



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 923 154 868
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: NORTHERN OPERATIONS LTD.
Forretningsadresse: Nordbøgata 4
4006 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Olav Sirevåg
Dato for fastsettelse av årsregnskapet: 28.06.2022

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 18.08.2022



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	32 801 660	84 891 487
Reimbursable income	3	19 083 434	4 996 542
Sum inntekter		51 885 094	89 888 029
Kostnader			
Other operating expenses	9,13,1 5,16	60 727 160	95 659 212
Reimbursable expenses		5 218 498	4 850 877
Sum kostnader		65 945 658	100 510 089
Driftsresultat		-14 060 564	-10 622 060
Finansinntekter og finanskostnader			
Annen renteinntekt		728	1 819
Foreign exchange gains/(losses)		0	3 184 185
Other financial items		21 909 017	0
Sum finansinntekter		21 909 745	3 186 004
Foreign exchange gains/(losses)		542 310	
Other financial items		0	45 503
Sum finanskostnader		542 310	45 503
Netto finans		21 367 435	3 140 501
Ordinært resultat før skattekostnad		7 306 871	-7 481 559
Change deferred tax	10	2 662 781	-1 731 997
Ordinært resultat etter skattekostnad		4 644 090	-5 749 562
Årsresultat		4 644 090	-5 749 562



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	0	2 662 781
Sum immaterielle eiendeler		0	2 662 781
Sum anleggsmidler		0	2 662 781
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	4	0	5 275 947
Related party receivables	8	0	33 477 666
Other current assets	5	3 685 215	15 160 713
Konsernfordringer	9	32 204 199	0
Sum fordringer		35 889 414	53 914 326
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	6	201 340	4 218 263
Sum bankinnskudd, kontanter og lignende		201 340	4 218 263
Sum omløpsmidler		36 090 754	58 132 589
SUM EIENDELER		36 090 754	60 795 370
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Opptjent egenkapital			
Other equity	7	-4 079 551	-8 723 641
Sum opptjent egenkapital		-4 079 551	-8 723 641



Balanse

Beløp i: USD	Note	2021	2020
Sum egenkapital		-4 079 551	-8 723 641
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other non-current liabilities		0	307 727
Sum annen langsiktig gjeld		0	307 727
Sum langsiktig gjeld		0	307 727
Kortsiktig gjeld			
Leverandørgjeld		2 112 774	4 673 708
Tax payable	10	0	0
Kortsiktig konserngjeld	9	37 348 198	20 880 692
Payables to related parties	8	0	26 828 670
Other current liabilities	11	709 333	16 828 213
Sum kortsiktig gjeld		40 170 305	69 211 283
Sum gjeld		40 170 305	69 519 010
SUM EGENKAPITAL OG GJELD		36 090 754	60 795 369



Skatteetaten

Vår dato 06.08.2020	Din/Deres dato 24.06.2020	Saksbehandler Kjell Knutsen
800 80 000 Skatteetaten.no	Din/Deres referanse AR379336598	Telefon 51825856
Org.nr 974761076	Vår referanse 2020/5592978	Postadresse Postboks 9200 Grønland 0134 OSLO

SEADRILL NORTHERN OPERATIONS LTD (NORWAY BRANCH)
Postboks 110
4001 STAVANGER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for Seadrill Northern Operations Ltd (Norway Branch) org.nr. 923154868

Vi viser til Seadrill Northern Operations Ltd (Norway Branch) sin søknad av 24.06.2020 om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet 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.

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 siteres:

Seadrill Northern Operations Ltd (Norway Branch), org nr. 923 154 868, er et selskap i Northern Ocean konsernet.

Northern Ocean Ltd (Bermuda) er konsernspiss for Northern Ocean konsernet som er notert på Oslo Børs. Konsernregnskapet avlegges i henhold til US GAAP (amerikanske regnskapsprinsipper), mens Seadrill Northern Operations Ltd (Norway Branch) (heretter «Selskapet»), avlegger sitt selskapsregnskap i Norge i henhold til den norske regnskapsloven.

