



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 988 288 330  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: COSL DRILLING EUROPE AS  
Forretningsadresse: Vestre Svanholmen 4  
4313 SANDNES

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: 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: Randi Skailand  
Dato for fastsettelse av årsregnskapet: 27.06.2022

### Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 06.07.2023



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt	2	130 496 199	157 899 547
<b>Sum inntekter</b>		<b>130 496 199</b>	<b>157 899 547</b>
<b>Kostnader</b>			
Lønnskostnad	3	78 181 428	97 744 372
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	1 521 610	2 984 627
Annen driftskostnad	5	44 482 116	49 999 140
<b>Sum kostnader</b>		<b>124 185 154</b>	<b>150 728 139</b>
<b>Driftsresultat</b>		<b>6 311 045</b>	<b>7 171 408</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	2	1 273 098	307 864 216
Annen finansinntekt	6		159 306 441
<b>Sum finansinntekter</b>		<b>1 273 098</b>	<b>467 170 657</b>
Nedskrivning av finansielle eiendeler	9	1 300 366 175	
Rentekostnad til foretak i samme konsern	2	34 300 576	101 478 124
Annen rentekostnad		1 018 192	732 135
Annen finanskostnad	6	74 459 713	29 635
<b>Sum finanskostnader</b>		<b>1 410 144 656</b>	<b>102 239 894</b>
<b>Netto finans</b>		<b>-1 408 871 558</b>	<b>364 930 763</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-1 402 560 513</b>	<b>372 102 171</b>
Skattekostnad på ordinært resultat	7	0	105 369 027
<b>Ordinært resultat etter skattekostnad</b>		<b>-1 402 560 513</b>	<b>266 733 144</b>
<b>Årsresultat</b>		<b>-1 402 560 513</b>	<b>266 733 144</b>
<b>Overføringer og disponeringer</b>			
Konsernbidrag			375 581 096
Overføringer til/fra annen egenkapital	8	-1 402 560 514	-108 847 951
<b>Sum overføringer og disponeringer</b>		<b>-1 402 560 514</b>	<b>266 733 145</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
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## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	4	441 718	2 020 848
<b>Sum varige driftsmidler</b>		<b>441 718</b>	<b>2 020 848</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	9	4 083 604 871	5 383 971 046
Andre fordringer		6 025 876	5 503 265
<b>Sum finansielle anleggsmidler</b>		<b>4 089 630 747</b>	<b>5 389 474 311</b>
<b>Sum anleggsmidler</b>		<b>4 090 072 465</b>	<b>5 391 495 159</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Konsernfordringer	2	13 012 512	318 649 366
<b>Sum fordringer</b>		<b>13 012 512</b>	<b>318 649 366</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	10	12 449 235	11 899 974
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>12 449 235</b>	<b>11 899 974</b>
<b>Sum omløpsmidler</b>		<b>25 461 747</b>	<b>330 549 340</b>
<b>SUM EIENDELER</b>		<b>4 115 534 212</b>	<b>5 722 044 499</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	8,11	12 560 612	12 560 612



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Annen innskutt egenkapital	8	55 899 742	55 899 742
<b>Sum innskutt egenkapital</b>		<b>68 460 354</b>	<b>68 460 354</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	8,12	-1 392 360 487	10 200 027
<b>Sum opptjent egenkapital</b>		<b>-1 392 360 487</b>	<b>10 200 027</b>
<b>Sum egenkapital</b>		<b>-1 323 900 133</b>	<b>78 660 381</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	2	4 390 011 673	4 294 664 956
<b>Sum annen langsiktig gjeld</b>		<b>4 390 011 673</b>	<b>4 294 664 956</b>
<b>Sum langsiktig gjeld</b>		<b>4 390 011 673</b>	<b>4 294 664 956</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		3 257 314	1 034 309
Skyldige offentlige avgifter		11 570 032	10 449 569
Kortsiktig konserngjeld	2	1 014 155 144	1 312 698 325
Annen kortsiktig gjeld		20 440 184	22 536 960
<b>Sum kortsiktig gjeld</b>		<b>1 049 422 674</b>	<b>1 346 719 163</b>
<b>Sum gjeld</b>		<b>5 439 434 347</b>	<b>5 641 384 119</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>4 115 534 214</b>	<b>5 720 044 500</b>



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 710028

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

**Årsregnskapet fastsatt av kompetent organ**

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Brønnøysundregistrene, 25.07.2022



