



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 222 334  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SONGA OFFSHORE RIG 2 AS  
Forretningsadresse: Maskinveien 26  
4033 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: Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Iain Inglis  
Dato for fastsettelse av årsregnskapet: 02.07.2021

### 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, 14.07.2022



### Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	2, 10	346 568 000	351 002 000
<b>Sum inntekter</b>		<b>346 568 000</b>	<b>351 002 000</b>
<b>Kostnader</b>			
Right of use depreciation	12	174 425 000	161 098 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		35 972 000	0
Other operating expenses	3	218 889 000	177 597 000
<b>Sum kostnader</b>		<b>429 286 000</b>	<b>338 695 000</b>
<b>Driftsresultat</b>		<b>-82 718 000</b>	<b>12 307 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		1 253 000	11 297 000
Annen renteinntekt		17 000	276 000
Other financial income		1 354 000	127 000
<b>Sum finansinntekter</b>		<b>2 624 000</b>	<b>11 700 000</b>
Rentekostnad til foretak i samme konsern		557 000	7 233 000
Lease interest expense		29 805 000	39 892 000
<b>Sum finanskostnader</b>		<b>30 362 000</b>	<b>47 125 000</b>
<b>Netto finans</b>		<b>-27 738 000</b>	<b>-35 425 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Tax on ordinary result	7	16 171 000	8 775 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-126 627 000</b>	<b>-31 893 000</b>
<b>Årsresultat</b>		<b>-126 627 000</b>	<b>-31 893 000</b>
<b>Overføringer og disponeringer</b>			
Transferred to other equity	5	-126 627 000	-31 893 000
<b>Sum overføringer og disponeringer</b>		<b>-126 627 000</b>	<b>-31 893 000</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Right of use of asset	12	374 875 000	594 425 000
Utsatt skattefordel	7	0	732 000
<b>Sum immaterielle eiendeler</b>		<b>374 875 000</b>	<b>595 157 000</b>
<b>Finansielle anleggsmidler</b>			
Deferred mobilisation costs	9	10 368 000	18 783 000
<b>Sum finansielle anleggsmidler</b>		<b>10 368 000</b>	<b>18 783 000</b>
<b>Sum anleggsmidler</b>		<b>385 243 000</b>	<b>613 940 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventory	11	19 103 000	17 997 000
<b>Sum varer</b>		<b>19 103 000</b>	<b>17 997 000</b>
<b>Fordringer</b>			
Accounts Receivable		53 191 000	55 812 000
Deferred mobilisation costs and other receivables	8, 9	9 167 000	8 945 000
Konsernfordringer	4	71 541 000	86 035 000
<b>Sum fordringer</b>		<b>133 899 000</b>	<b>150 792 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits		4 220 000	5 510 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 220 000</b>	<b>5 510 000</b>
<b>Sum omløpsmidler</b>		<b>157 222 000</b>	<b>174 299 000</b>
<b>SUM EIENDELER</b>		<b>542 465 000</b>	<b>788 239 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital



## Balanse

Beløp i: USD	Note	2020	2019
<b>Innskutt egenkapital</b>			
Share capital	5	5 000	5 000
Annen innskutt egenkapital	5	100 734 000	100 734 000
<b>Sum innskutt egenkapital</b>		<b>100 739 000</b>	<b>100 739 000</b>
<b>Opptjent egenkapital</b>			
Retained equity	5	-220 377 000	-93 751 000
<b>Sum opptjent egenkapital</b>		<b>-220 377 000</b>	<b>-93 751 000</b>
<b>Sum egenkapital</b>		<b>-119 638 000</b>	<b>6 988 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Right of use long term liability	12	219 731 000	390 195 000
Deferred mobilisation revenue	9	10 368 000	18 784 000
<b>Sum annen langsiktig gjeld</b>		<b>230 099 000</b>	<b>408 979 000</b>
<b>Sum langsiktig gjeld</b>		<b>230 099 000</b>	<b>408 979 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		1 783 000	3 293 000
Payable tax	7	45 723 000	30 284 000
Kortsiktig konserngjeld	4	198 288 000	156 661 000
Deferred mobilisation revenue and other current liabilities	6, 9	15 746 000	18 247 000
Right of use lease liability	12	170 464 000	163 787 000
<b>Sum kortsiktig gjeld</b>		<b>432 004 000</b>	<b>372 272 000</b>
<b>Sum gjeld</b>		<b>662 103 000</b>	<b>781 251 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>542 465 000</b>	<b>788 239 000</b>