De viktigste brukerne av selskapets norske årsregnskap er

- Banker og banksyndikat, inkludert utenlandske banker
- Offentlige organ i land hvor selskapet har virksomhet, filial eller rapporteringsforpliktelser
- Selskapets kunder og leverandører



I tillegg har selskapet styremedlemmer som ikke behersker norsk, og regnskapet benyttes også internt i konsernet av engelskspråklige.

På bakgrunn av at all kommunikasjon med våre regnskapsbrukere skjer på engelsk vil vi med dette søke om at selskapet får utarbeide sitt årsregnskap kun på engelsk i henhold til unntaksbestemmelsene i regnskapsloven §3-4, 3. ledd. Det vil medføre vesentlig merarbeid for selskapet 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.

Vi mener at regnskapsbrukernes informasjonsbehov vil være dekket gjennom engelske årsregnskaper selskapet, ettersom kommunikasjon med både banker, kunder og leverandører skjer på engelsk. Videre vil den viktigste allmenne kilden til informasjon om Northern Ocean være konsernregnskapet som publiseres via Oslo Børs.

Skattekontorets vurdering

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

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

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

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

Det er etter skattekontorets 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 i vesentlig grad blir berørt negativt ved en eventuell dispensasjon.



Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at all kommunikasjon med regnskapsbrukere (banker og banksyndikat, offentlige organ i land hvor selskapet har virksomhet, filial eller rapporteringsforpliktelser og kunder og leverandører) skjer på engelsk. Det er videre opplyst at selskapet har styremedlemmer som ikke behersker norsk, og regnskapet benyttes også internt i konsernet av engelskspråklige medarbeidere. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Gro Stangeland
underdirektør
Innsats, storbedrift
Skatteetaten

Kjell Knutsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Northern Operations Ltd - Norway Branch

Income Statement 2021

USD	Notes	2021	2020
Operating revenue			
Operating revenues	3	32,801,660	84,891,487
Reimbursable income	3	19,083,434	4,996,542
Total operating revenue		51,885,094	89,888,028
Operating expenses			
Other Operating expenses	9,13,15,16	(60,727,160)	(95,659,212)
Reimbursable expenses		(5,218,498)	(4,850,877)
Total operating expenses		(65,945,658)	(100,510,089)
Operating income / (loss)		(14,060,564)	(10,622,061)
Financial items			
Interest Income, other		728	1,819
Foreign exchange gains/(losses)		(542,310)	3,184,185
Other financial items		21,909,017	(45,503)
Total financial items		21,367,435	3,140,502
Income / (loss) before taxes		7,306,871	(7,481,558)
Corporate payable tax	10	-	-
Change deferred tax	10	(2,662,781)	1,731,997
Income taxes		(2,662,781)	1,731,997
Net income/ (loss)		4,644,090	(5,749,561)
Attributable to:			
Transferred from/to other equity	7	4,644,090	(5,749,561)

Northern Operations Ltd - Norway Branch
Balance Sheet per Dec 31, 2021

USD	Note	2021	2020
ASSETS			
Non-current Assets			
Deferred tax asset	10	-	2,662,781
Total non-current assets		-	2,662,781
Current Assets			
Accounts Receivable	4	-	5,275,947
Related party receivables	8	-	33,477,666
Other current assets	5	3,685,215	15,160,713
Cash and Cash Equivalents	6	201,340	4,218,263
Intercompany receivable	9	32,204,199	
Total current assets		36,090,754	58,132,589
Total assets		36,090,754	60,795,369
LIABILITIES AND EQUITY			
Other Equity	7	(4,079,551)	(8,723,641)
Total Retained Earnings		(4,079,551)	(8,723,641)
Total equity		(4,079,551)	(8,723,641)
Liabilities			
Non-current liabilities			
Other non-current liabilities		-	307,727
Total non-current liabilities		-	307,727
Current liabilities			
Accounts payable		2,112,774	4,673,708
Tax payable	10	-	-
Intercompany liability	9	37,348,198	20,880,692
Payables to related parties	8	-	26,828,670
Other current liabilities	11	709,333	16,828,213
Total current liabilities		40,170,305	69,211,284
Total liabilities and equity		36,090,754	60,795,369

