1,477,450	2,799,383
Total	46,737,213	14,667,186

Note 13 - Other current liabilities

USD	2020	2019
Accrued expenses	1,885,867	2,323,776
Accrued personnell income tax	685,977	721,271
Provision for vacation pay	1,003,387	965,147
Deferred revenues s/t	794,526	794,526
VAT	2,986,972	1,608,066
Other current liabilities	713,445	1,361,058
Total	8,070,174	7,773,844

Note 14 - Leases

The Company has the following lease agreements that entail the following costs for the next 5 years:

USD	2021	2022	2023	2024	2025
Premises:					
Finnestadveien 28 (Until Jul-22)	928,137	464,068			
Finnestadgeilen 8 (Until Jul-22)	461,953	230,976			
Løkkeveien 107 (Until Jul-22)	1,202,530	601,265			
Farsund, (No end date, 6m notice)	106,072	106,072	106,072	106,072	108,471
Total lease commitment	2,698,692	1,402,382	106,072	106,072	108,471

Finnestadveien 28, Løkkeveien 107 and Finnestadgeilen 8 are located in Stavanger.
The majority of the premises at Løkkeveien 107 are being sublet.

Note 15 - Agio/Disagio

USD	2020	2019
Unrealized foreign exchange gains/ (losses)	(83,147)	301,881
Realized foreign exchange gains/ (losses)	(172,779)	(106,587)
Total	(255,926)	195,294

Note 16 - Segment information

The Company's operating revenues have the following geographical distribution:

USD	2020	2019
Norway	64,013,556	28,512,989
UK	413,342	2,276,633
Total	64,426,898	30,789,622

Note 17 - Consolidation

The Company is a wholly owned subsidiary of Seadrill Ltd.
Seadrill Ltd has its office address at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, Bermuda.



Note18 - Subsequent events

Since the mid-2010s, the industry has experienced a sustained decline in oil prices which has culminated in an industry-wide supply and demand imbalance. During this period, market dayrates for drilling rigs have been lower than was anticipated when the debt associated with acquiring our rigs was incurred. This challenging business climate was further destabilized by challenges that have arisen due to the COVID-19 pandemic. The actions taken by governmental authorities around the world to mitigate the spread of COVID-19 have had a significant negative effect on oil consumption. This has led to a further decrease in the demand for our services and has had an adverse impact on our business and financial condition.

Since the end of 2019, Seadrill Limited has been working with senior creditors to provide a solution to Seadrill Limited's high cash outflow for debt service.

In September 2020, Seadrill Limited and its subsidiaries ceased making interest payments on secured credit facilities which constituted an event of default. Furthermore, this triggered cross-defaults on the senior secured notes. The events of default meant that amounts due on the secured credit facilities and senior notes became callable on demand. As at December 31, 2020, Seadrill Limited had \$6,177 million in principal amount of these debt obligations. The available resources would not have been sufficient to repay these obligations, were they called.

On February 7, 2021 and February 10, 2021 Seadrill Limited and most of its subsidiaries (the "Debtors") filed voluntary petitions for reorganization under Chapter 11, triggering a stay on enforcement of remedies with respect to debt obligations. As part of the Chapter 11 Proceedings, the Debtors were granted "first-day" relief which enables the Debtors to continue operations without interruption.

As at December 31, 2020, Seadrill Limited had cash and cash equivalents including restricted cash of \$723 million, of which \$526 million was unrestricted and had implemented, and will continue to implement, various measures to preserve liquidity. Whilst it is believed this should provide sufficient liquidity for the 12 month period from the date of the issuance of these financial statements to allow the Debtors to complete a comprehensive restructuring, the process is difficult to predict and subject to factors outside of our control.

These conditions and events raise substantial doubt as to the Company's ability to continue as a going concern for the twelve months after the date the financial statements are issued. Financial information in this report has been prepared on a going concern basis of accounting, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due.

In the summer 2021 Seadrill Group and Northern Ocean Group come to an agreement related to services provided by Seadrill related to the mobilization and operation of West Mira on the drilling contract entered into between Northern Ocean Group and Wintershall DEA Norge AS. This contract was terminated by Wintershall and subsequently also the service contract between the Northern Group and Seadrill Group was terminated. It is expected that the termination will cause significant loss in the Company's account in 2021.