Skatteetaten

Vår dato 08.05.2019	Din/Deres dato 30.04.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Karl-Erik Johannessen	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5912686	Postadresse Postboks 9200 Grønland 0134 OSLO

SONGA OFFSHORE SE  
Postboks 8200  
4069 STAVANGER

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 30. april 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

<b>Songa Offshore Rig AS</b>	<b>org.nr. 992 839 449</b>
<b>Songa Offshore Rig 2 AS</b>	<b>org.nr. 913 222 334</b>
<b>Songa Offshore Rig 3 AS</b>	<b>org.nr. 913 292 073</b>
<b>Songa Offshore Equipment Rental AS</b>	<b>org.nr. 913 978 250</b>
<b>Songa Offshore Services AS</b>	<b>org.nr. 988 186 228</b>
<b>Songa Offshore SE nuf</b>	<b>org.nr. 994 147 870</b>

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Fra søknaden gjengis:

*Eneste eier i SO selskapene er Songa Offshore SE (100%) som er et internasjonalt holdingselskap basert på Kypros.*

*Songa konsernet ble i første kvartal 2018 oppkjøpt av Transocean. Det vises til at Transocean Services AS er morselskap for flere selskaper som inngår i Transocean konsernet og som er registrert i Norge, og at alle disse selskapene har fått tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk. Transocean også kjøpt Ocean Rig konsernet i fjerde kvartal 2018. Og all norsk selskapene i Ocean Rig konsernet har også fått denne tillatelse.*

*Bransjen selskapet opererer i er internasjonalt. Eneste arbeidsspråk er engelsk. Både kunder og leverandører av selskapene er komfortable med å forholde seg til engelskspråklig finansiell informasjon. I mange tilfeller er dette også påkrevd, noe som innebærer at finansiell informasjon må oversettes og dermed dupliseres.*

*Selskapets finansiering og garantistillelse er mot utenlandske selskaper og finansinstitusjoner. All dokumentasjon knyttet til dette er på engelsk.*

**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 mv., 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 kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eid av et utenlandsk selskap. Selskapets virksomhet er internasjonal. Øvrige konsernselskap har dispensasjon. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen  
seniorrådgiver  
Juridisk avdeling  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



Statsautoriserte revisorer  
Ernst & Young AS

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www.ey.no  
Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Songa Offshore Rig 2 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Songa Offshore Rig 2 AS, which comprise the balance sheet as at 31 December 2020, the income statement, the statements of other comprehensive income and statements 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 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 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of 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 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 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 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.



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## 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 International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including 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 those charged with governance 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.

## 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, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Songa Offshore Rig 2 AS

A member firm of Ernst & Young Global Limited

Penneo Dokumentnr: 100W6-QNODU-J2SYB-QONTV-NW4L-8JULM



Kristiansand, 5 July 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Espen Fyllingen  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 100W6-ONQDU-J2SYB-QQNTV-NWG4L-8JULM



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

## Espen Fyllingen

Oppdragsansvarlig partner

Serienummer: 9578-5999-4-2137889

IP: 88.89.xxx.xxx

2021-07-05 07:40:29Z



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## **Songa Offshore Rig 2 AS**

Annual Report

31 December 2020



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## **Songa Offshore Rig 2 AS**

Org. No. 913 222 334

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## **Board of Directors' report**

### **Type of business**

Songa Offshore Rig 2 AS was incorporated on 10 January 2014 and the company is based in Stavanger. The company is owned 100% by Songa Offshore SE. The business of the company consists of renting drilling rigs for subleasing to operators. Operational activities commenced in the fourth quarter of 2015.

### **Going concern**

The board recognizes that the company's equity is negative as at 31 December 2020 and will seek means to rectify the situation. To support the going concern assumptions the board has secured a letter of support from its ultimate parent Transocean Inc. This support is valid for a period of 12 months from the Annual General Meeting to be held in 2021 in order to approve the 2020 financial statements.