Organisasjonsnr: 988 288 330  
COSL DRILLING EUROPE AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt	2	130 496 199	157 899 547
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<b>Sum kostnader</b>		<b>124 185 154</b>	<b>150 728 139</b>
<b>Driftsresultat</b>		<b>6 311 045</b>	<b>7 171 408</b>
<b>Finansinntekter og finanskostnader</b>			
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Rentekostnad til foretak i samme konsern	2	34 300 576	101 478 124
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Annen finanskostnad	6	74 459 713	29 635
<b>Sum finanskostnader</b>		<b>1 410 144 656</b>	<b>102 239 894</b>
<b>Netto finans</b>		<b>-1 408 871 558</b>	<b>364 930 763</b>
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Skattekostnad på ordinært resultat	7	0	105 369 027
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<b>Årsresultat</b>		<b>-1 402 560 513</b>	<b>266 733 144</b>
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Organisasjonsnr: 988 288 330  
COSL DRILLING EUROPE AS

## BALANSE

**Beløp i: NOK** **Note** **2021** **2020**

### BALANSE - EIENDELER

#### Anleggsmidler Immaterielle eiendeler

#### Varige driftsmidler

Driftsløsøre, inventar,  
verktøy, kontormaskiner  
og lignende

4 441 718 2 020 848

**Sum varige driftsmidler** **441 718** **2 020 848**

#### Finansielle anleggsmidler

Investering i datterselskap 9

4 083 604 871 5 383 971 046

Andre fordringer

6 025 876 5 503 265

**Sum finansielle  
anleggsmidler**

**4 089 630 747** **5 389 474 311**

**Sum anleggsmidler**

**4 090 072 465** **5 391 495 159**

#### Omløpsmidler

#### Varer

#### Fordringer

Konsernfordringer

2 13 012 512 318 649 366

**Sum fordringer**

**13 012 512** **318 649 366**

#### Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter  
og lignende

10 12 449 235 11 899 974

**Sum bankinnskudd,  
kontanter og lignende**

**12 449 235** **11 899 974**

**Sum omløpsmidler**

**25 461 747** **330 549 340**

**SUM EIENDELER**

**4 115 534 212** **5 722 044 499**

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital

Selskapskapital

8,11 12 560 612 12 560 612

Annen innskutt egenkapital

8 55 899 742 55 899 742

**Sum innskutt egenkapital**

**68 460 354** **68 460 354**

#### Opptjent egenkapital

Annen egenkapital

8,12 -1 392 360 487 10 200 027

**Sum opptjent egenkapital**

**-1 392 360 487** **10 200 027**



<b>Sum egenkapital</b>	<b>-1 323 900 133</b>	<b>78 660 381</b>
<b>Gjeld</b>		
<b>Langsiktig gjeld</b>		
<b>Annen langsiktig gjeld</b>		
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Organisasjonsnr: 988 288 330  
COSL DRILLING EUROPE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
1

Regnskapsprinsipper  
se vedlagt

Note  
3

Antall årsverk i regnskapsåret  
44.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

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.



**Skattedirektoratet**

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helletand	17.12.2009	05.01.2010
Telefon	Deres referanse	Vår referanse
22078139	Marianne Åsheim	2009/999914

ERNST & YOUNG AS  
Vassbotnen 11 Forus  
4313 Sandnes

**Søknad om tillatelse til å utarbeide årregnskap og årsberetning på engelsk språk for COSL Norwegian AS inklusive datterselskaper**

Det vises til Deres brev av 17. desember 2009. De søker på vegne av COSL Norwegian AS inklusive datterselskaper om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Søknaden gjelder for følgende selskaper;

COSL Norwegian AS	992 831 510
COSL Drilling Europe AS	987 861 894
COSL Oil & Gas AS	947 362 089
COSL Rigmar AS	884 358 582
COSL Sea Beds AS	960 254 635
COSL Sea Beds II AS	985 876 185
COSL Drilling Semi AS	988 288 330
COSL Offshore Management AS	991 006 494
Wilrig AS	989 850 105
COSL Rig Holding AS	990 405 034
COSL Rig Ltd	991 594 019
COSL Power AS	987 861 916
COSL Power Ltd	991 594 027
COSL Craft AS	987 862 932
COSL Craft Ltd	991 594 035
COSL Strike Ltd	991 594 043
Premium Drilling AS	988 294 187

COSL Norwegian AS er morselskap til det norske underkonsernet. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. I søknaden er det nevnt at arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk.

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."

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Fredrik Selmers vei 4	800 80 000
0134 Oslo	Org. nr: 974761076	Telefaks
skattedirektoratet@skatteetaten.no		22 17 08 60



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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til brukere av regnskapsinformasjon. Søkeren må som et utgangspunkt for vurderingen ha en særlig interesse for kun å utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. Arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk. Skattedirektoratet legger derfor til grunn at det i dette tilfellet ikke syntes å være brukere av selskapenes regnskapsinformasjon som har en særlig interesse i å få dette på norsk språk.

