Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Espen Teigland
Dato for fastsettelse av årsregnskapet:	31.05.2022

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, 13.08.2023

Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	1 150 000	17 275 000
Sum inntekter		**1 150 000**	**17 275 000**
Kostnader			
Lønnskostnad	6	7 402 000	15 811 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11,29	24 831 000	23 794 000
Annen driftskostnad	6,7	8 152 000	15 188 000
Sum kostnader		**40 385 000**	**54 793 000**
Driftsresultat		**-39 235 000**	**-37 518 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	7,16	217 000	109 673 000
Sum finansinntekter		**217 000**	**109 673 000**
Annen finanskostnad	7	3 409 000	15 237 000
Sum finanskostnader		**3 409 000**	**15 237 000**
Netto finans		**-3 192 000**	**94 436 000**
Ordinært resultat før skattekostnad		**-42 427 000**	**56 918 000**
Ordinært resultat etter skattekostnad		**-42 427 000**	**56 918 000**
Årsresultat		**-42 427 000**	**56 918 000**

Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	11	176 474 000	201 013 000
Right of use assets	21	688 000	840 000
Sum varige driftsmidler		**177 162 000**	**201 853 000**
Finansielle anleggsmidler			
Investering i datterselskap	19	1 607 000	1 607 000
Sum finansielle anleggsmidler		**1 607 000**	**1 607 000**
Sum anleggsmidler		**178 769 000**	**203 460 000**
Omløpsmidler			
Varer			
Varer		199 000	291 000
Sum varer		**199 000**	**291 000**
Fordringer			
Kundefordringer	8,18		456 000
Andre fordringer	8,18	2 978 000	227 000
Sum fordringer		**2 978 000**	**683 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13,18	1 230 000	122 000
Sum bankinnskudd, kontanter og lignende		**1 230 000**	**122 000**
Sum omløpsmidler		**4 407 000**	**1 096 000**
SUM EIENDELER		**183 176 000**	**204 556 000**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: USD	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	1 538 000	1 538 000
Overkurs		31 705 000	31 705 000
Ikke registrert kapitalforhøyelse	14	9 580 000	
Sum innskutt egenkapital		**42 823 000**	**33 243 000**
Opptjent egenkapital			
Annen egenkapital		-114 313 000	-71 886 000
Sum opptjent egenkapital		**-114 313 000**	**-71 886 000**
Sum egenkapital		**-71 490 000**	**-38 643 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12,18	2 064 000	
Øvrig langsiktig gjeld	12,18	167 967 000	166 270 000
Sum annen langsiktig gjeld		**170 031 000**	**166 270 000**
Sum langsiktig gjeld		**170 031 000**	**166 270 000**
Kortsiktig gjeld			
Borrowings	12,16,18	73 418 000	73 418 000
Leverandørgjeld	18	6 731 000	2 761 000
Annen kortsiktig gjeld	9,12,18	4 486 000	750 000
Sum kortsiktig gjeld		**84 635 000**	**76 929 000**
Sum gjeld		**254 666 000**	**243 199 000**
SUM EGENKAPITAL OG GJELD		**183 176 000**	**204 556 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	12 127 000	18 510 000
Sum inntekter		**12 127 000**	**18 510 000**
Kostnader			
Lønnskostnad	6	13 691 000	14 869 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11,29	24 831 000	23 796 000
Annen driftskostnad	6,7	9 654 000	16 060 000
Sum kostnader		**48 176 000**	**54 725 000**
Driftsresultat		**-36 049 000**	**-36 215 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	7,16	267 000	109 674 000
Sum finansinntekter		**267 000**	**109 674 000**
Annen finanskostnad	7	3 492 000	14 246 000
Sum finanskostnader		**3 492 000**	**14 246 000**
Netto finans		**-3 225 000**	**95 428 000**
Ordinært resultat før skattekostnad		**-39 274 000**	**59 213 000**
Ordinært resultat etter skattekostnad		**-39 274 000**	**59 213 000**
Årsresultat		**-39 274 000**	**59 213 000**
Other comprehensive income for the year		-130 000	133 000
Sum resultatkomponenter for IFRS-foretak		-130 000	133 000
Totalresultat		**-39 404 000**	**59 346 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	20	1 603 000	1 603 000
Sum immaterielle eiendeler		**1 603 000**	**1 603 000**
Varige driftsmidler			
Skip, rigger, fly og lignende	11	176 474 000	201 013 000
Right of use assets	21	688 000	840 000
Sum varige driftsmidler		**177 162 000**	**201 853 000**
Sum anleggsmidler		**178 765 000**	**203 456 000**
Omløpsmidler			
Varer			
Varer		199 000	291 000
Sum varer		**199 000**	**291 000**
Fordringer			
Kundefordringer	8,18	2 561 000	326 000
Andre fordringer	8,18	871 000	445 000
Sum fordringer		**3 432 000**	**771 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13,18	2 897 000	1 344 000
Sum bankinnskudd, kontanter og lignende		**2 897 000**	**1 344 000**
Sum omløpsmidler		**6 528 000**	**2 406 000**
SUM EIENDELER		**185 293 000**	**205 862 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			

Konsernets balanse

Beløp i: USD	Note	2021	2020
Selskapskapital	14	1 538 000	1 538 000
Overkurs		31 705 000	31 705 000
Ikke registrert kapitalforhøyelse	14	9 580 000	0
Sum innskutt egenkapital		**42 823 000**	**33 243 000**
Opptjent egenkapital			
Annen egenkapital		-109 806 000	-70 404 000
Sum opptjent egenkapital		**-109 806 000**	**-70 404 000**
Sum egenkapital		**-66 983 000**	**-37 161 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12,18	2 064 000	
Øvrig langsiktig gjeld	12,18	167 967 000	166 270 000
Sum annen langsiktig gjeld		**170 031 000**	**166 270 000**
Sum langsiktig gjeld		**170 031 000**	**166 270 000**
Kortsiktig gjeld			
Borrowings	12,16,18	73 418 000	73 418 000
Leverandørgjeld	18	2 580 000	1 718 000
Annen kortsiktig gjeld	9,12,18	6 247 000	1 617 000
Sum kortsiktig gjeld		**82 245 000**	**76 753 000**
Sum gjeld		**252 276 000**	**243 023 000**
SUM EGENKAPITAL OG GJELD		**185 293 000**	**205 862 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer:	2022 901750

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Espen Teigland
Dato for fastsettelse av årsregnskapet:	31.05.2022

Revisjon

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

Grunnlag for avgivelse

År 2021: Årsregnskap 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, 30.08.2022

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

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

RESULTATREGNSKAP

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	1 150 000	17 275 000
Sum inntekter		**1 150 000**	**17 275 000**
Kostnader			
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Annen finansinntekt	7,16	217 000	109 673 000
Sum finansinntekter		**217 000**	**109 673 000**
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Årsresultat		**-42 427 000**	**56 918 000**

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

BALANSE

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
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Varer		199 000	291 000
Sum varer		**199 000**	**291 000**
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SUM EIENDELER		**183 176 000**	**204 556 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	1 538 000	1 538 000
Overkurs		31 705 000	31 705 000
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Sum egenkapital		**-71 490 000**	**-38 643 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12,18	2 064 000	
Øvrig langsiktig gjeld	12,18	167 967 000	166 270 000
Sum annen langsiktig gjeld		**170 031 000**	**166 270 000**
Sum langsiktig gjeld		**170 031 000**	**166 270 000**
Kortsiktig gjeld			
Borrowings	12,16,18	73 418 000	73 418 000
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Sum gjeld		**254 666 000**	**243 199 000**
SUM EGENKAPITAL OG GJELD		**183 176 000**	**204 556 000**