The going concern assumption in accordance with Norwegian Accounting Act § 3-3 (accounting law) is present and the financial statements have been prepared under this assumption. The board confirms the going concern assumptions are valid.

### **Work environment and personnel**

There are no employees in Songa Offshore Rig 2 AS. The company acquired services from Transocean Offshore (North Sea) Limited. until 30 June 2020 and Transocean Norway Operations AS from 1 July 2020

### **Equal treatment**

There are no employees in Songa Offshore Rig 2 AS. The company adheres to the state of conduct stating that there shall be no discrimination on the background of race, religion or gender.

### **Environmental reporting**

Songa Offshore Rig 2 AS operations does not affect the environment negatively above and beyond what is common in the industry. For further information about the groups environmental policy, please refer to the group webpage. No polluting spills were registered by the Transocean group during 2020.

### **Future development**

Songa Offshore Rig 2 AS' income is from oil companies and the future development of the company is dependent on the oil industry generally and the oil price specifically. A continued high activity level is expected going forward. The company will continue to operate two drilling rigs, the Transocean Endurance and the Transocean Equinox. Both have a fixed contract concluding in June 2023 and December 2022 respectively.

The board of directors would like to clarify that there is normally a great level of uncertainty associated with prediction of the future operating environment of the company.



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## **Songa Offshore Rig 2 AS**

Org. No. 913 222 334

### **Result, cash flows, investments, financing and liquidity**

The company operated two drilling rigs in 2020, the Transocean Endurance and the Transocean Equinox. The company's total operating income including amortization of deferred income was USD 346.6 million in 2020 (2019: USD 351.0 million).

The net operating loss for 2020 was USD 82.7 million compared to a net operating profit of USD 12.3 million in 2019. The rise in costs for 2020 is due to asset impairments being recognized on the Right of Use assets along with increased costs associated with undertaking statutory periodic surveys.

Total cash flows of the company were negative USD 1.3 million (2019: positive USD 0.8 million). The company purchased inventory during the year and recognizes an inventory balance of USD 19.1 million at 31 December 2020 (2019: 18.0 million). Change in accounts receivable is a decrease of USD 2.6 million (2019: decrease of USD 4.5 million). Loss before taxes is USD 110.5 million (2019: USD 23.1 million). Tax charge for the year is USD 16.2 million (2019: USD 8.8 million).

The company's short-term debt was at year end 65.4% (2019: 47.7%) of the total debt in the company.

The total assets at year end are USD 542.5 million (2019: USD 788.2 million).

The equity at 31.12.2020 is negative USD 119.6 million (2019: positive USD 7.0 million).

### **Financial risk**

#### **Interest risk**

The company is financed by associated group companies. The internal interest cost charged from the associated group companies is equal to the interest the company is expected to obtain through external financing. The interest is subject to an annual assessment, or more often if the circumstances so require.

#### **Currency risk**

The development of exchange rates entails both a direct and indirect economic risk for the company. Songa Offshore Rig 2 AS has part of its income in Norwegian kroner and parts in USD. The majority of the costs are in Norwegian kroner (NOK) with the exception of the bareboat rig rental which is in USD.

#### **Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the company's receivables from customers and intercompany.

The company's exposure to credit risk is influenced mainly by individual factors associated with each counterparty. The risk associated with internal counterparties is considered to be low.

#### **Liquidity risk**

Liquidity risk is the risk that the company will not be able to settle its financial commitments as they fall due. With regular prognoses and liquidity analysis, the company will, as far as possible, ensure that sufficient access to funds is made available in order to settle commitments on the due date without unacceptable losses or risks of damaging the company's reputation. Songa Offshore Rig 2 AS is included in the Group's overall liquidity evaluation.



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## **Songa Offshore Rig 2 AS**

Org. No. 913 222 334

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### **Oil price risk**

Our business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Prolonged reductions in oil and natural gas prices could depress the immediate levels of exploration, development and production activity.

Perceptions of longer-term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices typically have a greater impact on demand for our rigs.