Oslo, June 28 , 2022

Board of Northern Operations Ltd

Scott McReaken
Board MemberOlav Sirevåg
Board Member



Northern Operations Ltd – Norway Branch

Cash Flow Statement

USD	2021	2020
Cash flow from operating activities		
Income before tax	7,306,871	(7,481,558)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	-	-
Taxes paid	-	-
<i>Changes in working capital items:</i>		
Accounts receivable	5,275,949	1,937,888
Other current receivables	11,475,495	12,087,443
Other non-current liabilities	(307,727)	(14,882,690)
Accounts payable	(2,560,934)	3,757,452
Other current liabilities	(16,118,880)	2,899,303
Intercompany balances	(15,736,693)	20,880,692
Related party balances	6,648,996	(16,228,756)
Net cash provided by operating activities	(4,016,923)	2,969,774
Cash flow from investment activities		
Investments in fixed assets	-	-
Net cash used in investment activities	-	-
Cash flow from financing activities		
Long term financing	-	-
Net cash from / to financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(4,016,923)	2,969,774
Cash at the beginning of the reporting period	4,218,263	1,248,489
Cash and cash equivalents at the end of the reporting period	201,340	4,218,263



Northern Operations Ltd - Norway Branch

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

Note 1 - Accounting principles

Main activity

Northern Operations Ltd is a foreign company registered with a branch in Norway. The Company was incorporated on July 27, 2019, 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 are in USD. Therefore, the Company's functional currency is USD

Revenue recognition

The bulk of the Company's revenues are derived from daily rates computed from drilling contracts and service agreements. 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 non-current assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Ongoing maintenance

Actual cost will be recognized as operating expense when the maintenance occurred.

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.

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 – Basis of Accounting

Going concern assumption

These financial statements are prepared under the going concern assumption. On February 1, 2022, the stacking services agreement held by the Company was novated to Northern Ocean Wave AS. Following the novation, the company holds no revenue generating contracts and is intended to be liquidated during 2022. As a consequence there is significant doubt over the Company's ability to continue as a going concern.



Note 3 - 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	51,885,094	89,888,028
Total	51,885,094	89,888,028

Note 4 - Accounts receivables

The Company had no accounts receivables balance as of year end 2021, compared to USD 5.3 million at 31 December 2020.

Note 5 - Other current assets

USD	2021	2020
Direct materials/raw materials	563,643	-
Unbilled receivables	-	11,058,075
VAT receivable	997,822	3,538,646
Prepayments	996,527	563,992
Deposits held	1,187,615	-
Total	3,715,607	15,160,713

Note 6 - Cash, cash equivalents and restricted cash

The Company had a cash balance of USD 0.2 million as of year end 2021, whereof USD 0 were restricted.

Note 7 - Equity

USD	Share capital	Retained earnings	Total equity
Equity as of December 31, 2020	-	(8,723,641)	(8,723,641)
Net income	-	4,644,090	4,644,090
Equity as of December 31, 2021	-	(4,079,551)	(4,079,551)

Note 8 - Related party balances

The Company has the following related party receivables at year end:

USD	2021	2020
Seadrill Global Services Ltd (DMCC Branch)	-	33,477,666
Total	-	33,477,666

The Company has the following related party liabilities at year end:

USD	2021	2020
Seadrill Norway Operations Ltd	-	-
Seadrill Europe Management AS	-	26,820,063
Other	-	8,608
Total	-	26,828,670



Note 9 - Inter company transactions

West Mira Inc. Transactions

In 2019 the Company entered into a long-term agreement with a group company regarding lease of a drilling unit known as the West Mira (to be renamed Deepsea Mira), related to the operation of the rig on the Norwegian continental shelf. This agreement was terminated in May 2021 following the termination of the drilling unit's drilling contract. Subsequently the Company entered into a stacking services agreement with the same group company relating to the stacking and lay up of the West Mira. In 2021 the total expense for lease of the rig was USD 6.6 million.

Northern Ocean Ltd. Transactions

During 2021 the Northern Ocean Ltd Group of which the Company is a subsidiary completed a settlement agreement with the Seadrill group. As part of this settlement the liability due to Seadrill held by the Company was offset against receivables from Seadrill held by other group companies. As a result, at year end the Company holds a liability to the parent company.