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

KONSERNRESULTATREGNSKAP

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	12 127 000	18 510 000
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Annen finansinntekt	7,16	267 000	109 674 000
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Ordinært resultat etter skattekostnad		**-39 274 000**	**59 213 000**
Årsresultat		**-39 274 000**	**59 213 000**
Other comprehensive income for the year		-130 000	133 000
Sum resultatkomponenter for IFRS-foretak		-130 000	133 000
Totalresultat		**-39 404 000**	**59 346 000**

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

KONSERNBALANSE

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	20	1 603 000	1 603 000
Sum immaterielle eiendeler		**1 603 000**	**1 603 000**
Varige driftsmidler			
Skip, rigger, fly og lignende	11	176 474 000	201 013 000
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Sum anleggsmidler		**178 765 000**	**203 456 000**
Omløpsmidler			
Varer			
Varer		199 000	291 000
Sum varer		**199 000**	**291 000**
Fordringer			
Kundefordringer	8,18	2 561 000	326 000
Andre fordringer	8,18	871 000	445 000
Sum fordringer		**3 432 000**	**771 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13,18	2 897 000	1 344 000
Sum bankinnskudd, kontanter og lignende		**2 897 000**	**1 344 000**
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SUM EIENDELER		**185 293 000**	**205 862 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	1 538 000	1 538 000
Overkurs		31 705 000	31 705 000
Ikke registrert kapitalforhøyelse	14	9 580 000	0
Sum innskutt egenkapital		**42 823 000**	**33 243 000**
Opptjent egenkapital			
Annen egenkapital		-109 806 000	-70 404 000

Sum opptjent egenkapital		**-109 806 000**	**-70 404 000**
Sum egenkapital		**-66 983 000**	**-37 161 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12,18	2 064 000	
Øvrig langsiktig gjeld	12,18	167 967 000	166 270 000
Sum annen langsiktig gjeld		**170 031 000**	**166 270 000**
Sum langsiktig gjeld		**170 031 000**	**166 270 000**
Kortsiktig gjeld			
Borrowings	12,16,18	73 418 000	73 418 000
Leverandørgjeld	18	2 580 000	1 718 000
Annen kortsiktig gjeld	9,12,18	6 247 000	1 617 000
Sum kortsiktig gjeld		**82 245 000**	**76 753 000**
Sum gjeld		**252 276 000**	**243 023 000**
SUM EGENKAPITAL OG GJELD		**185 293 000**	**205 862 000**

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

Note
6

Antall årsverk i regnskapsåret
1.00

Note
6

Spesifisering av resultatregnskapet

Lønnkostnader

Lønn	Årets	Fjorårets
	7192000.00	15594000.00

Folketrygdavgift	Årets	Fjorårets
	83000.00	89000.00

Pensjonskostnader	Årets	Fjorårets
	20000.00	19000.00

Andre ytelser	Årets	Fjorårets
	107000.00	108000.00

Sum lønnskostnader	Årets	Fjorårets
	7402000.00	15811000.00

Note

Ekstraordinære inntekter og kostnader

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.

Organisasjonsnr: 918 375 651
ISLAND DRILLING COMPANY AS

NOTEOPPLYSNINGER - KONSERN

- alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

Note
6

Antall årsverk i regnskapsåret
112.00

Note

Spesifisering av resultatregnskapet

Lønnkostnader

Lønn	Årets	Fjorårets
	11052000.00	11469000.00

Folketrygdavgift	Årets	Fjorårets
	1547000.00	1703000.00

Pensjonskostnader	Årets	Fjorårets
	757000.00	870000.00

Andre ytelser	Årets	Fjorårets
	335000.00	827000.00

Sum lønnskostnader	Årets	Fjorårets
	13691000.00	14869000.00

Note

Ekstraordinære inntekter og kostnader

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.

Skatteetaten

Vår dato 05.06.2019
Din/Deres dato 06.05.2019
Saksbehandler Henning Stokke
800 80 000
Skatteetaten.no
Din/Deres referanse Mai Britt Myklebust
Telefon 800 80 000
Org.nr 974761076
Vår referanse 2019/5922006
Postadresse Postboks 9200 Grønland 0134 OSLO

BORGSTEIN INVEST AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

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

- IOC Holding AS org.nr. 989 734 229
- Island Drilling Company AS org.nr. 918 3 75 651

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

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

Bakgrunn
Fra søknaden gjengis:

> *Dette er norske private aksjeselskap. IOC Holding AS er eid 61,7 % av et amerikansk selskap Leba Holding LLC, kontrollert av Gary Chouest m/familie. Island Drilling Company AS er majoritetseid av det amerikanske selskapet Rig Invest, L.L.C der Gary Chouest m/familie er eiere.*
>
> *Selskapene er altså majoritetseid av en felles ultimat utenlandsk aksjonær der andre vesentlige eiere er utenlandske selskaper. Borgstein AS er forretningsfører for selskapene. Selskapenes forretningsspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorene er finansinstitusjoner med internasjonal virksomhet. Engelske regnskaper vil fullt ut dekke det informasjonsbehov som de vesentlige regnskapsbrukerne måtte ha. Selskapene må uansett utarbeide regnskap på engelsk, og vi mener det vil påføre en unødvendig byrde gjennom økte kostnader og tidsbruk og også være nødt til å utarbeide det på norsk.*

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
Seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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Island Drilling Company AS Group
Annual Report 2021

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

Annual Report Island Drilling Company AS and Group

The Board of Director's annual report 2021

1. The nature of the business

Island Drilling Company AS (hereinafter referred to as "IDC" or "the Company") is a continuation of IDC Holding AS, which was the former owner and operator of IDC's semi-submersible drilling rig, Island Innovator. IDC is a result of a demerger process followed by restructuring/ refinancing of Island Drilling Company ASA ("The Former Owner") that took place in May 2017.
The Company's registered office is in Ulsteinvik, Norway.

In 2018, two subsidiaries were established, Island Drilling Management AS and Island Drilling Crewing AS, both 100% owned by IDC. A management agreement is in place between Island Drilling Management AS and IDC and an agreement between Island Drilling Crewing AS and IDC is entered into in relation to hiring of offshore personnel. Management has been based on governing systems from NSDG (North Sea Drilling Group).

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

2. Going concern – operational update

Island Innovator has previously operated for Lundin, AkerBP, Spirit Energy, DEA, CNOOC, DNO and OMV. The work has been performed on the Norwegian Continental Shelf (NCS), as well as on the UK Continental Shelf. Performance has been according to expectations/ plans during the contract periods.

2021 has been yet a challenging year for IDC, though the rig started its reactivation process in Q421 and is, as of April 2022, on back-to-back contracts for the rest of 2022. The assessment is that the Island Drilling Company based on the continued support from its major owners has the resources, organization, competence, assets and customer base to continue being a going concern.

Some uncertainty regarding the going concern assumption is being perceived as the Company has just recently gone on contract. The high market volatility caused by the COVID-19 pandemic is still regarded as a risk going into 2022. The risk is related to the rise in inflation and supply chain challenges following the pandemic. This is also the case for the Company. The reductions/ postponement in investment activities and work scopes that were initially planned for 2020 and 2021 are now slowly rebounding. The Company experiences careful optimism in the market going into 2022. This is also reflected in the rise in tender offers submitted.