Consistent with this dynamic, customers may delay or cancel many exploration and development programs, resulting in reduced demand for our services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have often contributed to oil and gas price volatility and are likely to do so in the future.

### **Subsequent Events**

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2020 Annual Report (Form 10K) of Transocean Limited which is available for download from [www.deepwater.com](http://www.deepwater.com).

The financial statements have been prepared based on conditions existing at 31 December 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.



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**Songa Offshore Rig 2 AS**

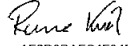
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**Result and allocations**

The board proposes to allocate the annual loss of USD 126,627 thousand as follows:

- Other equity USD '000 (126,627)

Stavanger,  
2 July 2021

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Rune Kval  
Chairman of the board  
and General Manager

DocuSigned by:  
  
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Iain Inglis  
Board member

DocuSigned by:  
  
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Inger Aase  
Board member



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Income statement

For the year ended 31 December

Amounts in USD 1000	Note	2020	2019
Operating income	2, 10	346,568	351,002
<b>Total operating income</b>		<b>346,568</b>	<b>351,002</b>
Other operating costs	3	(218,889)	(177,597)
Right of use depreciation	12	(174,424)	(161,098)
Asset Impairment		(35,972)	-
<b>Total operating costs</b>		<b>(429,286)</b>	<b>(338,695)</b>
<b>Operating profit (loss)</b>		<b>(82,718)</b>	<b>12,307</b>
Other interest income		17	276
Other financial income		1,354	127
Interest income from group companies		1,253	11,297
Other interest costs		-	-
Interest costs to group companies		(557)	(7,233)
Lease interest expense		(29,805)	(39,892)
<b>Net financial items</b>		<b>(27,738)</b>	<b>(35,425)</b>
<b>Loss before income taxes</b>		<b>(110,456)</b>	<b>(23,118)</b>
Income tax (cost)/Income	7	(16,171)	(8,775)
<b>Loss after tax</b>		<b>(126,627)</b>	<b>(31,893)</b>

### Statement of other comprehensive income for the year ended 31. December

Amounts in USD 1000	Note	2020	2019
<b>Profit (Loss) after tax</b>		<b>(126,627)</b>	<b>(31,893)</b>
Items which will not be reclassified over profit and loss, net of tax		-	-
Items which may be reclassified over profit and loss, net of tax		-	-
<b>Total comprehensive income (loss)</b>		<b>(126,627)</b>	<b>(31,893)</b>
Allocated to other equity	5	(126,627)	(31,893)
<b>Total allocation</b>		<b>(126,627)</b>	<b>(31,893)</b>



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Statement of financial position

as at 31 December

Amounts in USD 1000	Note	2020	2019
<b>Assets</b>			
<b>Long term receivables</b>			
Deferred mobilisation costs	9	10,368	18,783
Deferred tax asset	7	(0)	732
Right of use asset	12	374,875	594,425
<b>Total long term receivables</b>		<b>385,243</b>	<b>613,940</b>
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivable		53,191	55,812
Group receivables	4	71,541	86,035
Inventory	11	19,103	17,997
Deferred mobilization costs and other receivables	8, 9	9,167	8,945
Deferred certification expenditure		0	-
Cash and cash equivalents		4,220	5,510
<b>Total current assets</b>		<b>157,222</b>	<b>174,299</b>
<b>Total assets</b>		<b>542,465</b>	<b>788,239</b>



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**Songa Offshore Rig 2 AS**

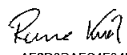
Org. No. 913 222 334

**Statement of financial position**

as at 31 December

Amounts in USD 1000	Note	2020	2019
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<b>Paid-in equity</b>			
Share capital	5	5	5
Other paid-in equity	5	100,734	100,734
<b>Total paid in equity</b>		<b>100,739</b>	<b>100,739</b>
<b>Retained equity</b>			
Other equity	5	(220,378)	(93,751)
<b>Total retained equity</b>		<b>(220,378)</b>	<b>(93,751)</b>
<b>Total equity</b>		<b>(119,638)</b>	<b>6,988</b>
<b>Liabilities</b>			
Deferred mobilization revenue	9	10,368	18,784
Right of use long term liability	12	219,731	390,195
<b>Total long term liabilities</b>		<b>230,099</b>	<b>408,979</b>
<b>Current liabilities</b>			
Account payables		1,783	3,293
Current liabilities to group companies	4	198,288	156,661
Payable tax	7	45,723	30,284
Deferred mobilization revenue and other current liabilities	6, 9	15,746	18,247
Right of use lease liability	12	170,464	163,787
<b>Total current liabilities</b>		<b>432,004</b>	<b>372,272</b>
<b>Total liabilities</b>		<b>662,103</b>	<b>781,251</b>
<b>Total liabilities and equity</b>		<b>542,465</b>	<b>788,239</b>