HHI Deepwater Semi II Inc. Transactions

During 2021 the Northern Ocean Ltd Group of which the Company is a subsidiary completed a settlement agreement with the Seadrill group. As part of this settlement the receivable due from Seadrill held by the Company was offset against liabilities from Seadrill held by other group companies. As a result, at year end the Company holds a receivable from HHI Deepwater Semi II Inc..

The Company has the following balances due from intercompany parties at year end:

USD	2021	2020
HHI Deepwater Semi II Inc.	32,204,199	-
Total	32,204,199	-

The Company has the following balances due to intercompany parties at year end:

USD	2021	2020
Northern Ocean Ltd	13,544,707	-
West Mira Inc	23,803,491	-
Total	37,348,198	-

Note 10 – Taxes

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

USD	2021	2020
Income before tax - current year	7,306,871	(7,481,558)
Change in temporary differences		
Translation difference	463,592	(391,155)
Utilized loss brought forward	(7,770,463)	-
Basis for taxes payable – Norway	-	(7,872,713)

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

Change in deferred tax	(2,662,781)	1,731,997
Tax expense	(2,662,781)	1,731,997

* Corporate tax rate in Norway is 22 %

Deferred tax:

USD	31/12/2021	31/12/2020	Change
Receivables	-	-	-
Total temporary differences	-	-	-
Corporate tax rate	22%	22%	
Deferred tax liability	-	-	-
Net operating loss brought forward	-	12,103,548	
Deferred tax asset	-	2,662,781	
Net Deferred tax asset	-	2,662,781	



Reconciliation of tax expense to the nominal tax rate:

USD	2021	2020
Income before taxes	7,306,871	(7,481,558)
Actual tax expense	(2,662,718)	1,731,997
Tax expense at corporate tax rate	1,607,512	1,645,943
Difference	(1,055,269)	86,054
Explanation of the difference:		
Currency effects	(162,225)	86,054
Reduction due to the probable liquidation during 2022	(893,044)	-
Total	(1,055,269)	86,054

Note 11 - Other current liabilities

USD	2021	2020
Deferred revenues	-	9,626,865
Other current liabilities	709,332	7,201,348
Total	709,332	16,828,213

Note 12 - Salaries, personnel costs and number of employees

There are no employees in Northern Operations Ltd. Personnel are provided by third party providers as required.

Note 13 - Other operating expenses

USD	2021	2020
Bareboat charter	6,629,700	18,205,300
Hire of personnel	25,918,512	35,673,582
General and administrative expenses	11,323,044	12,405,847
Repair and maintenance cost	11,586,729	20,004,341
Other	5,269,175	9,370,141
Total	60,727,160	95,659,212

Note 14 - Compensation to General Managers, the Board of Directors and auditor

Remuneration to the General Manager is recognized in Northern Operations Ltd through a management fee.

Fees to Directors and auditors

No Directors fees have been paid in 2021.

Audit fee of USD 86 000 (ex VAT) has been recognized in 2021.

Note 15 - Lease agreement

The Company's previous lease agreement with a group company for rental of a drilling unit was terminated in May 2021, following the termination of the drilling contract previously held by the drilling unit.

Total expense for lease of rig in 2021 was USD 6 629 700

Note 16 - Stacking Services agreement

In 2021 the Company entered an agreement with a group company to provide services relating to the stacking and lay up of the rig known as the *West Mira*. The contract was scheduled to be effective until September 1, 2022.

Note 17 - Consolidation

Northern Operations Ltd, is a company controlled by and consolidated into Northern Ocean Ltd. Northern Ocean Ltd has its office address at Par-la-Ville Place, 14th Par-la-Ville Road, Hamilton, Bermuda.

Note 18 - Agio/Disagio

USD	2021	2020
Unrealized foreign exchange gains and losses	(396,776)	3,762,108
Realized foreign exchange gains and losses	(145,534)	(577,923)
Total gain	(542,310)	3,184,185



Note 19 - Other non-current liabilities

USD	2021	2020
Deferred revenues	-	307,727
Total	-	307,727

Note 20 – Liability Insurance

The Company has a global Directors & Officers liability insurance scheme, with a total coverage limit of USD 60 000 000.

Note 21 - Subsequent events

On January 13, 2022, the rig owner of the *West Mira* signed as Guarantor on an amendment and restatement of a loan for Northern Ocean Ltd. The agreement included a clause which prohibited any new business being carried out in the Company and stipulated that the Company must be liquidated within twelve months.