The situation has also put immense pressure on future rig rates, but also rates have seen a careful upwards trend. The majority of demand for rigs seems to occur in the second half of 2022 and onwards. Thus, the going concern assumption is based on the current market situation with continuous work through Q1/2023 and potential prospects for securing additional work going forward.

Island Drilling Management AS entered into a collaboration with Noble Drilling during 2020 and the reports from the rig are positive. Noble Drilling is the owner of the jack-up rig, Noble Lloyd Noble

(NLN). NLN has previously operated for Equinor on the Mariner field on the UKCS and now operating on a contract with Equinor on the Valemon field on the NCS.

Island Drilling Management AS assisted Noble in the AOC process in the larger part of 2021 (Acknowledgement of Compliance) for NLN, supporting Noble with approximately 1/3 of the offshore crew, as well as the key personnel onshore, who are located in Stavanger. This AOC Process entered a new phase in October 2021 where compliance phase went over in a commenced phase.

The IDC Group was in breach of the "Positive working capital" requirement financial covenant as at 31.12.2021. However, a waiver of the covenant has been granted by the Group's senior lenders. The agreement reached in December 2020 with the major owners to support the Group with working capital until a positive cash flow position is established was continued in 2021 in into H1/2022. An acceptable and sustainable solution regarding buy-back of a major part of, and extension of the IDC Group's remaining long term loans, including amendments to the covenant structure has been vital in order for the Groups to improve its balance sheet.

The overall assessment is that the Island Drilling Group based on the continued support from its major owners has the resources, organization, competence, assets and customer base to continue being a going concern.

3. Working environment and personnel

The IDC Group had 78 permanent employees as of 31 December 2021 (1 employee in IDC, 15 employees in Island Drilling Management AS and 62 employees in Island Drilling Crewing AS). In addition, there were also external consultants in Island Drilling Management.

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

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

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

4. Social Responsibility

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

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

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

5. Equal opportunities

The IDC Group aims to be a workplace where everyone has equal opportunities irrespective of gender, ethnicity or religious orientation. The Board of Directors consist of three members, all men.

6. Environmental reporting

The Company's business as of 31 December 2021 is not regulated by license or subject to public orders. The Company's activities do not pollute the external environment over and above what customary for operations of this kind.

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

7. Future developments

The Company is well established in the drilling market and is continuing the operation of Island Innovator. The main focus is still operation on the NCS as well as UKCS. However, the IDC is also open for attractive opportunities globally.

8. Market update

The global covid-19 pandemic has resulted in substantial reductions/ postponement in investment activities and work scopes that were initially planned for 2020 and 2021.

IDC's top priority is to deliver top performance on ongoing contracts and secure an order back-log in for Q1 2023 and onwards. At the same time reduce operational cost to a minimum, without compromising QHSE.

9. Performance, cash flow, investments, financing and liquidity

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

The Company had a revenue of TUSD 1 150 in 2021 (TUSD 17 275 in 2020). Depreciation amounted to TUSD 24 831. The operating profit was negative in the amount of minus TUSD 39 234 in 2021 (minus 37 518 in 2020).

The IDC Group in total had a revenue of TUSD 12 127 in 2021 (TUSD 18 510 in 2020). The operating profit was negative in the amount of minus TUSD 36 215 in 2021 (minus 36 049 in 2020).

In Q4 2020, the owners concluded a buy-back of a senior secured loan (Facility A) of approximately MUSD 176,5 at a significant discount. In connection with this transaction, Rig Invest, Borgstein,

Meteva and Alden provided a "Net Facility A Commitment" of MUSD 75, which is an interest-free unsecured and subordinated loan to the company.

The total cash flow from operational activities in the Company was minus TUSD -12 098 in 2021 The total cash flow from investments in 2021 was minus TUSD 293. During 2021, the Company received a capex and working capital - loans from its owners of TUSD 13 500, resulting in a net change in cash and cash equivalents (Net cash flow in the period) of minus TUSD 1 108. Cash and cash equivalents at end of year was TUSD 1 230.

The total cash flow from operational activities in the Group was minus TUSD -11 655 in 2021 The total cash flow from investments in 2021 was minus TUSD 293. During 2021, the Group received a capex and working capital - loans from its owners of TUSD 13 500, resulting in a net change in cash and cash equivalents (Net cash flow in the period) of minus TUSD 1 553. Cash and cash equivalents at end of year was TUSD 2 897.

10. Financial risk

10.1 Market risk

The IDC Group is generally exposed to market risk. As no long-term contracts has been secured for Island Innovator, the risk is still considered significant.

10.2 Currency risk

The IDC Group is to some extent exposed to changes in the foreign exchange markets. The drilling contracts are in USD and all long-term debt is in USD. However, the largest portion of operating expenses are payable in NOK.

10.3 Interest risk

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

10.4 Credit risk

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

10.5 Liquidity risk

The IDC Group was in breach of its financial covenants as at year end 2018. The Breach was continuing in 2019.

However, the major owners continued to support the Group. Further support from the major owners has been received in 2020, 2021 and as described under 9. above. Also, in 2022 the owners have continued to contribute cash working capital through the established subordinated working capital facility.

Since year-end 2018 to end 2021, the major owners have made cash contributions by way of equity and liquidity loans in a total amount of close to USD 215 mill.

The IDC Group has a negative Equity, but due to the financial restructuring carried through in December 2020 the situation is significantly improved and even if the company was in breach of its financial covenants at year end 2021 a waiver was received from the senior lenders. The liquidity risk is still an issue, but under control given the continued support from the Group's major owners and its lenders.

Morten Ulstein	Gary J. Chouest	Trond Mohn
Chairman of the Board	Board Member	Board Member

Roger Simmenes

Chief Executive Officer

Island Drilling Company AS

Statement of Financial Position 31.12

01.01-31.12
USD thousands

Island Drilling Company AS				Island Drilling Company Group	
31.12.2020	31.12.2021		Note	31.12.2020	31.12.2021
		EQUITY			
		Paid in equity			
1 538	1 538	Share capital	14	1 538	1 538
-	9 580	Capital increase not registered		-	9 580
31 705	31 705	Share premium		31 705	31 705
33 243	**42 823**	**Total paid in equity**		**33 243**	**42 823**
		Other equity			
-71 887	-114 313	Other equity		-70 404	-109 806
-71 887	**-114 313**	**Total other equity**		**-70 404**	**-109 806**
-	-	Minority interests		-	-
-38 643	**-71 490**	**Total equity**		**-37 161**	**-66 983**
		LIABILITIES			
		Non-current liabilities			
-	2 064	Loan to financial institutions	12, 18	-	2 064
166 270	167 967	Other non-current loans	12, 18	166 270	167 967
166 270	**170 031**	**Total non-current liabilities**		**166 270**	**170 031**
		Current liabilities			
73 418	73 418	Borrowings	12, 16, 18	73 418	73 418
2 762	6 731	Account payables	18	1 718	2 580
750	4 488	Other short term liabilities	9, 12, 18	1 617	6 248
76 930	**84 636**	**Total current liabilities**		**76 753**	**82 246**
243 200	**254 667**	**Total liabilities**		**243 023**	**252 276**
204 556	**183 176**	**TOTAL EQUITY AND LIABILITIES**		**205 862**	**185 293**