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


Dispensasjonen er gitt under den forutsetning at de ovennevnte opplysninger som vedtaket baserer seg på ikke endres vesentlig.



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Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Jan Hoelstad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Torstein Helleland  
Torstein Kinden Helleland





# Financial Statements

## **COSL Drilling Europe AS**

*Org. Nr.: 988.288.330*

2021



# **COSL Drilling Europe AS**

**BOARD OF DIRECTORS' REPORT 2021**



## **Introduction**

COSL Drilling Europe AS is a fully owned subsidiary of COSL Norwegian AS. As of the date of this report, COSL Drilling Europe AS have shares in 5 subsidiaries. Three of the subsidiaries are asset companies who own rigs, and the remaining two companies are manning companies that hire personnel to other companies within the COSL Norwegian Group.

COSL Drilling Europe AS's office is at Forus in Sandnes, Norway.

## **Going concern**

In accordance with the Accounting Act § 3-3 the Board confirms that the Financial Statements have been prepared under the assumption of a going concern.

The equity of the Company is lost with an amount of NOK 1 323.9 million per end of 2021. This is mainly due to impairment of the subsidiaries. The Company is financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity. Per 31 December 2021, the Group's equity including COSL Shareholder loans amounts to NOK 3 066.1 million, which implies an adjusted equity ratio of 74.5%. This has been assessed by the Board as sufficient to continue business operations.

China Oilfield Services Ltd (COSL) has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2022.

The Company furthermore had a positive bank balance per 31 December 2021 of NOK 12.4 million.

## **Profit and loss account**

In 2021 total revenues amounted to NOK 130.5 million. The corresponding amount for 2020 was NOK 157.9 million. The revenue for both years relates to recharge of salary and overhead expenses to subsidiaries, mainly subsidiary COSL Offshore Management AS. Personnel costs was NOK 78.2 million compared to NOK 97.7 million in 2020. General and administrative expenses were NOK 44.5 million, compared to NOK 50.0 million in 2020.

Net financial loss was NOK 1 408.9 million, compared to a net financial gain of NOK 364.9 million in 2020. The financial items were mainly from impairment of subsidiaries. Loss before tax was NOK 1 402.6 million, compared to a profit before tax of NOK 372.1 million in 2020. In 2021, net loss after tax was NOK 1 402.6 million compared to a net profit after tax of NOK 266.7 million in 2020.

## **Balance**

As of December 31, 2021, total assets were NOK 4 115.5 million compared to NOK 5 720.0 million at the end of 2020.



The board believes that COSL Drilling Europe AS is well positioned to meet its future commitments through internal funds, cash flow and debt financing.

There has been no change in the number of shares during 2021. At the date of this report, the number of outstanding shares of the Company is 50.242.448, the same as December 31, 2020. The Equity December 31, 2021, was negative of NOK 984.1 million, compared to positive by NOK 78.7 million at end of the year 2020.

#### **Cashflow**

The cash flow from operations presented in the financial statement mainly relates to profit before tax, net agio effects and decrease in short term intercompany receivables and payables. Financed by increased long term intercompany loan.

#### **Liquidity and financing**

December 31, 2021, COSL Drilling Europe AS had NOK 12.4 million in cash and cash equivalents. At the end of 2020, the same figure was NOK 11.9 million. The Company's investments in its subsidiaries are mainly financed through intercompany interest-bearing debt. Intercompany Interest-bearing debt was NOK 4 390.0 million at the end of the year. In 2020 this amount was NOK 4 294.7 million. The increase is due to exchange gain on the USD-denominated loan, and interest not paid.

#### **Market**

COSL Drilling Europe AS is a management and holding company and will continue its investment in its subsidiaries. The market view is dependent on the investments made by its subsidiaries.

#### **Working environment**

The company had 38 full time equivalent positions as of December 31, 2021. At the end of 2020 the number was 52.

The company aims for equality between genders. The working environment is considered good, and management will continue to work to maintain a good work environment. There were no employee related accidents in 2021.

When hiring new employees, they are evaluated based upon skills and objective measurements for the relevant position. No cultural, gender, religious, political or nationality considerations influence the decision. The company has internal procedures to ensure and maintain equality.

The company's operation does not pollute the environment.

