



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 732 851
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: SEADRILL NORWAY OPERATIONS LTD.
Forretningsadresse: Finnestadveien 28
4029 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Livar Voll
Dato for fastsettelse av årsregnskapet: 21.12.2022

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, 29.12.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenues	1,2	434 884 365	378 833 894
Reimbursable income	2	20 507 898	20 713 506
Sum inntekter		455 392 263	399 547 400
Kostnader			
Depreciation and amortization	15	2 544 957	2 666 194
Impairment loss	15	-67 768	0
Other operating expenses	8,11,1 2,13,1 4	432 418 423	364 732 322
Reimbursable expenses		19 658 459	20 252 862
Sum kostnader		454 554 071	387 651 378
Driftsresultat		838 192	11 896 022
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	8	106 499	111 293
Annen renteinntekt		9 220	88 666
Foreign exchange gains/losses	17	1 896 363	-1 524 777
Sum finansinntekter		2 012 082	-1 324 818
Rentekostnad til foretak i samme konsern	8	163 948	180 846
Annen rentekostnad		1 448 738	
Other financial items		-133 474	-410 621
Sum finanskostnader		1 479 212	-229 775
Netto finans		532 870	-1 095 043
Ordinært resultat før skattekostnad		1 371 062	10 800 979
Income taxes	9	17 015 054	2 048 432
Ordinært resultat etter skattekostnad		-15 643 992	8 752 547
Årsresultat		-15 643 992	8 752 547



Resultatregnskap

Beløp i: USD	Note	2021	2020
Overføringer og disponeringer			
Konsernbidrag	6	4 062 423	11 164 483
Overføringer til/fra annen egenkapital	6	-19 706 415	-2 411 636
Sum overføringer og disponeringer		-15 643 992	8 752 847



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	223 669	
Sum immaterielle eiendeler		223 669	
Varige driftsmidler			
Long term maintenance	15	0	2 544 957
Other long term assets		4 401 645	2 925 154
Sum varige driftsmidler		4 401 645	5 470 111
Sum anleggsmidler		4 625 314	5 470 111
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	3	80 562 640	55 200 223
Other current assets	4	16 121 343	14 958 246
Konsernfordringer	7	31 571 969	33 045 111
Sum fordringer		128 255 952	103 203 580
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	5	30 715 542	42 514 966
Sum bankinnskudd, kontanter og lignende		30 715 542	42 514 966
Sum omløpsmidler		158 971 494	145 718 546
SUM EIENDELER		163 596 808	151 188 657
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		50 000 000	50 000 000



Balanse

Beløp i: USD	Note	2021	2020
Sum innskutt egenkapital		50 000 000	50 000 000
Opptjent egenkapital			
Other equity	6	-30 846 378	-36 162 361
Sum opptjent egenkapital		-30 846 378	-36 162 361
Sum egenkapital		19 153 622	13 837 639
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	0	275 439
Sum avsetninger for forpliktelser		0	275 439
Annen langsiktig gjeld			
Other non-current liabilities	18	9 557 732	12 882 273
Sum annen langsiktig gjeld		9 557 732	12 882 273
Sum langsiktig gjeld		9 557 732	13 157 712
Kortsiktig gjeld			
Leverandørgjeld		12 103 852	19 057 589
Tax payable	9	17 683 023	0
Kortsiktig konserngjeld	7	78 217 631	71 021 093
Other current liabilities	10	26 880 948	34 114 624
Sum kortsiktig gjeld		134 885 454	124 193 306
Sum gjeld		144 443 186	137 351 018
SUM EGENKAPITAL OG GJELD		163 596 808	151 188 657



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2023 300171

Enheten

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Brønnøysundregistrene, 05.01.2023



Organisasjonsnr: 996 732 851
SEADRILL NORWAY OPERATIONS LTD.

RESULTATREGNSKAP

Beløp i: USD	Note	2021	2020
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Organisasjonsnr: 996 732 851
SEADRILL NORWAY OPERATIONS LTD.