Ulsteinvik, 31 May 2022

Morten Ulstein
Chairman of the Board

Gary J Chouest
Board Member

Trond Mohn
Board Member

Roger Simmenes
CEO

ISLAND DRILLING

Island Drilling Company AS

Statement of cash flow

01.01-31.12

USD thousands

Island Drilling Company AS 2020	Island Drilling Company AS 2021		Note	Island Drilling Company Group 2020	Island Drilling Company Group 2021
		Cash flow from operating activities			
56 918	-42 427	Profit (-loss) before tax		58 214	-39 274
-	-	Taxes paid in the period		-	-
-	-	Unrealized agio on long term loans		-	-
295	-	Amortization of loan costs		295	-
23 796	24 831	Depreciation and impairment		23 796	24 831
-107 175	-	Gain from debt remission		-107 175	-
-7 327	4 516	Changes in inventory, trade receivables and payables		-7 295	-1 281
7 672	1 030	Change in other short term term receivables and other provisions		6 760	4 115
-11 243	**-12 042**	**Cash used in operations before interest**		**-10 823**	**-11 599**
-15 545	-56	Interest paid		-15 545	-56
-26 788	**-12 098**	**Net cash flows used in operating activites**		**-26 368**	**-11 655**
		Cash flows from investing activities			
-1 312	-293	Cash paymens related to rig		-1 312	-293
-	-	Cash payments related to purchase of shares		-	-
-1 312	**-293**	**Net cash flows used in investing activities**		**-1 312**	**-293**
		Cash flows from financing activities			
-	-	Proceeds from capital increase			
159 517	13 500	Payments from new borrowings - including convertible loan		159 517	13 500
-138 316	-	Repayment of long term loans		-138 316	-
21 201	**13 500**	**Net cash flow from financing activities**		**21 201**	**13 500**
-6 901	1 108	Net change in cash and cash equivalents		-6 480	1 553
7 023	122	Cash and cash equivalents at beginning of year		7 824	1 344
-	-	Cash and cash equivalents acquisition			-
122	**1 230**	**Cash and cash equivalents at end of year**		**1 344**	**2 897**

ISLAND DRILLING

Island Drilling Company AS
Statement of comprehensive income

01.01-31.12

USD thousands

Island Drilling Company AS				Island Drilling Company Group	
2020	2021		Note	2020	2021
		Revenue			
17 275	1 150	Revenue	5	18 510	12 127
17 275	**1 150**	**Total revenue**		**18 510**	**12 127**
		Operating expenses			
15 811	7 402	Salaries	6	14 869	13 691
23 796	24 831	Depreciation and impairment	11, 29	23 796	24 831
15 188	8 152	Other operating expenses	6, 7	16 060	9 654
-	-	Impairment of fixed assets	11	-	-
54 794	**40 384**	**Total operating expenses**		**54 724**	**48 176**
-37 518	**-39 234**	**Operating profit (-loss)**		**-36 215**	**-36 049**
		Finance income and expenses			
109 673	217	Finance income	7, 16	109 674	267
15 237	3 410	Finance expenses	7	15 246	3 492
94 436	**-3 192**	**Net financial items**		**94 428**	**-3 226**
56 918	**-42 427**	**Profit (-loss) before tax**		**58 214**	**-39 274**
0	-	Tax expense	10	-	-
56 918	**-42 427**	**Profit (-loss) for the year**		**58 214**	**-39 274**
		Other comprehensive income			
-	0	Other comprehensive income for the year		132	-129
56 918	**-42 427**	**Total comprehensive income for the year**		**58 346**	**-39 404**
		Earnings per share (USD)			
44,47	-30,69	Ordinary	17	45,48	-28,41
44,47	-30,69	Diluted	17	45,48	-28,41

ISLAND DRILLING

Island Drilling Company AS

Statement of Financial Position 31.12

01.01-31.12
USD thousands

Island Drilling Company AS 31.12.2020	Island Drilling Company AS 31.12.2021		Note	Island Drilling Company Group 31.12.2020	Island Drilling Company Group 31.12.2021
		NON-CURRENT ASSETS			
		Intangible assets			
-	-	Deferred tax asset	10	-	-
-	-	Goodwill	20	1 603	1 603
-	-	**Total intangible assets**		1 603	1 603
		Property, plant and equipment			
201 013	176 475	Rig	11	201 013	176 475
840	688	Land and buildings (right-of-use assets)	21	840	688
201 853	177 162	**Total tangible assets**		201 853	177 162
		Financial assets			
1 607	1 607	Investments in subsidiaries	19	-	-
1 607	1 607	**Total financial assets**		-	-
203 460	178 769	**Total non-current assets**		203 456	178 765
		CURRENT ASSETS			
291	199	Inventories		291	199
		Receivables			
456	-	Account receivables	8, 18	326	2 561
-	-	Contract assets (accrued revenue)		-	-
228	2 979	Other short term receivables	8, 18	445	871
684	2 979	**Total receivables**		771	3 432
122	1 230	Cash and cash equivalents	13, 18	1 344	2 897
1 097	4 407	**Total current assets**		2 406	6 528
204 556	183 176	**TOTAL ASSETS**		205 862	185 293

ISLAND DRILLING

Island Drilling Company AS

Statement of changes in equity

Island Drilling Company AS

USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2020	997	21 146	-	-124 047	-101 908
Cash contribution by foundation					-
Capital reduction					-
Contributed by merger/demerger					-
Contributed by demerger					-
Convertible loan	541	10 559		-4 754	6 346
Share capital increase					-
Convertion of loan		-		-	-
Total contributions by and distributions to shareholders	541	10 559		-4 754	6 346
Profit (-loss) for the year				56 918	56 918
Other comprehensive income for the year				-	-
Total comprehensive income for the year	-	-		56 918	56 918
Balance 31 December 2020	1 538	31 705	-	-71 883	-38 644

USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2021	1 538	31 705	-	-71 883	-38 644
Cash contribution by foundation					-
Capital reduction					-
Contributed by merger/demerger					-
Convertible loan					-
Share capital increase not registered			9 580		9 580
Total contributions by and distributions to shareholders		-	9 580	-	9 580
Profit (-loss) for the year				-42 427	-42 427
Other comprehensive income for the year				-	-
Total comprehensive income for the year		-	-	-42 427	-42 427
Balance 31 December 2021	1 538	31 705	9 580	-114 310	-71 492

Island Drilling Company Group

USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2020	997	21 146	-	-123 997	-101 852
Cash contribution by foundation					-
Capital reduction					-
Contributed by merger/demerger					-
Contributed by demerger					-
Convertible loan					-
Share capital increase					-
Convertion of loan	541	10 559		-4 754	6 346
Total contributions by and distributions to shareholders	541	10 559		-4 754	6 346
Profit (-loss) for the year		-		58 214	58 214
Other comprehensive income for the year	-	-		132	132
Total comprehensive income for the year	-	-		58 346	58 346
Balance 31 December 2020	1 538	31 705	-	-70 405	-37 161

USD thousands	Share capital	Share premium	Share capital not registered	Other equity	Total equity
Balance 1 January 2021	1 538	31 705	-	-70 405	-37 161
Cash contribution by foundation					-
Capital reduction					-
Contributed by merger/demerger					-
Contributed by demerger					-
Convertible loan					-
Share capital increase not registered			9 580		9 580
Convertion of loan	-	-		-	-
Total contributions by and distributions to shareholders	-	-	9 580	-	9 580
Profit (-loss) for the year		-		-39 274	-39 274
Other comprehensive income for the year	-	-		-129	-129
Total comprehensive income for the year	-	-		-39 404	-39 404
Balance 31 December 2021	1 538	31 705	9 580	-109 808	-66 983

ISLAND DRILLING

Island Drilling Company AS

Notes

Island Drilling Company AS – Notes to the financial statements

Note 1 - General Information

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

These separate financial statements were approved by the Board of Directors on 31 May 2022.

