



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 888 571 302  
Organisasjonsform: Allmennaksjeselskap  
Foretaksnavn: TRANSOCEAN SPITSBERGEN ASA  
Forretningsadresse: Maskinveien 26  
4033 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: Iain Inglis  
Dato for fastsettelse av årsregnskapet: 22.06.2022

### 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, 02.08.2023



### Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	4	7 987 000	8 257 000
<b>Sum inntekter</b>		<b>7 987 000</b>	<b>8 257 000</b>
<b>Kostnader</b>			
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	24 859 000	16 653 000
Other operating expenses	5	221 000	232 000
<b>Sum kostnader</b>		<b>25 080 000</b>	<b>16 885 000</b>
<b>Driftsresultat</b>		<b>-17 093 000</b>	<b>-8 628 000</b>
<b>Finansinntekter og finanskostnader</b>			
Other financial income	6	14 000	1 000
<b>Sum finansinntekter</b>		<b>14 000</b>	<b>1 000</b>
Other financial expense	6	7 558 000	18 316 000
<b>Sum finanskostnader</b>		<b>7 558 000</b>	<b>18 316 000</b>
<b>Netto finans</b>		<b>-7 544 000</b>	<b>-18 315 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-24 637 000</b>	<b>-26 943 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-24 637 000</b>	<b>-26 943 000</b>
<b>Årsresultat</b>		<b>-24 637 000</b>	<b>-26 943 000</b>
<b>Overføringer og disponeringer</b>			
Transferred to other equity	10	-24 637 000	-26 943 000
<b>Sum overføringer og disponeringer</b>		<b>-24 637 000</b>	<b>-26 943 000</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Rig	8	280 923 000	308 158 000
<b>Sum varige driftsmidler</b>		<b>280 923 000</b>	<b>308 158 000</b>
<b>Sum anleggsmidler</b>		<b>280 923 000</b>	<b>308 158 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Konsernfordringer	9	8 935 000	12 016 000
<b>Sum fordringer</b>		<b>8 935 000</b>	<b>12 016 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits		313 000	12 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>313 000</b>	<b>12 000</b>
<b>Sum omløpsmidler</b>		<b>9 248 000</b>	<b>12 028 000</b>
<b>SUM EIENDELER</b>		<b>290 171 000</b>	<b>320 186 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	10	190 000	190 000
Overkurs	10	285 942 000	285 942 000
Annen innskutt egenkapital	10	97 013 000	97 013 000
<b>Sum innskutt egenkapital</b>		<b>383 145 000</b>	<b>383 145 000</b>
<b>Opptjent egenkapital</b>			



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Retained equity	10	-370 651 000	-346 014 000
<b>Sum opptjent egenkapital</b>		<b>-370 651 000</b>	<b>-346 014 000</b>
<b>Sum egenkapital</b>		<b>12 494 000</b>	<b>37 131 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	9	263 429 000	265 560 000
<b>Sum annen langsiktig gjeld</b>		<b>263 429 000</b>	<b>265 560 000</b>
<b>Sum langsiktig gjeld</b>		<b>263 429 000</b>	<b>265 560 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		23 000	23 000
Kortsiktig konserngjeld	9	12 456 000	12 857 000
Other payables		1 769 000	4 615 000
<b>Sum kortsiktig gjeld</b>		<b>14 248 000</b>	<b>17 495 000</b>
<b>Sum gjeld</b>		<b>277 677 000</b>	<b>283 055 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>290 171 000</b>	<b>320 186 000</b>



**Transocean Spitsbergen ASA**

**Annual Report**

31 December 2021



Transocean Spitsbergen ASA  
Organisation No. 888 571 302

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## Board of Directors' Report

### Nature and location of the business

Transocean Spitsbergen ASA is a wholly owned subsidiary of Transocean Services AS. The purpose of the company is contracting, managing and owning drilling rigs.

The company owns the drilling rig Transocean Spitsbergen.

The Transocean Spitsbergen operated with Transocean Norway Operations AS for a contract with Equinor Energy AS on the Norwegian Continental Shelf for the whole of 2021.

The company has an office located in Maskinveien 26, 4033 Stavanger, Norway.

### Going concern

The directors have obtained confirmation from an appropriate parent undertaking, Transocean Inc. that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements and similar support had been extended on an annual basis. The board has also considered the group consolidated forecast, the current outlook of the offshore industry and the current efforts of the group company to extend its liquidity, including the renewal of its revolving credit facility and the execution of its at-the-market equity offering program). On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

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

### Financial Statements

The company does not have any employees and hired administrative services from other Transocean group entities in 2021.

In 2021 the company generated revenue of USD 8.0 million compared to USD 8.3 million in 2020. Operational expenses in 2021 amounted to USD 221 thousand compared to USD 232 thousand in 2020. No impairment was booked in 2021 or 2020. Net financial expense was USD 7.6 million in 2021 compared to net financial expense of USD 18.3 million in 2020.