BALANSE

Beløp i: USD

	Note	2021	2020
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BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Utsatt skattefordel	9	223 669	
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Omløpsmidler

Varer

Fordringer

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SUM EIENDELER		163 596 808	151 188 657
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital		50 000 000	50 000 000
Sum innskutt egenkapital		50 000 000	50 000 000

Opptjent egenkapital

Other equity	6	-30 846 378	-36 162 361
Sum opptjent egenkapital		-30 846 378	-36 162 361

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Gjeld

Langsiktig gjeld



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Organisasjonsnr: 996 732 851
SEADRILL NORWAY OPERATIONS LTD.

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
0.00

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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To the Board of Directors of Seadrill Norway Operations Limited norskregistrert utenlandsk foretak (NUF)

Independent Auditor's Report

Opinion

We have audited the financial statements of Seadrill Norway Operations Limited norskregistrert utenlandsk foretak (NUF), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Matters

The Company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Stavanger, 22 December 2022
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Birkeland, Arne	BANKID_MOBILE	2023-01-02 15:14

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- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



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of the document.



SEADRILL NORWAY OPERATIONS LIMITED

Annual Report 2021

Business description

Seadrill Norway Operations Limited is a foreign company, tax resident to Norway. The Company has operational responsibility for drilling units operating on the Norwegian Continental Shelf (NCS).

The Company works under contracts with major oil and gas companies. The Company also has bareboat charter agreements, with rig-owning companies within the Seadrill Group and other third parties' companies.

At the end of 2021, the Company had the operational responsibility for five operating drilling units; West Hercules, West Phoenix, West Elara, West Linus and West Bollsta. However, looking into 2022 the activity will be reduced as West Hercules moved to Canada, West Bollsta was delivered back to the owner in March 2022 and West Linus will also change operator to Odfjell Technology. For West Linus change of operator is planned to take place in September/October 2022.

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

Activities in 2021

Economic utilization of the mobile units (while under contract) was on average 94.5 percent in 2021 compared to 93.0 percent in 2020.

The jack-up rig West Elara has been and is operating for ConocoPhillips in the North Sea. West Elara commenced the ConocoPhillips contract in March 2018, and the contract expires in March 2028. Its current day rate is a market indexed rate which is adjusted every 6 months. This is applicable until the end of contract.

The jack-up rig West Linus has been and is operating for ConocoPhillips in the North Sea. The duration of the original contract was five years and started in May 2014. In 2017 the contract on West Linus was extended from May 2019 until the end of 2028. Its current day rate is market indexed rate which is adjusted every 6 months. This is applicable until end of contract. The rig is owned by the Ship Finance Group and they have decided to move the operation management of the rig from the Company to Odfjell Technology AS with effect from September/October 2022.

West Hercules commenced a contract with Equinor in October 2018. In May 2019, West Hercules commenced a new contract with Equinor in continuation of the contract commenced in October 2018. West Hercules operated the full year of 2021 on the NCS. After the completion of the wells on the NCS in early 2022, West Hercules is currently operating in Canada for Equinor. After completion of the Equinor contract in Canada, the rig will be transported back to Norway and delivered back to the rig owner, the Ship Finance Group.

In August 2021, West Phoenix commenced a new contract with Vår Energy for 16 firm wells, estimated duration 828 days. There is also an option for a further 2 wells. The rig had been warm stacked following completion of the Neptune contract in November 2020.

The West Bollsta commenced operation in October 2020 on a contract with Lundin, which was completed in March 2022. The rig is owned by Northern Ocean and was operated by Seadrill Norway Operations Ltd on a bareboat lease from the owner.



Revenues and result - 2021

Total revenues generated by the Company in 2021 were USD 455.4 million, compared to USD 399.5 million in 2020. The increase of USD 56 million in operating revenue is primarily due to higher day rates on new contracts and commencement of the West Bollsta drilling campaign in October 2020.