The Group's operations are described in note 5.

Note 2 - Summary of significant accounting policies

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

1.1 Basis of Preparation

The separate financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the EU as per 31 December 2021, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as per 31 December 2021.

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

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

1.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

No new standards have been applied in 2021.

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

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

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

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). USD is both the functional currency and

ISLAND DRILLING

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

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

1.3 Rig

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

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

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

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

1.4 Impairment of non-financial assets

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

1.5 Financial assets

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

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Financial asset
The Group's financial assets are: derivatives, non-listed equity instruments, trade receivables and cash and cash equivalents.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classified its financial assets in four categories:
• Financial assets at amortized cost
• Financial assets at fair value through OCI with recycling of cumulative gains and losses
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
• Financial assets at fair value through profit and loss

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Financial assets at fair value through OCI
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
• The financial asset is held where the business model objective of both holding to collect contractual cash flows and selling, and,
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

Financial assets designated at fair value through OCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:
Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

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

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

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

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
• The rights to receive cash flows from the asset have expired, or
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
a) the Group has transferred substantially all the risks and rewards of the asset, or
b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.
Payables are measured at their nominal amount when the effect of discounting is not material.

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

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

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

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

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

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

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

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

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

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

1.6 Cash and cash equivalents

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

1.7 Share capital and equity

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

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

1.8 Accounts receivable

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

1.9 Accounts payable

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

1.10 Borrowings

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

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

1.11 Borrowing costs

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

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

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1.12 Current and deferred income tax

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

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

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

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

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

1.13 Defined contribution plan

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

1.14 Provisions

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

1.15 Revenue from contract with customers

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

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

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

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

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

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

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

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

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

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

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

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

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1.22 Events after balance sheet date

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

1.23 Basis of consolidation

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

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

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

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

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

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

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

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1.24 - Leasing

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

Note 3 - Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

A change in the USD/NOK currency rate would not have any significant impact on the Company's financial statements as of 31.12.2021.

(ii) Cash flow interest rate risk

A change in variable interest rates will have impact on the profit and loss of the Group. An estimated increase in LIBOR interest rate of 1% in 2021 would increase the total interest cost by approximately 22 % in 2021.

(b) Credit risk

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

(c) Liquidity risk

The Group's management is responsible for continuous monitoring and reporting of the group's liquidity position. The group's liquidity risk is mainly related to losses on expected revenues. See further information in note 23 and the Board of Director's annual report.

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3.2 Capital management

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

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

Management monitors capital on the basis of the equity ratio, working capital and liquidity, since the debt among other covenants requires positive working capital and free liquidity cash, please see more details in note 12. The equity ratios at 31 December 2020 and 2021 were as follows:

	Parent Company		Group	
USD thousands	2020	2021	2020	2021
Total assets	204 557	183 176	205 862	185 293
Total equity	-33 890	-71 490	-32 407	-66 983
Equity ratio	-16,6	-39%	-15,7	-36,1%

3.3 Fair value estimation

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

Note 4 - Critical accounting estimates and judgements

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

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

(a) Estimated impairment of rig

There has previous been made an accumulated impairment at 643,8 MUSD at year end 2021. In 2021 no impairment has been made. The recoverable amount was determined based on a value in use calculation. See note 11 for further information.

(b) Deferred tax asset

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

(c) Provisions for claims

As of 31.12.21 there are no provisions for material claims.

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Note 5 - Revenues / Segment information

The Group has one business segment, which is operation of the rig Island Innovator. The Group's rig has not had any contracts with costumers in 2021. The other entities in the group mainly rent personnel to the rig, and these transactions are eliminated. However, from 2020 Island Drilling Management AS has performed management services for an external customer. These services amount to approximately 104,4 MNOK in 2021 (17,8 MNOK in 2020). As the group's segment is only hire of the rig, segment information is not considered relevant since all activities are within the same segment.

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

Parent Company 2020	2021	Payroll costs	Group 2020	2021
515	506	Salaries and wages	11 469	10 010
89	83	Employer's national insurance contributions	1 703	1 547
			-	-
19	20	Pension expenses	870	757
108	107	Other benefits	827	335
15 079	6 686	Hired personnel	-	1 042
15 811	7 402	Total personnel expenses	14 869	13 691
1	1	No. of employees (annual average)	153	112

The rig was operated by Odfjell Drilling AS and all offshore personnel were employed by the operator until 01.11.2018. After 01.11.18 onshore personnel are employed by Island Drilling Management AS and offshore personnel are employed by Island Drilling Crewing AS. The companies in the group are legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Norwegian pension arrangements satisfy the requirements of this act.

Management and Board of Directors remuneration

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

Compensation CEO	2020	2021
Salary	447	498
Bonus	53	-
Other remuneration	21	24
Total compensation	521	522

Renumeration to the Board Of Directors

	2020	2021
Total	106	58

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

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Auditor fee

Parent Company 2020	2021	Auditor fee	Group 2020	2021
28	32	Statutory Audit	39	52
8	7	Tax advisory fee	8	7
1	2	Other services	1	2
37	41	Total	47	61

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

Note 7 - Combined items, income statement

Parent Company 2020	2021	Other operating expenses	Group 2020	2021
3 213	1 411	Hired services, subcontractors and stand-in employee	3 213	1 411
5 901	2 338	Repair and maintenance	5 901	2 339
860	291	Insurance, guarantee and service costs	860	291
341	83	Office rent and warehouses	355	108
1 056	904	Fees for financial and legal assistance	1 145	1 949
204	373	Inspection	204	373
44	23	Travel expenses	596	536
3 568	2 728	Other operating and administrative expenses	3 787	2 647
15 188	8 152	Total other operating expenses	16 060	9 654

Parent Company 2020	2021	Financial income/expenses	Group 2020	2021
9	0	Interest income	7	0
921	13	Currency gain	924	63
108 743	204	Other finance income	108743	204
109 673	217	Total finance income	109 675	267

2020	2021	Other financial items	2020	2021
-12 726	-3 212	Interest expense	-12 731	-3 215
-	-	Guarantee commission shareholders	-	-
-1 863	-	Amortizated borrowing costs	-1 863	-
-604	-147	Currency loss	-607	-226
-45	-51	Other financial expenses	-43	-49
-15 237	-3 410	Total finance expence	-15 246	-3 492

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Note 8 - Account receivables and other receivables

Parent Company 2020	2021	Account receivables	Group 2020	2021
456	-	Account receivables	326	2 561
		Earned, not yet invoiced operating revenues	-	-
0	-	Provision for impairment of account receivables	0	-
456	-	Account receivables - net	326	2 561
		Other current receivables		
112	950	Prepaid expenses	329	-737
116	264	Outstanding VAT	116	-163
228	1 214	Total	445	-900
		The fair value of trade receivables and other receivables are as follows:		
456	-	Account receivables	326	2 561
228	1 214	Other receivables	445	-900
684	1 214	Total	771	1 661
		Contract assets		
-	-	Contract assets (accrued revenue)	-	-
-	-	Total	-	-

As the account receivables are due in short term, the fair value is approximately equal to the carrying amount, and the future cash flows are not discounted. There were no contract liabilities as of 31.12.21.