Stavanger,  
2 July 2021

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Rune Kvål  
Chairman of the board  
and General Manager

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Iain Inglis  
Board member

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Inger Aase  
Board member



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Cash flows statement

for the year ended 31 December

Amounts in USD 1000	Note	2020	2019
Cash flows from operating activities:			
Profit (loss) before income taxes		(110,456)	(23,118)
Adjustments for:			
Tax paid		-	(489)
Financial items without cash effect		(154,632)	4,428
Financial items without cash effect - Depreciation		174,424	-
Financial items without cash effect - Impairment		35,972	-
Purchase of Inventory		(1,106)	(2,847)
Change accounts receivables		2,621	4,544
Change account payables		(1,510)	2,735
Change in other current assets and liabilities		(2,723)	5,421
Change in liabilities and receivables group		56,120	10,115
<b>Net cash flows from operating activities</b>		<b>(1,290)</b>	<b>789</b>
Cash flows from investments:			
Investments in fixed assets		-	-
<b>Net cash flows from investments</b>		<b>-</b>	<b>-</b>
Cash flows from financing:			
Receipt of group contributions		-	-
<b>Net cash flows from financing</b>		<b>-</b>	<b>-</b>
<b>Net change in cash</b>		<b>(1,290)</b>	<b>789</b>
Cash and cash equivalents at beginning of period		5,510	4,721
<b>Cash at end of period</b>		<b>4,220</b>	<b>5,510</b>

Cash and cash equivalents at 31 December 2020 and 31 December 2019 included no restricted bank deposits.



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## **Songa Offshore Rig 2 AS**

Org. No. 913 222 334

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## **Notes to the financial statements**

### **Note 1**

#### **Accounting principles**

##### **Basis of preparation**

In the preparation of the accounts for Songa Offshore Rig 2 AS the company has used simplified IFRS in accordance with the Norwegian accounting act section 3-9. This means that the valuation principles of IFRS have been used, while at the same time using the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP) for the presentation of the notes.

In accordance with the administrative regulations for the use of simplified international accounting standards of 21 January 2008, the Company has implemented the following principles and assessments in accordance with IFRS:

IAS 10.12 and IAS 10.13 have not been followed as the treatment of dividends and group contributions have been treated in accordance with NGAAP.

##### **Income**

Income is recognized when it is probable that the transaction will generate future economic benefits that will be received by the company and the size of the benefit can be reasonably estimated. Revenues have been presented net of VAT and discounts.

In the accounts the company's income and costs in connection with the mobilization of the drilling rigs Songa Equinox and Songa Endurance have been included. The income and costs is amortized over the contract periods.

##### **Currency**

The accounts have been prepared in the currency considered as the most important economic environment in which the company operates (its functional currency). In the accounts the result and balance sheet are presented in USD, which is the company's functional currency and presentational currency.

In the preparation of the accounts transactions are translated from foreign currency to USD at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the date of the balance sheet.



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## **Songa Offshore Rig 2 AS**

Org. No. 913 222 334

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### **Taxes**

Deferred tax is calculated based on differences between the book value of assets and debt and corresponding tax values. Deferred tax is recognized on the balance sheet for all temporary differences and a deferred tax asset is recognized to the extent it is likely the company will be able to utilize the asset based on project future profits. Such assets and liabilities are not recognized in the balance sheet if the temporary difference arises on initial recognition (except related to business combinations) of other assets or debt in a transaction which does not affect either the taxable income or the accounting earnings.