In 2021, operating expenses totalled USD 454.6 million, leading to a net operating profit of USD 0.9 million. In 2020 the respective numbers were USD 387.7 million of operating expenses and USD 11.9 million of operating profit. The low operating profit is mainly due to warm stack costs for West Phoenix which were expensed in this legal entity. This will be compensated through lower bareboat expenses over the contract period.

The Company had a net financial gain of USD 0.5 million in 2021, compared to a net financial loss of USD 1.1 million in 2020. This includes net interest income/expense and net foreign exchange gains/losses.

The Company has expensed a tax dispute with the Tax Authorities amounting to USD 16.3 million. We will still appeal the case.

Net income after taxes for the year was a loss of USD 15.6 million, compared to a profit of USD 8.8 million in 2020.

The Board proposes the loss will be covered like this:

Provided group contribution less of tax:	USD 4.1 million
Transfer from retained earnings:	USD 19.7 million.
Net allocated:	USD 15.6 million

In addition, the Company will receive USD 25 million in Group contribution without tax effect. This will contribute strengthening the equity of the Company.

The Board is of the opinion that the accounts have been prepared in accordance with applicable laws and regulations and that all known facts have been taken into account and that they therefore give a true and fair view of the Company's financial position as of December 31, 2021 and its profits in 2021.

Financial outlook

The Company was awarded a long-term contract for the drilling rig West Elara in 2017, which forms a solid base for the future operations. The Company has also been awarded contracts in the North Sea for West Phoenix which secure work for the next quarters. Despite signs of recovery in the market, observed market day rates continue at modest levels.

Cash-flow

Net cash provided by operating activities was positive by USD 21 million. The difference versus operating income is mainly caused by changes in working capital. Net cash spent in investment activities was USD 3 million. Net cash flow from financing activities was positive by USD 15 million, related to change in cash pool and intercompany balances. Settlement of intercompany balances has led to large fluctuations in the cash pool during the year.

Relevant risk factors

Financial risk

The Company is exposed to credit risk, interest rate risk and currency risk in its ordinary business operations. The Company's customers are large international oil companies with sound balance sheets. The credit risk is therefore considered to be low. The Company's



revenues are mainly in US dollars. The Company has no long term interest-bearing liabilities and is therefore not exposed to interest rate changes except for through the cash pool agreement.

Operational risk and market risk

The Company's results are mainly dependent on the market conditions for the oil and gas industry and oil companies' demand for drilling services for exploration and production. Offers of drilling capacity from other drilling contractors are also essential. The Company is exposed to operational risk associated with drilling of oil and gas wells. Occasionally, operations may also be delayed as a result of abnormal drilling conditions, equipment repair, or failure of delivery of goods or services from suppliers.

Liquidity risk

The Company participates in a cash pool arrangement within the Seadrill Group and thus enjoys the benefit of this in relation to the financing of its activities. The Company is therefore dependent on the financing from the Seadrill Group. For further detail on liquidity information for Seadrill, it is referred to the relevant sections of the 2021 annual report for Seadrill Ltd. on form 20-F.

Going concern assumption

On February 22, 2022, Seadrill Limited and certain of its subsidiaries, including Seadrill Norway Operations Ltd, filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court ("Debtors"), completed its comprehensive restructuring and emerged from Chapter 11 proceedings. Please refer to Note 3 - "Chapter 11" of the Groups 1Q 2022 report of the accompanying financial statements for further details.

In the Groups report at June 30, 2021 (Predecessor), we had raised a substantial doubt as to our ability to continue as a going concern as a result of the fact that we were in Chapter 11 proceedings and there was a degree of inherent risk associated with being in bankruptcy and whether the Plan of Reorganization would be confirmed. Having now emerged from Chapter 11 proceedings and with access to exit financing, we believe that cash on hand, contract and other revenues will generate sufficient cash flows to fund our anticipated debt service and working capital requirements for the next twelve months. Therefore, there is no longer a substantial doubt over our ability to continue as a going concern for at least the next twelve months following the date of issue of the financial statements.