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

Parent Company 2020	2021		Group 2020	2021
-	-	USD	-	-
456	-	NOK	326	2 561
456	-	Total	326	2 561
		The ageing of the account receivables, not impaired:		
93	-	Not due	250	
363	-	0 to 3 months	76	2 561
-	-	3 to 6 months	-	-
-	-	Over 6 months	-	-
456	-	Total	326	2 561

Note 9 - Other short term liabilities

Parent Company 2020	2021		Group 2020	2021
49	10	Accrued employee tax	629	1 284
34	3 189	Accrued interest	34	3 189
72	71	Holiday pay	362	476
-	-	Liquidity loan	-	-
421	1 036	Accrued expenses	405	1 042
-	-	Unrealized disagio currency swaps	-	-
175	181	Other short term debt	187	257
750	4 487	Total other short term liabilities	1 617	6 248

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Note 10 - Tax

Parent Company 2020	Parent Company 2021	Components of income tax expense	Group 2020	Group 2021
-	-	Tax payable	-	-
-	-	Changes in deferred tax	-	-
-	-	Changes in deferred tax to equity	-	-
-	-	Total income tax expense	-	-

Explanation of why profit before tax differs from the amount that would arise using the 22 % tax rate (22 % for 2020, 22 % for 2020) :

Parent Company 2020	Parent Company 2021		Group 2020	Group 2021
56 918	-42 427	Profit/loss before income tax	58 214	-39 274
12 522	-9 334	22 % / 22 % of profit before income tax	12 807	-8 640
-3 630	-2 633	Permanent differences*	-2 559	-3 326
-8 892	11 966	Not recognised change in deferred tax asset	-10 248	11 966
-	-	Total income tax expense	-	-
0 %	0 %	Effective tax rate in %	0 %	0 %

*) Permanent differences mainly relates to currency translation effects since the tax return is prepared in NOK and gain from debt forgiveness in connection with the refinancing.

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

Parent Company

	Balance Sheet		Change in deferred tax during the period	
Deferred tax / (deferred tax asset)	**2020**	**2021**	**2020**	**2021**
Fixed assets	-574	-753	1 958	-179
Borrowings			-315	-
Financial instruments			-	-
Tax losses carried forward	-120 996	-132 783	11 334	-11 789
Deferred tax asset not recognised	121 570	133 536	-12 978	11 966
Deferred tax / (deferred tax asset)	-	-	-	-

Group

	Balance Sheet		Change in deferred tax during the period	
Deferred tax / (deferred tax asset)	**2020**	**2021**	**2020**	**2021**
Fixed assets	-574	-753	1 958	-179
Borrowings	-	-	-315	-
Financial instruments	-	-	-	-
Tax losses carried forward	-122 176	-133 964	12 731	-11 788
Deferred tax asset not recognised	122 750	134 717	-14 374	11 966
Deferred tax / (deferred tax asset)	-	-	-	-

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Note 11 - Rig

Parent company and group

	Rig	Top Side Equipment	Subsea Equipment	Periodic maintenance	Project in progress	Total tangible assets
Acquisition cost at 01.01.21	765 879	155 906	53 829	49 223	-	1 024 838
Additions		-	-		157	157
Disposals	-	-	-		-17	-17
Additions capitalized finance cost	-	-	-	-	-	-
Acquisition cost 31.12.21	765 879	155 906	53 829	49 223	140	1 024 976
Accumulated depreciaton 31.12.21	-56 224	-84 616	-29 022	-34 799	0	-204 665
Accumulated impairment loss 31.12.21	-643 836					-643 836
Net carrying value at 31.12.21	65 819	71 289	24 806	14 424	140	176 475
Depreciation of the year	3 040	10 432	3 689	7 517	-	24 678
Impairment loss of the year	-	-	-	-	-	-

2020	Rig	Top Side Equipment	Subsea Equipment	Periodic maintenance	Project in progress	Total tangible assets
Acquisition cost at 01.01.19	765 549	155 906	53 829	44 888	3 352	1 023 524
Additions	330	-	-	4 335	-3 352	1 312
Disposals	-	-	-			-
Additions capitalized finance cost	-	-	-	-	-	-
Acquisition cost 31.12.20	765 879	155 906	53 829	49 223	-	1 024 836
Accumulated depreciation 31.12.20	-53 184	-74 184	-25 333	-27 282	-	-179 987
Accumulated impairment loss 31.12	-643 836					-643 836
Net carrying value at 31.12.20	68 859	81 722	28 495	21 941	-	201 013
Depreciation of the year	3 020	10 432	3 689	6 650	-	23 796
Impairment loss of the year	-	-	-	-	-	-
Useful lifetime	30 years	15-30 years	15-30 years	5 years		
Depreciation schedule	Straight line	Straight line	Straight line	Straight line		

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

All interest on borrowings and bonds has been capitalized. Interest income on bank deposits reduce capitalized finance cost. The rig has been depreciated for 12 months in 2020 and 2021. Useful life for the rig is assessed for each type of component of the rig, specified above. The depreciation schedule is straight line.

As of year end 2014 the accumulated impairment of the rig was at a total of MUSD 273.7 as a consequence of cost overruns related to completion and mobilisation of the rig as well as difficult market conditions. At year end 2015 there was made an additional impairment at MUSD 370.1 due to worsening market conditions for rigs. No additional impairment has been made in 2021.

Due to the current market situation a value in use calculation has been performed. The value in use calculation did not result in any additional impairment as of year end 2021. Fair value has been calculated based on a value in use model where expected cash flows are discounted over the rig's estimated remaining useful life. Incorporated in the model, one has assumed that the rig market turns into a gradual recovery I 2022. It is assumed that rig activity will begin in the 1st half of 2021, a dayrate of 165 tUSD in the 2nd half of 2022, and then gradually increasing per half year and reaching tUSD 300 in 2026. The day rate is assumed to remain at that level throughout the rest of the rig's useful life. Cost escalation is assumed at 0.75 % p.a

The model assumes a WACC of 10%, remaining useful life of 14 years and a long-term utilization of 97 %.

Sensitivity:

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

WACC	Change in Impairment
8 %	-42 000
9 %	-20 000
10 %	-
11 %	19 000
12 %	36 000

Percentage change in long-term dayrates	Change in impairment
-17 %	73 000
-8 %	37 000
0 %	-
8 %	-36 000
17 %	-72 000

ISLAND DRILLING

Note 12 - Borrowings
Parent company and group

Borrowings

	2020	2021
Non-current		
Bank/bond borrowings	-	-
Convertible loan	-	-
Capital Investment Loan	95 751	98 499
Lease Liability	719	560
Liquidity loan	69 800	68 908
Current		
Bank/bond borrowings incl accrued interests	73 418	73 418
Other short term liabilities	122	-139

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

	2020	2021
Term loan Facility Agreement (Refinanced Facility B)	73 418	73 418
Total	73 418	73 418

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

	2020	2021
USD	73 418	73 418

Owner contribution as of 31.12.2021:

	Usecured WCF	Capex Loans and Sub WC Loans	Liquidity loans	Net Facility A Commitment	Total
Rig Invest LLC		12 140	34 900	41 687	88 726
Borgstein AS		4 412		13 441	17 853
Meteva AS		5 298	34 008	15 051	54 357
Alpha Marine					0
Borgstein AS					0
Meteva AS					0
Alden		1 650		4 821	6 471
Total	0	23 500	68 908	75 000	167 408

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

Rig Invest LLC and Meteva AS has provided a liquidity loan classified as current in the balance sheet amounting to 69,8 MUSD.
In 2020, Rig Invest LLC, Borgstein AS and Meteva AS have provided a capex loan in the aggregate amount of 10,6 MUSD. In addition, Rig Invest AS, Borgstein AS, Meteva and Alden has provided a subordinated WC loan of 10 MUSD.