The balance sheet value of a deferred tax asset is assessed at each year end and is reduced to the extent it is no longer probable that future taxable income will be available to allow for utilization of the tax asset.

Deferred tax and deferred tax asset is measured using the expected future tax rate which is expected to be applicable in the period the debt is to be settled or the asset realized, based on tax rates (and tax law) which has been enacted or substantially purposes passed at the balance sheet date. The valuation of deferred tax and deferred tax asset reflects the tax position that will arise in accordance with the company's expectation, at the balance sheet date, to utilize or settle the carrying value of the assets or liabilities in the balance sheet.

Deferred tax assets and deferred tax is set off against each other when in accordance with current law and when they relate to taxes imposed by the same tax authorities and the company has the intention of setting of the tax asset and liability.

Payable tax and deferred tax is recognized as a cost or income in the profit & loss statement, except when related to items entered directly against equity, then the tax is also entered directly against equity, or when they arise as a consequence of an initial balance sheet entry related to a business combination. In cases of business combinations the tax effect is included in the calculation of any excess value for the buyer when calculating the net fair market value of identifiable assets, debt and contingent debt over costs.

IFRIC 23 requires an entity to reflect uncertainty over income tax treatments in the recognition and measurement of current and deferred tax assets or liabilities, applying the requirements in IAS 12.

### **Provisions**

Provisions are recognized on the balance sheet when the company has an existing legal obligation or an implied obligation, as a consequence of a previous event, when it is likely that an economical transfer is required to meet the obligation and that one reliably can estimate the size of the obligation.

### **Account receivables**

Account receivables are recognized at cost less losses on receivables.

### **Inventory**

Inventory is held at the lower of cost or net realizable value. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.



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## Songa Offshore Rig 2 AS

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### Events following the balance sheet date

Events following the balance sheet date have been considered in the accounts. Events following the balance sheet date which does not affect the company on the balance sheet date but will affect the company in the future have been commented on if considered material.

### Presentation of cash flows

The presentation of the cash flows has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash, bank deposits and easily transferable assets which immediately can be converted to fixed cash amounts, and which are only exposed to immaterial changes in value.

## Note 2

### Operating income

USD'1000	2020	2019
Drilling Operations	334,045	338,171
Amortized deferred mobilization revenue	8,439	8,415
Recharged costs	4,083	4,416
<b>Total</b>	<b>346,568</b>	<b>351,002</b>

Songa Offshore Rig 2 AS operates the drilling rigs Transocean Endurance and Transocean Equinox. The drilling rigs started operations on the Norwegian shelf in the fourth quarter of 2015.

## Note 3

### Operating costs, personnel cost, employees, benefits, loan to employees and audit fees

The company operates the drilling rigs Transocean Endurance and Transocean Equinox from December 2015.

USD 1000	2020	2019
Maintenance expenses	48,811	30,761
Other operating expenses	170,078	146,836
Other operating costs	218,889	177,597

There are no employees in the company and therefore not required to have a pension (Defined Contribution Plan). Personnel were hired from Transocean Offshore (North Sea) Ltd and Transocean Norway Operations AS.

No remuneration has been paid to the board members. No loans or security have been provided for the general manager, board chairman or other related parties



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Auditor

The 2020 audit fee was USD 34 thousand (excluding VAT)

USD 1000	2020	2019
Audit fee	34	33

### Note 4

#### Intercompany liabilities and receivables

##### Current assets (due within one year)

USD 1000	2020	2019
Transocean Inc	-	444
Songa Offshore Enabler Ltd	-	548
Songa Offshore Endurance Ltd	35,796	35,268
Songa Offshore Encourage Ltd	-	500
Songa Offshore Equinox Ltd	24,365	30,460
Songa Offshore Rig 3 AS	-	6,579
Transocean Enabler Limited	1	1
Transocean Encourage Limited	1	1
Transocean Offshore Ventures Inc.	3	3
Songa Offshore Rig AS	-	12,229
Songa Offshore SE Cayman	-	2
Songa Offshore SE	11,375	-
<b>Total</b>	<b>71,541</b>	<b>86,035</b>