Research and development

The Company currently has no research and development projects.

Working environment

As of the end of 2021, the Company had no employees. The work force is mainly being hired from Seadrill Norway Crew AS.

Gender equality

The Company's Board of Directors consists of men only. The Board is conscious of the overall expectation that exist to promote gender equality.



Director Liability Insurance

The directors are covered under a Seadrill Liability Insurance. The insurance covers personal legal liabilities including defence- and legal costs. The directors of the parent company and all subsidiaries globally owned (owned more than 50 percent) are covered by the insurance.

External environment

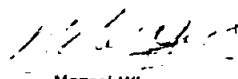

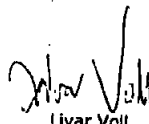


The Company's operations within exploration and production drilling entails a certain emission of exhaust gas and other emissions to air and emissions of certain chemicals into the sea. In addition to these ongoing and planned operational emissions, the Company's operations always involve risks of accidental discharges that could cause environmental damage. The Company is working continuously to achieve the goal of avoiding any unforeseen emissions.

The Company's ambition is to be at the forefront of the industry with respect to preventing damages to the external environment. It has carried out a systematic registration of emissions and work actively to select the chemicals that cause the least environmental damage. The Company conducts training to stay focused on the risk of accidental discharge of our operations and motivational measures to limit the environmental impact of on- and offshore waste disposal (recycling). The Company has taken steps to ensure that its activities are in compliance with the requirements and expectations being set by various authorities, customers and partners. Oil companies have established contingency plans to limit the damage to the environment if unforeseen emissions would occur.

During 2021 no events occurred, causing significant damage to the environment.

Stavanger, December 21, 2022

The Board of Seadrill Norway Operations Ltd

 Marcel Wieggers Board Member	 Jon Chrav Østhus Chairman of the Board	 Livar Voll Board Member
 Martyn Svensen Board Member	 Roger Åserød Board Member	



Seadrill Norway Operations Ltd

Income Statement 2021

USD	Notes	2021	2020
Operating revenue			
Operating revenues	1,2	434,884,365	378,833,894
Reimbursable income	2	20,507,898	20,713,506
Total operating revenue		455,392,264	399,547,400
Operating expenses			
Other Operating expenses	8,11,12,13,14	(432,418,423)	(364,732,322)
Reimbursable expenses		(19,658,459)	(20,252,862)
Depreciation and amortization	15	(2,544,957)	(2,666,194)
Impairment loss	15	67,768	-
Total operating expenses		(454,554,071)	(387,651,377)
Operating income / (loss)		838,192	11,896,022
Financial items			
Interest Income, group companies	8	106,499	111,293
Interest Income, other		9,220	88,666
Foreign exchange gains/(losses)	17	1,896,363	(1,524,777)
Interest expense, group companies	8	(163,948)	(180,846)
Interest expenses, other		(1,448,738)	-
Other financial items		133,474	410,621
Total financial items		532,870	(1,095,043)
Income / (loss) before taxes		1,371,062	10,800,979
Corporate payable tax	9	(17,514,161)	(2,885,967)
Change deferred tax	9	499,107	837,534
Income taxes		(17,015,054)	(2,048,432)
Net income/ (loss)		(15,643,991)	8,752,547
Attributable to:			
Transferred from/to other equity	6	(19,706,415)	(2,411,636)
Group contribution	6	4,062,423	11,164,183