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

Refinancing of Facility A and Facility B:
The Company entered into a refinancing agreement of both Facility A and Facility B on 22 December 2020. At the aforementioned date, the Facibty A was sold . In connection with this transaction, Rig Invest, Borgstein, Meteva and Alden provided a so-called "Net Facility A Commitment" to the company of MUSD 75. The Net Facility A Commitment is an interest-free, unsecured and subordinated loan to the debtors.

Facility B was also restructured into a new loan ("Term Loan Facility Agreement") where the Company applied all amounts borrowed to refinance Facility B. The Term Loan Facility Agreement amounted to USD 73 367 440. The interest terms for the Term Loan Facility Agreement is LIBOR 3 months + 4,0% p.a. The loan is secured by a pledge in the rig. In addition, some of the owners have given guarantees for the loan.

A summary of the financial covenants of the Term Loan Facility Agreement is provided below:
- The working capital shall at all times be positive
- AMS shall at any time either have a minimum book equity MUSD 70 or a minimum free liquidity of MUSD 10

In addition, there are several general undertakings in the Term Loan Facility Agreement.

As of 31.12.2020 the Company was in breach with the working capital covenant and the loan was classified as current for 2020. The company was in breach with the working capital covenant also for 2021, hence the loan is still classified as current. As a subsequent event in May 2022, the company received a waiver for the working capital as of 31.12.2021.

ISLAND DRILLING

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

	2022	2 023	2024	Sub	Total
Term Loan Facility Agreement	-			-	-
Repayment	-	2 500 000	70 867 440	-	73 367 440
Interests	2 934 698	2 934 698	2 834 698	-	11 638 790
Total Instalments	2 934 698	5 434 698	73 702 138	-	85 006 231

	2020	2021
Debt secured by pledges:	73 418	73 418
Pledged assets:		
Rig	201 013	176 475
Sum	201 013	176 475

Note 13 - Cash and cash equivalents

Parent Company			Group	
2020	2021		2020	2021
122	1 230	Bank deposits	1 344	2 897
26	29	Restricted cash withholdings	284	871

Note 14 - Share capital and shareholder information

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

The share capital consists of:

	Shares	Nominal value NOK	Registered in NOK	Book value in USD Share capital
Shares/share capital 31.12.2021	1 382 497	9,40	12 995 472	1 538 134

Please note that Board of Island Drilling Company performed a share capital increase of NOK 87 373 852 (USD 9 579 941) as of 07.12.2021 increasing the number of shares by 87 373 852. The share capital contribution was received through set-off of debt. The capital increase was registered in Foretaksregisteret at 19.01.22 and is therefore classified as "Capital increase not registered" in the financial statement.

The Company's equity is lost. It is refered to statement of changes in equity for closer details.

The largest shareholders as of 31.12.21

	Shares	Ownership	Voting rights
RIG INVEST L.L.C.	578 023	41.8 %	41.8 %
MARITIME FINANCE HOLDINGS I LTD	138 250	10,0 %	10,0 %
IDC HOLDING AS	70 000	5,1 %	5,1 %
Borgstein AS	242 812	17,6 %	17,6 %
Meteva AS	353 412	25,6 %	25,6 %
Total	1 382 497	100 %	100 %

Shares owned by Members of the board and CEO	
Morten Ulstein	See below
Gary J Chouest	See below
Trond Mohn	See below

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

The largest shareholders after the capital increase registered january 19th 2022

	Shares	Ownership	Voting rights
RIG INVEST L.L.C.	43 587 793	49,1 %	49,1 %
MARITIME FINANCE HOLDINGS I LTD	138 250	0,2 %	0,2 %
Borgstein AS	18 310 066	20,6 %	20,6 %
Meteva AS	26 650 240	30,0 %	30,0 %
Total	88 686 349	100 %	100 %

ISLAND DRILLING

Note 15 - Exchange rates

	Exchange rate 01.01.21	Average exchange rate 2021	Exchange rate 31.12.21
USD	8,4938	8,5991	8,8194

Note 16 - Related parties

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

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

Purchase of services:	2020	2021
Management from Borgstein AS	400	369
Sum	400	369

	2020		2021	
Guarantees given by previous shareholders	Guarantee amount	Guarantee commission accrued	Guarantee amount	Guarantee commission accrued
Alpha Marine Services LLC	14 538	0	14 538	0
Borgstein AS	4 747	0	4 747	0
Meteva AS	4 501	0	4 501	0
Alden AS	1 929	0	1 929	0
Sum	25 714	0	25 714	0

Parent Company

Year end balances arising from transactions with related parties:

	2020	2021
Other short-term payables from related parties	-	23
Trade payables	989	4 393
Other short-term receivables from related parties	-	1 733

Group

Year end balances arising from transactions with related partie. :

	2020	2021
Other short-term payables from related parties	-	-
Trade payables	989	-
Other short-term receivables from related parties	-	-

Note 17 - Earnings per share

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

Parent Company 2020	2021	Earnings per share	Group 2020	2021
56 918	-42 427	Profit for the year attributable to shareholders	58 214	-39 274
1 280 050	1 382 497	Weighted average number of ordinary shares	1 280 050	1 382 497
1 280 050	1 382 497	Weighted average number of shares for calculation of diluted earnings	1 280 050	1 382 497
44,47	-30,69	Earnings per share (USD)	45,48	-28,41
44,47	-30,69	Diluted earnings per share (USD)	45,48	-28.41

Note 18 - Financial assets and liabilities by category

Parent company

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

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

Parent Company 2020	Parent Company 2021		Category:	Group 2020	Group 2021
		Financial assets:			
456	-	Receivables	1)	326	2 561
122	1 230	Bank deposits	1)	1 344	2 897
578	1 230			1 670	5 458
		Financial liabilities:	Category:		
3 512	11 218	Accounts payables and other payables*	3)	3 335	8 828
239 687	243 448	Borrowings, incl accrued interest	3)	239 687	243 448
0	0	Financial instruments at fair value	2)	-	-
243 200	254 667			243 023	252 276

1): Loans and receivables
2): Fair value through profit and loss
3): Other financial liabilities, amortised cost

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

Group

31.12.2021

	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	2 561	2 561	2 561
Other current receivables	-	-	-	871	871	871
Cash and cash equivalents	-	-	-	2 897	2 897	2 897
Total financial assets	-	-	-	6 329	6 329	6 329
Liabilities						
Borrowings including current	-	-	243 448	-	243 448	243 448
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	8 828	8 828	8 828
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	243 448	8 828	252 276	252 276
Total financial instruments	-	-	(243 448)	(2 499)	(245 947)	(245 947)