##### Current liabilities (due within one year)

USD 1000	2020	2019
Songa Offshore Equinox Ltd	2,370	2,370
Songa Offshore SE	-	43,112
Songa Offshore Endurance Ltd	2,370	2,370
Transocean Inc.	19	-
Transocean Offshore Deepwater Drilling Inc.	6,773	4,019
Transocean Services AS	48,729	3,447
Songa Offshore Rig 3 AS	27	-
Resource Rig Supply Inc.	606	858
Transocean Offshore (North Sea) Limited	56,705	47,489
Sedco Forex International, Inc.	169	1,825
Transocean Offshore Ventures Inc. Louisiana	303	103
Transocean Norway Operations AS	16,313	8,508
Transocean Endurance Limited	25,458	15,668
Transocean Equinox Limited	28,841	23,828
Transocean Onshore Support Services Limited	9,605	3,064
<b>Total</b>	<b>198,288</b>	<b>156,661</b>

No part of the liabilities has a maturity longer than 5 years. The company does not have any receivables which mature later than 1 year. The company does not have any debt secured by collateral.



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Note 5

#### Share capital and shareholders

##### Share capital

USD 1000	Shares	Nominal value	Booked
Share capital	30	0.17	5

NOK 1000	Shares	Nominal value	Booked
Share capital	30	1	30

##### Shareholders

Songa Offshore SE owned 100 % of the shares in the company as of 31.12.20.

USD 1000	Share capital	Other paid-in equity	Other equity	Sum equity
Balance 1 January 2020	5	100,734	(93,751)	6,988
Annual profit / (loss)			(126,627)	(126,627)
Balance 31 December 2020	<b>5</b>	<b>100,734</b>	<b>(220,378)</b>	<b>(119,638)</b>

The company's ultimate parent undertaking is Transocean Ltd., a company registered in Switzerland.

The consolidated accounts of Transocean Ltd. are those of the smallest and the largest group of which the company is a member and for which group accounts are prepared.

Copies of these accounts can be obtained from [www.deepwater.com](http://www.deepwater.com).

### Note 6

#### Other liabilities

The company has as at 31.12.2020 current payables from incurred but not invoiced costs and current part of the mobilization income of USD 15.7 million.

USD 1000	2020	2019
Incurring costs	7,329	9,809
Deferred mobilization revenue	8,416	8,438
<b>Total</b>	<b>15,746</b>	<b>18,247</b>



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## Songa Offshore Rig 2 AS

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### Note 7

#### Taxes

Amounts in USD 1000	2020	2019
Net temporary differences	31,404	(15,204)
Tax losses carried forward	70,662	18,531
Basis for deferred tax	102,066	3,327
Deferred tax	22,455	732
Deferred tax not recognised	(22,455)	-
<b>Recognised deferred tax</b>	-	732
<b>Basis for the tax cost</b>		
Earning before tax	(110,456)	(23,118)
Permanent and translation differences	11,813	21,301
Basis for tax cost	(98,642)	(1,817)
Change in temporary differences	47,049	(16,714)
<b>Basis for tax in the accounts</b>	<b>(51,593)</b>	<b>(18,531)</b>
Taxable income (basis for tax payable)	-	-
<b>Allocation of the tax cost</b>		
Payable tax	-	-
Total payable tax	-	-
Change in deferred tax	-	(400)
Change in deferred tax due to currency	-	26
IAS 12 adjustment - current year	15,312	8,596
Prior year current tax adjustment	128	553
Prior year deferred tax derecognition	732	-
Tax cost	16,171	8,775
<b>Payable tax on balance sheet</b>		
Tax payable in tax cost	45,723	30,284
Payable tax on balance sheet	45,723	30,284
<b>Tax charge Reconciliation</b>		
Profit/(loss) before tax	(110,456)	(23,118)
Tax at 22%	(24,300)	(5,086)
Permanent differences	2,599	4,686
Foreign exchange movement	-	26
Deferred tax not recognised	21,701	-
IAS 12 adjustment	15,312	8,596
Prior year current tax adjustment	128	553
Prior year deferred tax derecognition	732	-
Total	16,171	8,775

As of 31 December 2020 the Company had recorded a provision for identified uncertain tax positions of USD 45.7 million.