On February 1, 2022, the Company signed a novation agreement in relation to the stacking services agreement, so that all obligations under the agreement were novated to Northern Ocean Wave AS. Northern Operations does not hold any revenue generating contracts past this date.



NORTHERN OPERATIONS LIMITED – NORWAY BRANCH
Annual Report 2021

Business description

Northern Operations Limited (previously known as 'Seadrill Northern Operations Limited') is a Bermuda registered company, with a branch in Norway which was incorporated in July 2019. The Company was incorporated to operate offshore drilling units operating on the Norwegian Continental Shelf.

At the end of 2021, the Company had operational responsibility for one stacked drilling unit; West Mira, generating revenue from the rig-owning company within the Northern Ocean Group for the performance of the stacking and lay up services.

The Company has no employees and has a registered address in Stavanger, Norway.

Activities in 2021

At the commencement of 2021 the Company held the responsibility for one operating drilling unit; West Mira, working under a drilling contract with a major oil and gas company, and chartering the rig under a bareboat charter agreement.

On March 19, 2021, an operational incident involving the West Mira occurred during the process of lowering production equipment to a well location. The extended downtime period caused by the incident resulted in the client issuing a termination notice for the West Mira drilling contract.

Following the termination of the West Mira drilling contract the Company entered into a stacking services agreement with the rig-owning company within the Northern Ocean Group, which remained in place at year end.

Revenues and result - 2021

Total revenues generated by the Company in 2021 were USD 51.9 million compared to USD 89.9 million in 2020. In 2021, operating expenses totalled USD 65.9 million, leading to a net operating loss of USD 14.0 million compared to operating expenses of USD 100.5 million and a net operating loss of USD 10.6 million in 2020.

The Company had a net financial gain of USD 21.4 million in 2021 compared to USD 3.1 million in 2020. This includes a non-cash gain, of USD 27.2 million resulting from a settlement agreement with the Seadrill Ltd. Group of Companies and a loss of USD 5.4 million resulting from bad debts.

Net income after taxes for the year was USD 4.6 million, compared to a loss of USD 5.7 million in 2020.

The Board proposes the following distribution of the income for the year:

Transfer to retained earnings:	USD 4.6 million
Net allocated:	USD 4.6 million

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

On February 1, 2022, the stacking services agreement held by the Company was novated. Following the novation, the company holds no revenue generating contracts and is intended to be liquidated during 2022.

Cash-flow

Net cash provided by operating activities was negative by USD 4 million. The difference versus operating income is mainly caused by changes in working capital. Net cash used in investment activities was USD 0 million. Net cash flow from financing activities was USD 0 million.

Relevant risk factors

As the company is intended to be liquidated during 2022 there are considered to be no relevant risk factors.

Going concern assumption

On February 1, 2022, the stacking services agreement held by the Company was novated to Northern Ocean Wave AS. Following the novation, the company holds no revenue generating contracts and is intended to be liquidated during 2022. As a consequence there is significant doubt over the Company's ability to continue as a going concern.

Liability Insurance

The company has a global Directors & Officers liability insurance scheme, with a total coverage limit of USD 60 000 000.

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.

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.

External environment

As the company is intended to be liquidated during 2022 there are considered to be no relevant external environment factors.

Events after year end

On February 1, 2022, the stacking services agreement held by the Company was novated.



Stavanger, 28 June 2022

The Board of Northern Operations Ltd

Scott McReaken

Board member

Olav Sirevåg

Board member



To the General Meeting of Northern Operations Ltd (Norway Branch) norskregistrert utenlandsk foretak

Independent Auditor's Report

Opinion

We have audited the financial statements of Northern Operations Ltd - Norway Branch (the Company), 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements and the Board of Directors' report, which indicates that the Company novated its revenue generating contracts during 2022. As stated in Note 2 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 2 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Northern Operations Ltd - Norway Branch



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 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, 28 June 2022
PricewaterhouseCoopers AS

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Independent Auditor's Report - Northern Operations Ltd - Norway Branch



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



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Birkeland, Arne	BANKID_MOBILE	2022-06-30 15:50

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