#### **Company risks**

COSL Drilling Europe AS and its subsidiaries are exposed to market risks, geographical risks, political risks, construction risks, operational risks, financial risks, and strategic risks. The risk for COSL Drilling Europe AS is indirectly through ownership of asset companies for the different rigs. The Board and management manage these risks through ensuring a close relationship with the external management providers and through continuous reporting and monitoring. Strict safety management system has been implemented to



ensure a safe and efficient operation and working environment in the rig operations. Major factors in determining market risks are future oil and gas prices.

**Financial risk**

COSL Drilling Europe AS is exposed to several different financial market risks arising from the normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities, or future cash flows. To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks.

The company's exposure to the risk of changes in the market interest rates relates primarily to the long-term debt with floating interest rates.

Receivable balances are monitored on an ongoing basis.

**Shareholders and equity**

COSL Drilling Europe AS only shareholder is COSL Norwegian AS. COSL Norwegian AS is a fully owned subsidiary of China Oilfield Services Limited.

The board members are covered through a corporate insurance, the D&O limit is 200 million Chinese Yuan and this policy is Globally for all directors of China Oilfield Services Ltd and subsidiaries.

Sandnes, June 27<sup>th</sup>, 2022  
The Board of Directors of COSL Drilling Europe AS

Qingyong Jin  
Chairman of the Board

Zhou Bingwen  
Member of the Board

Frank Njaa Tollefsen  
CEO and Board member



## COSL Drilling Europe AS Profit and loss statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2021	2020
2	Revenue	130 496 199	157 899 547
	<b>Total operating revenue</b>	<b>130 496 199</b>	<b>157 899 547</b>
3	Payroll and related costs	78 181 428	97 744 372
4	Depreciation and amortisation	1 521 610	2 984 627
5	Operating, general and administrative expenses	44 482 116	49 999 140
	<b>Total operating expenses</b>	<b>124 185 154</b>	<b>150 728 139</b>
	<b>Operating profit/(loss)</b>	<b>6 311 045</b>	<b>7 171 408</b>
	<b>FINANCIAL INCOME AND FINANCIAL EXPENSES</b>		
2	Income from subsidiaries and associated companies	1 273 098	307 864 216
9	Impairment of financial assets	(1 300 366 175)	-
6	Other financial income	-	159 306 441
	Interest expense 3rd party	(1 018 192)	(732 135)
2	Interest expense group companies	(34 300 576)	(101 478 124)
6	Other financial expenses	(74 459 713)	(29 635)
	<b>Financial items, net</b>	<b>(1 408 871 558)</b>	<b>364 930 763</b>
	<b>Profit/(loss) before taxation</b>	<b>(1 402 560 514)</b>	<b>372 102 172</b>
7	Tax on ordinary income	-	(105 369 027)
	<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>(1 402 560 514)</b>	<b>266 733 145</b>
	<b>ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS</b>		
8	Transferred to retained earnings	1 402 560 514	(266 733 145)
8	Group contribution net of tax	-	373 581 096
	<b>Total allocations and equity transfers</b>	<b>1 402 560 514</b>	<b>106 847 951</b>

COSL Drilling Europe AS  
Balance sheet at 31 December

NOTE	ASSETS	2021	2020
	<b>Tangible fixed assets</b>		
4	Property, plant and equipment	441 718	2 020 848
	<b>Total tangible fixed assets</b>	<b>441 718</b>	<b>2 020 848</b>
	<b>Financial non-current assets</b>		
9	Investments in subsidiary companies	4 083 604 871	5 383 971 046
	<b>Total financial non-current assets</b>	<b>4 083 604 871</b>	<b>5 383 971 046</b>
	<b>Total non-current assets</b>	<b>4 084 046 589</b>	<b>6 385 991 894</b>
	<b>Current assets</b>		
	Other receivables	6 025 876	5 503 265
2	Intercompany receivables	13 012 512	318 849 366
	<b>Total receivables</b>	<b>19 038 388</b>	<b>322 152 631</b>
10	Cash and cash equivalents	12 449 235	11 899 974
	<b>Total current assets</b>	<b>31 487 624</b>	<b>334 052 605</b>
	<b>TOTAL ASSETS</b>	<b>4 115 534 212</b>	<b>6 720 044 499</b>
	<b>NOTE SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>2021</b>	<b>2020</b>
	<b>Shareholders equity</b>		
	Paid-in capital		
8,11	Share capital	12 560 812	12 560 812
8	Other paid-in capital	55 898 742	55 899 742
	<b>Total paid-in capital</b>	<b>68 459 554</b>	<b>68 460 554</b>
	Retained earnings		
8, 12	Retained earnings	(1 392 360 487)	10 200 027
	<b>Total retained earnings</b>	<b>(1 392 360 487)</b>	<b>10 200 027</b>
	<b>Total shareholders equity</b>	<b>(1 323 900 133)</b>	<b>78 660 581</b>
	<b>Liabilities</b>		
	Other non-current liabilities		
2	Loans from group companies	4 390 011 673	4 294 864 856
	<b>Total non-current liabilities</b>	<b>4 390 011 673</b>	<b>4 294 864 856</b>
	Current liabilities		
2	Intercompany liabilities	1 014 155 144	1 312 698 325
	Accounts payable	3 257 314	1 034 309
	Other taxes and withholdings	11 570 032	10 449 568
	Other current liabilities	20 440 184	22 538 980
	<b>Total current liabilities</b>	<b>1 049 422 673</b>	<b>1 346 719 182</b>
	<b>Total liabilities</b>	<b>5 439 434 346</b>	<b>5 641 584 038</b>
	<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>4 115 534 212</b>	<b>6 720 044 499</b>