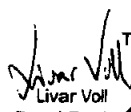
Seadrill Norway Operations Ltd

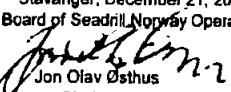
Balance Sheet per Dec 31, 2021

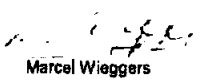
USD	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	9	223,669	-
Total intangible assets		223,669	-
Fixed Assets			
Long term Maintenance	15	0	2,544,957
Other long term assets		4,401,645	2,925,154
Total fixed assets		4,401,645	5,470,111
Current Assets			
Accounts Receivable	3	80,562,640	55,200,223
Intercompany receivables	7	31,571,969	33,045,111
Other current assets	4	16,121,343	14,958,246
Cash and Cash Equivalents	5	30,715,542	42,514,966
Total current assets		158,971,494	145,718,546
Total assets		163,596,808	151,188,657
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Paid-in capital			
Share capital		50,000,000	50,000,000
Total paid-in capital		50,000,000	50,000,000
Other Equity	6	(30,846,378)	(36,162,361)
Total Retained Earnings		(30,846,378)	(36,162,361)
Total shareholders' equity		19,153,622	13,837,639
Liabilities			
Non-current liabilities			
Other non-current liabilities	18	9,557,732	12,882,273
Deferred taxes	9	-	275,439
Total non-current liabilities		9,557,732	13,157,712
Current liabilities			
Accounts payable		12,103,852	19,057,589
Tax payable	9	17,683,023	0
Payables to group companies	7	78,217,631	71,021,093
Other current liabilities	10	26,880,948	34,114,624
Total current liabilities		134,885,454	124,193,306
Total liabilities and shareholder's equity		163,596,808	151,188,657


Stavanger, December 21, 2022

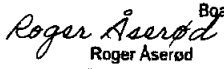
The Board of Seadrill Norway Operations Ltd


Livar Voll
Board Member


Jon Olav Østhus
Chairman


Marcel Wieggers
Managing Director
Board member


Arne Svendsen
Board Member


Roger Åserød
Board Member



Sadrill Norway Operations Ltd
Cash Flow Statement

USD	2021	2020
Cash flow from operating activities		
Income before tax	1,371,062	10,800,979
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	2,544,957	2,666,194
Loss on impairment		-
Net of Operating Expenses and Income		-
Amortization of deferred revenue		-
Gevinst(-)/tap(+) ved salg av andre investeringer		-
Financial gains/loss without cash effect		-
Taxes paid		-
Changes in uncertain tax position with no cash effect		-
<i>Changes in working capital items:</i>		
Accounts receivable	(25,362,417)	(4,967,669)
Other current receivables	(1,163,097)	(6,420,081)
Other non-current liabilities	(3,324,541)	4,012,314
Accounts payable	(6,953,737)	4,598,807
Other current liabilities	10,449,347	10,428,735
Related party balances	-	-
Net cash provided by operating activities	(22,438,426)	21,119,279
Cash flow from investment activities		
Proceeds from sale of fixed assets		
Investments in fixed assets	(1,476,491)	(3,077,335)
Net cash used in investment activities	(1,476,491)	(3,077,335)
Cash flow from financing activities		
Change in group cash pool	13,274,697	(19,948,368)
Change in other payables and receivables group companies	(1,159,203)	35,001,287
Net cash from / to financing activities	12,115,493	15,052,919
Net increase (decrease) in cash and cash equivalents	(11,799,423)	33,094,863
Cash at the beginning of the reporting period	42,514,965	9,420,101
Cash and cash equivalents at the end of the reporting period	30,715,541	42,514,965



Seadrill Norway Operations Ltd

Notes to the financial statements for the period ending December 31, 2021

Note 1 - Accounting principles

Main activity

Seadrill Norway Operations Ltd is a foreign company resident to Norway. The Company was incorporated at March 23, 2011, and has its office address in Bermuda.

The Company is a provider of services to the oil and gas industry. The Company specifically provides these services within the field of offshore drilling and drilling related services.

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

The majority of the Company's transactions is in US Dollars. For that reason, the Company's functional currency is US Dollar.