ISLAND DRILLING

Island Drilling Company AS
Notes

31.12.2021

	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-	-	-	326	326	326
Other current receivables	-	-	-	445	445	445
Cash and cash equivalents	-	-	-	1 344	1 344	1 344
Total financial assets	-	-	-	**2 115**	**2 115**	**2 115**
Liabilities						
Borrowings including current	-	-	239 687	-	239 687	239 687
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	3 335	3 335	3 335
Unrealized disagio currency swaps	-	-	-	-	-	-
Total financial liabilities	-	-	**239 687**	**3 335**	**243 023**	**243 023**
Total financial instruments	-	-	**(239 687)**	**(1 220)**	**(240 907)**	**(240 907)**

-

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

Parent company
31.12.2021

	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-		-	-	-	-
Other current receivables	-	-	-	2 979	2 979	2 979
Cash and cash equivalents	-	-	-	1 230	1 230	1 230
Total financial assets	-	-	-	**4 209**	**4 209**	**4 209**
Liabilities						
Borrowings including current	-	-	243 448		243 448	243 448
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	11 218	11 218	11 218
Unrealized disagio currency swaps	-	-			-	-
Total financial liabilities	-	-	**243 448**	**11 218**	**254 667**	**254 667**
Total financial instruments	-	-	**(243 448)**	**(7 009)**	**(250 458)**	**(250 458)**

-

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

31.12.2021	Financial instruments at fair value through profit and loss	Financial instruments at fair value comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Fair value
Assets						
Account receivables	-		-	456	456	456
Other current receivables	-	-	-	228	228	228
Cash and cash equivalents	-	-	-	122	122	122
Total financial assets	-	-	-	806	806	806
Liabilities						
Borrowings including current	-	-	239 687		239 687	239 687
Other short term liabilities	-	-	-	-	-	-
Accounts payable and other current liabilities	-	-	-	3 512	3 512	3 512
Unrealized disagio currency swaps	-	-			-	-
Total financial liabilities	-	-	239 687	3 512	243 200	243 200
Total financial instruments	-	-	(239 687)	(2 706)	-242 394	(242 394)

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

Note 19 - Shares in subsidiaries

Parent company

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

Group

Subsidiaries that are included in the consolidated financial statements:

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

Note 20 - Goodwill

Group

Cost Price	Goodwill
Opening balance 01.01.21	1 603
Additions from purchase of companies	
Cost of acquisition 31.12.21	1 603
Accumulated Impairment	
Opening balance 01.01.21	-
Impairment	-
Accumulated impairment 31.12.21	-
Net carrying amound 31.12.21	1 603
Amortization rate	None
Useful life	Indefinite
Depreciation method	None

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

Goodwill is not depreciated but is subject to impairment testing in the fourth quarter each year. The acqusition was completed in fourth quarter in 2018 and no impairment was deemed necessary in 2018. There is no indication of loss of value of the subsidiary in 2020. Management has performed an impairment test of the goodwill per 31.12.21 and has concluded that there is no need for impairment. Further, Island Drilling Management AS have a positive EBITDA in 2021 of 27,4 million NOK, a positive Equity and significant carryable deficit. In addition, there is no impairment of the fixed assets for the group.

Island Drilling Company AS

Notes

Note 21 - Leases

Specification of right-of-use asset 2021	Land and buildings	Total
Opening balance	840	840
New contracts	-	-
Exentsion and other adjustments of existing conctracts		-
Termination of agreements		-
Foreign currency adjustments	-	-
Total aquisition cost as of 31.12	840	840
Accumulated depreciation and impairment losses as of 01.01	-	-
Depreciation in the year	-153	-153
Accumulated depreciation on terminated contracts	-	-
Total accumulated depreciation as of 31.12	-153	-153
Total carrying amount as of 31.12	688	688
Depreciation method	Linear	

Reconciliation of lease liability 2021	Land and buildings	Total
Opening balance	840	840
New contracts	-	-
Exentsion and other adjustments of existing conctracts	-	-
Termination of agreements	-	-
Down payment leasing debt (cash movement)	-209	-209
Interest expense on leasing debt	67	67
Foreign currency adjustments	-	-
Closing balance 31.12	699	699
Of which non-current liabilities	139	139
Of which current liabilities	560	560

Specification of right-of-use asset 2020	Land and buildings	Total
Opening balance	-	-
New contracts	-	-
Exentsion and other adjustments of existing conctracts	840	840
Termination of agreements	-	-
Foreign currency adjustments	-	-
Total aquisition cost as of 31.12	840	840
Accumulated depreciation and impairment losses as of 01.01	-	-
Depreciation in the year	-	-
Accumulated depreciation on terminated contracts	-	-
Total accumulated depreciation as of 31.12	-	-
Total carrying amount as of 31.12	840	840
Depreciation method	Linear	

Reconciliation of lease liability 2020	Land and buildings	Total
Opening balance	-	-
New contracts	-	-
Exentsion and other adjustments of existing conctracts	840	840
Termination of agreements	-	-
Foreign currency adjustments	-	-
Closing balance 31,12	840	840
Of which non-current liabilities	719	719
Of which current liabilities	122	122

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

ISLAND DRILLING

Note 22 - Going concern

The assessment is that the Island Drilling Group has the resources, organization, competence, assets, and customer base to continue being a going concern. Consequently, some uncertainty regarding the going concern assumption is still being perceived as the Company has recently gone on contract. Still, the risk was significantly decreased compared to the situation a year ago

Some uncertainty regarding the going concern assumption is being perceived as the Company has just recently gone on contract. The high market volatility caused by the COVID-19 pandemic is still regarded as a risk going into 2022. The risk is related to the rise in inflation and supply chain challenges following the pandemic. This is also the case for the Company. The reductions/postponement in investment activities and work scopes that were initially planned for 2020 and 2021 are now slowly rebounding. The Company experiences careful optimism in the market going into 2022. This is also reflected in the rise in tender offers submitted.

The situation has also put immense pressure on future rig rates, but also rates have seen a careful upwards trend. The majority of demand for rigs seems to occur in the second half of 2022 and onwards. Thus, the going concern assumption is based on the current market situation with continuous work through Q1/2023 and potential prospects for securing additional work going forward.

The Company was in breach of the "Positive working capital" requirement financial covenant as of 31.12.2021. However, a waiver of the covenant has been given from the Company's senior lenders. The agreement reached in December 2020 with the major owners is continued in 2021. An acceptable and sustainable solution regarding buy-back of a major part of and extension of the Companies remaining long-term loans, including amendments to the covenant structure.

From year-end 2018 to year-end 2021, the major owners have made cash contributions through equity and liquidity loans in a total amount of close to USD 250 million.

And in Q421, USD 9,58 million of loan were converted to shares. Further support from the major owners have been received in 2022. However, the current order backlog at balance date, indicates that the liquidity situation will improve during 2022 as the Company is on back-to-back contracts until Q123.

Note 23 - Subsequent events

Following the balance sheet date, the company's rig asset has seen a complete reactivation and the rig went on contract as plan on the 03rd of April 2022.
See also note 14 for capital increase registered in january 2022 and affects in ownership.

ISLAND DRILLING

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Drilling Company AS

Opinion

We have audited the financial statements of Island Drilling Company AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including 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 and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) 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 International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Building a better working world

Bergen, 31 May 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

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Jørn Knutsen
Statsautorisert revisor
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Drilling Company AS

Opinion

We have audited the financial statements of Island Drilling Company AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including 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 and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) 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 International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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