Sandnes, June 27, 2022

  
Qingyong Jin  
Chairman  
Frank Tollefsen  
CEO and Board member  
Zhou Bingwen  
Board member



## COSL Drilling Europe AS

### Cash flow statement

	2021	2020
<b>CASH FLOW FROM OPERATIONS:</b>		
Profit/(loss) before taxation	(1 402 560 514)	372 102 172
Depreciation and amortisation	1 521 610	2 984 627
Impairment of fixed and intangible assets	1 300 366 175	-
Effect of currency rate changes	64 388 901	(53 510 888)
Change in trade receivables	-	80 001
Change in trade payables	2 223 005	(3 438 471)
Changes in inter-company balances	121 119 802	1 384 913 040
Changes in other current assets and other liabilities	(1 498 924)	(3 536 718)
Changes in group cashpool	(180 415 029)	(1 079 708 074)
<b>Net cash flow from operations</b>	<b>(94 854 972)</b>	<b>619 885 687</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Inflows due to sales of fixed assets	57 520	-
Outflows due to purchases of fixed assets	-	(567 505)
<b>Net cash flow from investment activities</b>	<b>57 520</b>	<b>(567 505)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Inflow due to new non-current liabilities	95 346 713	48 207 346
Payments in due to group contribution	-	(667 262 855)
<b>Net cash flow from financing activities</b>	<b>95 346 713</b>	<b>(619 055 509)</b>
Net change in bank deposits, cash and equivalents	549 261	262 674
Bank deposits, cash and equivalents at 1 January	11 899 974	11 637 300
<b>Bank deposits, cash and equivalents at 31 December</b>	<b>12 449 235</b>	<b>11 899 974</b>



## COSL Drilling Europe AS

### Notes to the accounts, year ended 31 December 2021

#### Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

The company has received approval from the Register of Business Enterprises in Norway to prepare the financial statements in English.

All amounts are in NOK unless otherwise stated.  
At 31.12.2021 a USD/NOK exchange rate of 8,8374 has been used.

#### Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

#### Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.  
Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

#### Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions, which affect the value of the assets and liabilities, and disclosure notes. Such estimates and assumptions may have significant impact on the reported revenues and costs for a specific reporting period. The actual amounts may deviate from the estimates.

#### Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

#### Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer or when the claim to remuneration arises. This will normally be the case when the goods are delivered to the customer or when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction.

#### Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

#### Cash pool

The Company is part of the Group cash pool arrangement with Sparebanken 1 SR Bank, for which COSL Norwegian AS is the main account holder. Balances due from and due to the cash pool arrangement are presented as balances due from or due to intercompany.

**Income taxes**

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.

**Comparative figures**

The presentation of the comparative figures has been updated to reflect a like-to-like comparison with current year figures.

**Cash flow statement**

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Group cashpool accounts are presented as intercompany in the cash flow statement.



## Note 2 Related party transactions and balances

### Related party transactions, profit and loss

In the normal course of business, the Company enters into several types of transactions with related parties. All transactions are performed at an arms' length principle. The most significant transactions with related parties are specified as follows:

Transaction type	Note	2021	2020
Intercompany interest expense	(1)	(34 300 576)	(101 478 124)
Reimbursable income	(2)	130 496 199	157 899 547
Group contribution income with tax effect	(3)	1 273 098	7 864 216
Group contribution income without tax effect	(4)	-	300 000 000
Group contribution cost with tax effect	(5)	-	(478 950 123)

(1): Intercompany interest income/(expense) comprises interest related to the group cashpool arrangement and loans with group companies.