Revenue recognition

The bulk of the Company's revenues are derived from daily rates computed from drilling contracts. Revenue is recognized in the period that services are provided. Certain drilling contracts have bonus incentives that are paid out if the Company fulfils certain criteria specified in the contract. If any uncertainty of the validity of such bonus payments arise during the contracted work, the revenue will only be recognized at the end of the contract. Expenses are recognized in the same period as the corresponding income is recognized.

Reimbursable income

Reimbursements received for the purchases of supplies, personnel services and other services provided on behalf of and at the request of our customers in accordance with a contract or agreement are recorded as revenue. The related costs are recorded as reimbursable expenses in the same period.

Balance sheet classification

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

Ongoing maintenance

Actual cost will be recognized as operating expense when the maintenance occurred. Recognition of periodic and long term maintenance will be explained further under long term maintenance.

Foreign currency translation

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

Other non-current assets

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

Leases

Leaseholds are recognized as operational leases and expensed in the corresponding periods from the date the lease agreement has been signed.

Receivables

Receivables, including accounts receivable, are recorded in the balance sheet at their nominal amount less an allowance for doubtful accounts. The Company establishes reserves for doubtful accounts on a case-by-case basis when it is unlikely that required payments of specific amounts will occur. In establishing these reserves, the Company considers the financial condition of the customer as well as specific circumstances related to the receivable, such as customer disputes. Receivable amounts determined as being unrecoverable are written off.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.



Tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 % of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that they will be utilized.

Cash flow statements

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

Note 2 - Segment information

Revenues are attributed to geographical segments based on the country of operations for drilling activities; that is, the country where the revenues are generated. The following presents the Company's revenue by geographic area:

USD	2021	2020
Norway	455,392,264	399,547,400
Total	455,392,264	399,547,400

Note 3 - Accounts receivables

Accounts receivable include unbilled receivables and are presented net of allowances for doubtful accounts. The allowance for doubtful accounts receivables at December 31, 2021 and 2020 were USD 1.0 and USD 1.3 million, respectively.

The Company did not recognize any bad debt expense in 2021 or 2020.

Note 4 - Other current assets

USD	2021	2020
Prepaid expenses	4,142,956	3,814,695
VAT receivable	571,875	884,362
Rechargeables West Hercules	152,516	1,046,396
Rechargeables West Phoenix	1,438,264	1,098,809
Rechargeables West Elara	162,777	63,737
Rechargeables West Linus	452,383	195,311
Deferred mobilization cost	7,806,312	7,207,388
Other receivables	1,394,261	647,549
Total	16,121,343	14,958,246

Note 5 - Cash, cash equivalents and tax funds

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

USD	2021	2020
Cash and Cash Equivalents	30,715,542	42,514,966

Certain of the Company's accounts are pledged to the Ship Finance SPV's for lease arrangements for the West Linus and West Hercules held by separate leasing entities.



Note 6 - Equity

Equity

USD	Share capital	Retained earnings	Total equity
Equity as of December 31, 2020	50,000,000	(36,162,361)	13,837,639
Net income		(15,643,991)	(15,643,991)
Group contribution, net of tax		(4,062,423)	(4,062,423)
Group contribution received, without tax effect		25,000,000	25,000,000
Translation difference		22,398	22,398
Equity as of December 31, 2021	50,000,000	(30,846,378)	19,153,622

Note 7 - Group balances

The Company has the following intercompany balances at year end:

USD	2021	2020
Short term receivable intercompany	31,571,969	33,045,111
Short term liabilities intercompany*	78,217,631	71,021,093
Net receivable/liability	(46,645,662)	(37,975,982)

* The intercompany balance includes the cash pool balances as of 31.12.2021 and 31.12.2020, respectively.