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## Songa Offshore Rig 2 AS

Org. No. 913 222 334

### Note 8

#### Other receivables

The company has as at 31.12.2020 prepaid costs and a planned 12-month amortization of deferred mobilization costs of USD 9.1 million.

USD 1000	2020	2019
Prepayments and other receivables	750	507
Deferred mobilization costs	8,416	8,438
<b>Total</b>	<b>9,167</b>	<b>8,945</b>

### Note 9

#### Deferred mobilization revenue and deferred mobilization costs

The company has as at 31.12.2020 remaining USD 10.4 million of mobilization income and USD 10.4 million of mobilization costs will be respectively entered as deferred income and recognized as deferred costs over the contract periods. USD 8.4 million have been estimated to be recognized as income and costs over the next 12 months.

Correspondingly the company has as at 31.12.2019 remaining USD 18.8 million of mobilization income and USD 18.8 million of mobilization costs which will be respectively recognized as deferred income and deferred costs of the contract period. USD 8.4 million is estimated entered as income and costs of the next 12 months.

### Note 10

#### Revenue

Revenue represents net amounts invoiced excluding value added tax. The revenue is attributable to the principle activity of the company.

Analysis of revenue by geographical market is given below:

Amounts in USD 1000	2020	2019
Norway	346,568	351,002
<b>Total</b>	<b>346,568</b>	<b>351,002</b>

### Note 11

#### Inventory

Amounts in USD 1000	2020	2019
Endurance rig	9,872	9,425
Equinox rig	9,230	8,572
<b>Total</b>	<b>19,103</b>	<b>17,997</b>



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**Songa Offshore Rig 2 AS**

Org. No. 913 222 334

**Note 12**

**Right of use asset**

USD 1000	BBC Endurance	BBC Equinox	Simulator Endurance	Simulator Equinox	Total
Cost:					
At 1 January 2020	393,731	361,304	244	244	755,523
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
ROU change in lease payments	(3,605)	(5,550)	-	-	(9,155)
<b>At 31 December 2020</b>	<b>390,126</b>	<b>355,754</b>	<b>244</b>	<b>244</b>	<b>746,368</b>
Depreciation and impairments:					
At 1 January 2020	78,529	82,445	62	62	161,098
Depreciation	84,831	89,469	62	62	174,424
ROU Impairment	20,527	15,445	-	-	35,972
ROU Disposals	-	-	-	-	-
<b>At 31 December 2020</b>	<b>183,887</b>	<b>187,359</b>	<b>124</b>	<b>124</b>	<b>371,494</b>
Net book value:					
At 31 December 2020	206,239	168,396	119	119	374,875
At 1 January 2020	315,203	278,859	181	181	594,424

Set out below are the carrying amounts of lease liabilities and the movements during the period:

USD 1000	BBC Endurance	BBC Equinox	Simulator Endurance	Simulator Equinox	Total
Lease liability recognition	(295,278)	(258,319)	(192)	(192)	(553,982)
Interest	(16,236)	(13,549)	(10)	(10)	(29,805)
Lease payments	93,128	91,165	72	72	184,437
Change in Lease Payments	3,605	5,549	-	-	9,154
<b>Closing balance</b>	<b>(214,781)</b>	<b>(175,154)</b>	<b>(130)</b>	<b>(130)</b>	<b>(390,195)</b>
Current	(83,757)	(86,575)	(66)	(66)	(170,464)
Non-current	(131,023)	(88,579)	(65)	(65)	(219,731)
<b>Closing balance</b>	<b>(214,780)</b>	<b>(175,154)</b>	<b>(131)</b>	<b>(131)</b>	<b>(390,195)</b>

Lease liability – minimum lease payments maturity:

USD 1000	Less than 12 months	2 - 5 years	Greater than 5 years	Total
Lease liabilities	(170,464)	(219,731)	-	(390,195)



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**Songa Offshore Rig 2 AS**

Org. No. 913 222 334

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**Note 13**

**Subsequent Events**

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2020 Annual Report (Form 10K) of Transocean Limited which is available for download from [www.deepwater.com](http://www.deepwater.com).

The financial statements have been prepared based on conditions existing at 31 December 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.