(2): Cost of management, back-office and other indirect overhead costs are incurred by COSL Drilling Europe AS and allocated to group companies in Norway on a pro rata basis including a mark-up (mainly to COSL Offshore Management AS).

(3): Income from subsidiaries and associated companies relate to group contribution (with tax effect) received from related group companies, 2021 and 2020 this was related to COSL Offshore Crew AS.

(4): Income from subsidiaries and associated companies relate to group contribution (without tax effect) received from related group companies, this was related to COSL Offshore Management AS.

(5): Cost from subsidiaries and associated companies relate to group contribution (with tax effect) given to the parent company, COSL Norwegian AS.

### Loans payable to group companies consist of:

Counterpart / description	Relationship to the counterpart	Interest rate	2021	2020
COSL Norwegian AS	Parent company	0,72 %	(4 390 011 673)	(4 294 664 956)
<b>Total</b>			<b>(4 390 011 673)</b>	<b>(4 294 664 956)</b>

### Maturity

Later than 1 year but not later than 4 years

After 5 years	(4 390 011 673)	(4 294 664 956)
<b>Total</b>	<b>(4 390 011 673)</b>	<b>(4 294 664 956)</b>

COSL Drilling Europe AS has an unsecured loan towards parent company COSL Norwegian AS. The total amount of the loan facility is 1.3 billion US dollars and the interest rate is 0,72%. The purpose of the loan is to finance the ongoing working capital requirements. Subject to the terms of the loan agreement, advances may be drawn by the borrower at any time until the termination date. Interest is accrued yearly upon the aggregate principal amount of outstanding advances.

**Intercompany receivables consist of:**

<b>Counterpart</b>	<b>Relationship to the counterpart</b>	<b>2021</b>	<b>2020</b>
COSL Norwegian AS	Parent company	1 621 598	-
COSL Promotor Pte. Ltd.	Subsidiary	157 920	-
COSL Prospector Pte. Ltd.	Related party	19 999	-
COSL Offshore Management AS	Subsidiary	9 939 897	306 988 888
COSL Offshore Crew AS	Subsidiary	1 273 098	7 864 216
Other intercompany	Other group company	-	1 796 262
<b>Total</b>		<b>13 012 512</b>	<b>316 649 366</b>

**Group contribution receivable/(payable) consist of:**

<b>Counterpart</b>	<b>Relationship to the counterpart</b>	<b>2021</b>	<b>2020</b>
COSL Norwegian AS	Parent company	-	(478 950 123)
COSL Offshore Management AS	Subsidiary	-	300 000 000
COSL Offshore Crew AS	Subsidiary	1 273 098	7 864 216
<b>Total</b>		<b>1 273 098</b>	<b>(171 085 907)</b>

**Intercompany payables consist of:**

<b>Counterpart</b>	<b>Relationship to the counterpart</b>	<b>2021</b>	<b>2020</b>
COSL Norwegian AS, included cash pool	Parent company	1 014 155 144	1 312 690 238
Other intercompany	Other group company	-	8 087
<b>Total</b>		<b>1 014 155 144</b>	<b>1 312 698 325</b>

**Group cashpool balance:**

The Company is part of a cashpool arrangement with the intermediate holding company COSL Norwegian AS as main account holder. Interest based on floating bank deposit rates are earned or paid based on the Company's cashpool balance. A net deposit/withdrawn on the group cashpool is presented respectively as part of current assets/current liabilities.



## Note 3 Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs	2021	2020
Wages and salaries	68 487 981	78 967 226
Pension costs	3 074 231	3 752 817
Other personnel costs	6 619 216	15 024 329
<b>Total</b>	<b>78 181 428</b>	<b>97 744 372</b>

Average number of employees during the year 44 56

### Pensions

The company's pension scheme meets the requirements under Norwegian laws to provide an occupational pension scheme. The pension scheme is classified as a defined contribution scheme and is arranged through an agreement with an external pension insurance company.

### Remuneration to Board of Directors and CEO

	CEO	Other Board members	Total
<b>2021</b>			
Wages and salaries	3 331 570	-	3 331 570
Pension costs	47 774	-	47 774
Bonus	2 770 950	603 047	3 373 997
Other	150 000	270 593	420 593
<b>Total remuneration</b>	<b>6 300 294</b>	<b>873 640</b>	<b>7 173 933</b>
<b>2020</b>			
Wages and salaries	3 131 137	1 758 248	4 889 384
Pension costs	42 621	-	42 621
Bonus	2 093 522	1 175 564	3 269 086
Other	150 000	116 511	266 511
<b>Total remuneration</b>	<b>5 417 280</b>	<b>3 050 323</b>	<b>8 467 603</b>

Jin Qingyong and Zhou Bingwen did not receive salary from COSL Drilling Europe AS in 2021. However bonus, car and allowance is paid to Zhou Bingwen, showed in the table above.