Note 8 - Intercompany transactions

The Company has entered into various long-term agreement with group companies regarding management services, provision of personnel, lease of rigs etc. related to the operation of rigs on the Norwegian continental shelf. Under these agreements, the following transactions have been conducted:

USD	2021	2020
Revenues:		
Other recharged expenses	3,014,694	3,806,817
Interest income	106,499	111,293
Costs:		
Interest expenses	163,948	180,846
Bareboat fees	84,297,803	93,604,095
Management fees	49,880,868	39,492,943
Crew costs	175,421,155	141,454,555



Note 9 - Taxes

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

USD	2021	2020
Income before tax - current year	1,371,062	10,800,979
+ Other permanent differences	1,338,193	-
+ Change in temporary differences current year	2,268,670	3,806,974
Translation difference	337,215	(1,489,922)
Basis for taxes payable - Norway	5,315,141	13,118,031

Income tax expense in the income statement includes the following elements:

Tax payable on net income	1,169,331	2,885,967
Change in deferred tax (excl. effect of change in tax rate)	(499,107)	(837,534)
Reassessment from previous years	16,344,830	-
Tax expense	17,015,054	2,048,432

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

USD	12/31/2021	12/31/2020
Estimated owed taxes payable - Norway	1,145,812	3,148,872
Reassessment from previous years including calculated interest	17,683,023	-
Tax reduction due to group contribution	(1,145,812)	(3,148,872)
Unpaid taxes payable in the balance sheet	17,683,023	-

Deferred tax:

USD	12/31/2021	12/31/2020	Change
Long-term maintenance	-	2,544,957	(2,544,957)
Receivables	(1,016,674)	(1,292,962)	276,287
Provisions	-	-	-
Total temporary differences	(1,016,674)	1,251,996	(2,268,670)
Corporate tax rate	22%	22%	
Deferred tax liability	-223,668	275,439	(499,107)
Net operating loss brought forward	-	-	-
Deferred tax asset	-	-	-
Net Deferred tax liability	(223,668)	275,439	(499,107)

Reconciliation of tax expense to the nominal tax rate:

USD	2021	2020
Income before taxes	1,371,062	10,800,979
Actual tax expense	17,015,054	2,048,432
Tax expense at corporate tax rate	301,634	2,376,215
Difference	16,713,420	(327,783)
Explanation of the difference:		
Currency differences on deferred tax	74,187	-
Tax effect of permanent differences	294,402	(327,783)
*Tax reassessment previous years	16,344,830	-
Total	16,713,420	(327,783)

* See note 19 for more information



Note 10 - Other current liabilities

USD	2021	2020
Provision for accrued expenses West Elara	2,355,549	2,147,847
Provision for accrued expenses West Linus	2,388,497	1,540,256
Provision for accrued expenses West Phoenix	5,861,488	2,227,389
Provision for accrued expenses West Mira	-	67,058
Provision for accrued expenses West Bollsta	4,593,204	12,894,459
Provision for accrued expenses West Hercules	3,696,354	5,213,046
Deferred revenues	7,743,885	9,586,591
Other current liabilities	241,970	437,979
Total	26,880,948	34,114,624

Note 11 - Salaries, personnel costs and number of employees

There are no employees in Seadrill Norway Operations Ltd. Personnel is hired from Seadrill Norway Crew AS according through long term agreements.

Note 12 - Other operating expenses

USD	2021	2020
Repair and maintenance costs	78,049,513	56,676,040
Administration costs and management fees	49,880,868	39,492,943
Bareboat charter	84,297,803	93,604,095
Hire of personnel	175,421,155	141,454,555
Other expenses	44,769,084	33,504,690
Total	432,418,423	364,732,322

Note 13 - Compensation to General Managers, the Board of Directors and auditor

Remuneration to the General Manager is recognized in Seadrill Norway Operations Ltd through a management fee from Seadrill Europe Management AS.

Fees to Directors and auditors

No Directors fees have been paid in 2021.

Auditor fee has been recognized in Seadrill Europe Management AS and allocated to Seadrill Norway Operations Ltd through management fees.

Note 14 - Lease agreements

The Company has signed leases with other group companies for rental of drilling units. The lease agreements are so-called back to back agreements for the period Seadrill Norway Operations Ltd has a contract with a third party and are designed so that the Company pays a fixed day rate.

In 2021, the Company had the following leases (excluding options):

Rig	Lease valid until	Classification
West Elara	March 2028	Operational lease
West Linus	Autumn 2022	Operational lease
West Hercules	February 2022	Operational lease
West Phoenix	October 2023	Operational lease
West Bollsta	March 2022	Operational lease

Total expense for lease of rigs in 2021 was USD 84 297 803.

In addition to day rates the operating company will cover the insurance for the rigs.

The Company has the following estimated future lease commitments under the abovementioned lease agreements:

	2022	2023	2024	2025	2026	More than 5 years
Lease commitment	75,658,000	47,951,000	22,740,000	22,740,000	22,740,000	38,988,000



Note 15 - Fixed assets

Fixed assets consist of capitalized long-term maintenance cost. According to bareboat agreements entered into as of 2017 between the rig owner and the operating company, the former is responsible for long-term maintenance of the rig. Balances capitalized in Seadrill Norway Operations Ltd relate to responsibilities under agreements dated pre 2017, where the Company was responsible for meeting these costs. Long-term maintenance is normally amortized over a period of five years, which reflects the estimated time to the next scheduled long-term maintenance

USD	Historic cost price 31.12.20	Addition	Depreciation 2021	Accumulated depreciation	Closing balance
West Elara	14,561,089	-	2,359,528	14,561,089	-
West Linus	908,648	-	185,429	908,648	-
Total fixed assets	15,469,737	-	2,544,957	15,469,737	-

Note 16 - Consolidation

Seadrill Norway Operations Ltd, is a fully owned subsidiary of Seadrill Ltd.
Seadrill Ltd has its office address at Park Place, 55 Par la Ville Road, Hamilton, HM 11, Bermuda.

Note 17 - Agio/Disagio

USD	2021	2020
Unrealized foreign exchange gain/(loss)	(1,423,702)	(2,521,501)
Realized foreign exchange gain/(loss)	3,320,065	996,724
Total gain	1,896,363	(1,524,777)

Note 18 - Other non-current liabilities

USD	2021	2020
Deferred revenues	9,557,732	12,882,273
Total	9,557,732	12,882,273

Note 19 - Subsequent events

The tax authorities have raised queries with respect to payments made to rig owners compensating the rig owners for contractual maintenance work that had not been carried out and certain other dispositions. In March 2021 the Company received a draft revised assessment where the tax office maintain their view while providing a new line of argumentation to support their position. The Company reply on the new arguments in a letter in the autumn 2021 following by a telephone meeting between the parties in January 2022. In June 2022, the Company received a new assessment from the tax authorities.

In the assessment, the tax office upheld for the majority of their positions. The Company will appeal the assessment, however we have in Q4, 2021, expensed USD 16.3 million and USD 1.3 million in calculated interest, in regards to the assessment.

Note 20 - Going Concern

On February 22, 2022, Seadrill Limited and certain of its subsidiaries, including Seadrill Norway Operations Limited, filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court ("Debtors"), completed its comprehensive restructuring and emerged from Chapter 11 proceedings. Please refer to Note 3 - "Chapter 11" of the Groups 1Q 2022 report of the accompanying financial statements for further details.



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
01.10.2012

Vår dato
12.10.2012

Telefon
977 59 464

Deres referanse
Maren Thu

Vår referanse
2012/760008

NORTH ATLANTIC MANAGEMENT AS
Postboks 109
4001 STAVANGER

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

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

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

Søknaden er oversendt Skattedirektoratet for behandling.

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

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

Bakgrunn

Fra søknaden gjengis:

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

De viktigste brukerne av North Atlantic sine norske årsregnskap er:

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

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

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

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

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

Skattedirektoratets vurdering

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

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

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

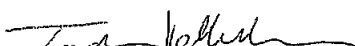
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

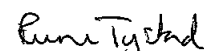
Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

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

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Rune Tystad