The company did not provide any loans or securities to the Board of Directors or members of Management in 2021 or in 2020. The company has a contractual obligation to pay 6 months' salary to the top management in the case of employment termination.

### Auditor

Remuneration to Ernst and Young AS and Deloitte AS and their associates is as follows:

	2021	2020
Statutory audit	1 574 525	2 631 175
<b>Total costs for Auditor</b>	<b>1 574 525</b>	<b>2 631 175</b>



## Note 4 Fixed assets

		<b>Machinery and equipment</b>	<b>Total</b>
Cost at 31 December 2020	-	51 594 564	51 594 564
Additions, purchased	-	-	-
Disposals	-	(57 520)	(57 520)
Cost at 31 Desember 2021	-	51 537 044	51 537 044
Accumulated depreciation 31 December 2020	-	49 573 716	49 573 716
Depreciation	-	1 521 610	1 521 610
Accumulated depreciation on disposed assets	-	-	-
Accumulated depreciation 31 December 2021	-	51 095 326	51 095 326
<b>Balance at 31 December 2021</b>	-	<b>441 718</b>	<b>441 718</b>

Economic life	No depreciation	3-8 year
Depreciation method	-	Linear

COSL Drilling Europe AS has tangible fixed assets in the form of office equipment, art, hardware, software and warehouse equipment (Mongstad). The software is related to licences for use of business critical software such as the purchasing system (STAR) and Citrix.

## Note 5 Operating, general and administrative expenses

<b>Operating, general and administrative expenses</b>	<b>2021</b>	<b>2020</b>
Office, warehouse and equipment costs	16 078 584	17 707 579
Travel expenses	105 911	169 393
Consultancy and legal fees	16 500 936	18 964 134
IT costs	11 796 684	13 158 034
<b>Total operating, general and administrative expenses</b>	<b>44 482 116</b>	<b>49 999 140</b>

The company has no financial leasing for 2020 or 2019.

## Note 6 Other financial income and expenses

<b>Other financial income</b>	<b>2021</b>	<b>2020</b>
Realized and unrealized exchange gains	-	159 306 441
<b>Net other financial income</b>	<b>-</b>	<b>159 306 441</b>
<b>Other financial expenses</b>	<b>2021</b>	<b>2020</b>
Realized and unrealized exchange losses	74 398 756	-
Bank charges	22 834	24 549
Other financial expenses	38 123	5 086
<b>Net other financial expenses</b>	<b>74 459 713</b>	<b>29 635</b>



## Note 7 Income tax expense

<b>Payable tax</b>	<b>2021</b>	<b>2020</b>
Profit/(loss) before tax	(1 402 560 514)	372 102 172
Permanent differences (income)	35 331 503	102 439 052
Group contribution/dividend not taxable	-	(300 000 000)
*Taxable income from subsidiaries	-	303 687 924
Change in temporary differences	(36 844)	720 974
Impairment of subsidiary	1 300 366 175	-
Change in tax loss carry forward	67 465 593	-
*Group contribution received/(paid)	-	(478 950 123)
<b>Taxable income / (loss)</b>	<b>565 913</b>	<b>-</b>
<b>Payable tax on profit (22%)</b>		<b>-</b>
<b>Temporary differences</b>	<b>2021</b>	<b>2020</b>
Fixed assets	(3 673 489)	(3 710 333)
Interest limitation rule carry forward	(277 552 343)	(277 552 343)
Tax loss carry forward	(67 465 593)	-
<b>Total temporary differences</b>	<b>(348 691 425)</b>	<b>(281 262 676)</b>
<b>Calculated net deferred tax asset / (liability) (22%)</b>	<b>76 712 114</b>	<b>61 877 789</b>
<b>Total deferred tax asset / (liability) recognized (22%)</b>	<b>76 712 114</b>	<b>61 877 789</b>
<b>Deferred tax</b>		
Deferred tax - ending balance	-	-
Deferred tax - opening balance	-	-
<b>Total deferred tax (expense) / income</b>	<b>-</b>	<b>-</b>
<b>Total tax (expense) / income</b>		
- Tax effect of group contribution	-	(105 369 027)
Deferred tax	-	-
<b>Total tax (expense) / income</b>	<b>-</b>	<b>(105 369 027)</b>

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.



**Note 8 Equity**

	Share capital	Other paid-in capital	Retained earnings	Total shareholders equity
Equity at 1 January 2021	12 560 612	55 899 742	10 200 027	78 660 381
<b>This year's change in equity:</b>				
Profit/(loss) of the year	-	-	(1 402 560 514)	(1 402 560 514)
Received/(given) group contribution net of tax	-	-	-	-
Equity at 31 December 2021	12 560 612	55 899 742	(1 392 360 487)	(1 323 900 133)

**Note 9 Investments in subsidiaries and associated companies**

Company	Date of acquisition	Registered office	Voting share	Ownership share
COSL Pioneer Pte Ltd	2008	Singapore	100 %	100 %
COSL Promotor Pte Ltd	2008	Singapore	100 %	100 %
COSL Innovator Pte Ltd	2008	Singapore	100 %	100 %
COSL Offshore Crew AS	2008	Norway	100 %	100 %
COSL Offshore Management AS	2008	Norway	100 %	100 %

Company	Net bookvalue 31.12.2021	Net bookvalue 31.12.2020	Equity latest financial statements (1)	Profit/(loss) latest financial statements (1)
COSL Pioneer Pte Ltd	1 453 933 546	2 136 268 721	USD 164 520 509	(USD 139 412 936)
COSL Promotor Pte Ltd	1 537 697 053	1 537 697 053	USD 212 445 176	(USD 67 656 146)
COSL Innovator Pte Ltd	1 053 348 132	1 671 379 133	USD 119 192 085	(USD 124 240 753)
COSL Offshore Crew AS	100 000	100 000	3 378 040	808 807
COSL Offshore Management AS	38 526 140	38 526 140	1 538 142 823	66 599 174
<b>Total investment in subsidiary companies</b>	<b>4 083 604 870</b>	<b>5 383 971 045</b>		

Company	Impairment in NOK 31.12.2021	Impairment in NOK 31.12.2020
COSL Pioneer Pte Ltd	682 335 174	-
COSL Promotor Pte Ltd	-	-
COSL Innovator Pte Ltd	618 031 001	-
COSL Offshore Crew AS	-	-
COSL Offshore Management AS	-	-
<b>Total investment in subsidiary companies</b>	<b>1 300 366 175</b>	<b>-</b>

COSL Pioneer Pte Ltd, COSL Promotor Pte Ltd and COSL Innovator Pte Ltd have USD as functional currency. The exchange rate NOK/USD as of December 31, 2021 was 8,8374.

**Note 10 Cash and cash equivalents**

	2021	2020
Employee withheld taxes (restricted bank account)	8 012 391	7 865 452
Restricted cash for pensions	4 339 709	3 968 789
Other cash and cash equivalents	97 135	65 734
<b>Total</b>	<b>12 449 235</b>	<b>11 899 974</b>



## Note 11 Share capital and shareholder information

The share capital in the company at 31 December 2021 consists of the following classes:

	Number	Nominal amount	Carrying value
Share capital by foundation	50 242 448	0,25	12 560 612
<b>Total</b>	<b>50 242 448</b>		<b>12 560 612</b>

All shares give equal owner benefits and voting rights in the company.

### Ownership structure

Largest shareholders as of 31 December 2021:

	Number of Shares	Number of shares Total	Ownership share	Voting share
COSL Norwegian AS	50 242 448	50 242 448	100 %	100 %
<b>Total number of shares</b>	<b>50 242 448</b>	<b>50 242 448</b>	<b>100 %</b>	<b>100 %</b>

The company's accounts are included in the consolidated financial statement of COSL Norwegian AS, with office at Vestre Svanholmen 4, 4313 Sandnes.

## Note 12 Going Concern

The equity of the Company is lost with an amount of NOK 1 323.9 million per end of 2021. This is mainly due to impairment of the subsidiaries. The Company is financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity. Per 31 December 2021, the Group's equity including COSL Shareholder loans amounts to NOK 3 066.1 million, which implies an adjusted equity ratio of 74.5%. This has been assessed by the Board as sufficient to continue business operations.

China Oilfield Services Ltd (COSL) has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2022.

The Company furthermore had a positive bank balance per 31 December 2021 of NOK 12.4 million.

On the basis of the above, the Company's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Company's ability to continue as a going concern.



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of COSL Drilling Europe AS

### Opinion

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

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and 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 International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matters

The financial statements for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2021.

### 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 CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

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

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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

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preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Stavanger, 30 June 2022  
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*The auditor's report is signed electronically*

Erik Søreng  
State Authorised Public Accountant (Norway)

Independent auditor's report - COSL Drilling Europe AS 2021

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"By my signature I confirm all dates and content in this document."

### Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

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