Fixed assets decreased from USD 308 million in 2020 to USD 281 million in 2021. The board is comfortable with current book value and do not believe further impairments are required by year end. The company does not have external debt at the end of 2021. Interest-bearing debt to the parent company, Transocean Services AS amounts to USD 263 million at the end of the fiscal year compared to USD 266 million in 2020.

The company's equity in 2021 is USD 12 million compared to USD 37 million in 2020. This results in an equity ratio of 4% (12% in 2020).

The company cash and cash equivalents were USD 313 thousand as at 31 December 2021 and USD 12 thousand as at 31 December 2020. Total cash flow from operating activities was positive USD 55 thousand in 2021.

The board proposes that the annual deficit in Transocean Spitsbergen ASA of USD 24.6 million is transferred to other equity.



Transocean Spitsbergen ASA  
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## Board of Directors' Report (continued)

### Financial risk management

The group's business implies exposure to different types of financial risk. These risks comprise of market risk, currency risk, interest risk, credit risk and liquidity risk. The company's overall risk management is designed to minimise the potential negative effects on the company's financial results.

This note presents information about the exposure to each of the above risks and the processes for measuring and managing risk and the company's management of capital. Further quantitative disclosures are included throughout the financial statements where relevant.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

Through training and development of standards and procedures for managing risks, the aim is to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### *Market risk*

Market risk is the risk of change in market prices and demand, thereunder changes in currency exchange rates and interest levels.

#### *Currency risk*

The company's reporting and functional currency is US Dollar. For the 2021 accounting year all ordinary running cost and some significant balance sheet entries are denominated in Norwegian kroner and represents a currency risk for the company.

#### *Interest rate risk*

The company has no external debt at the end of the fiscal year. Interest-bearing debt is internal and thus the interest rate risk is considered to be low.

#### *Credit risk*

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

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

#### *Liquidity risk*

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

#### *Oil price risk*

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

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



Transocean Spitsbergen ASA

Organisation No. 888 571 302

## Board of Directors' Report (continued)

### Oil price risk (continued)

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

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

### Leasing Arrangements

The company has entered into agreements with other Transocean group companies to lease its mobile drilling unit. All of these contracts are cancellable at one month's notice.

### Health, safety and environment

The company's operations are conducted in compliance with national and international environmental standards. The company's operation involves the risk of CO2 emissions. The rigs are designed and built to ensure zero accidental spills. In 2021, the company did not have any reportable spills. The working environment is considered to be good, however if improvement measures are necessary these measures will be implemented.

### Work environment and discrimination

The company does not have any employees in 2021. The company has adopted policies to ensure a non-discriminating working environment and equality between women and men. The Board of Directors currently consists of two men and one woman.

### Management liability insurance

Transocean has a Directors and Officers Liability program for all of its directors. This includes the board of directors and General Manager for our Norwegian entities on appointment. Each director/the General Manager is granted an indemnity from Transocean Inc in respect of liabilities incurred as a result of their office, to the extent permitted by law. The Company also has in place Directors and Officers Liability Insurance on behalf of its directors and officers. The insurance covers personal legal liabilities including defense and legal costs. Neither the Company's indemnity nor insurance provides cover in the event a director or officer is proved to have acted fraudulently, with willful neglect, willful default or dishonestly. The Insurance is renewed annually and covers all past, current and future officers and directors. The insurance policies provide direct coverage to directors and officers and are issued by reputable insurers with appropriate ratings.

### Future developments

The company will continue to own and charter out the Transocean Spitsbergen to fellow group members. The directors have also obtained confirmation from an appropriate parent that it will provide financial support to allow the undertaking to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group companies. The support outlined above is valid for a period of at least 12 months from the date of signing these financial statements.



Transocean Spitsbergen ASA  
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## Board of Directors' Report (continued)

### Subsequent events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2021 Annual Report (Form 10K) of Transocean Limited which is available for download from [www.deepwater.com](http://www.deepwater.com).

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.

We acknowledge the geopolitical environment has been affected by the Russian-Ukrainian War that has created volatility in the economic, commodities and financial markets. The effect, however, has been increased demand for hydrocarbons and, in turn, increased interest by Oil & Gas customers. We remain optimistic that increased demand will continue as the market reduces its reliance on Eastern European supplies.

On behalf of the Board, Stavanger, 22 June 2022

Knut Vavik  
Chairman

Iain Robert Inglis  
Director

Inger Aase  
Director

Eirik Sunde  
General Manager



Transocean Spitsbergen ASA

**Income statement**

for the year ended 31 December 2021

	Notes	2021 USD 000	2020 USD 000
<b>Operating income</b>			
Revenue	4	7,987	8,257
<b>Operating expenses</b>			
Other operating expenses	5	(221)	(232)
Depreciation	8	(24,859)	(16,653)
<b>Operating loss</b>		<u>(17,093)</u>	<u>(8,628)</u>
<b>Financial income and expenses</b>			
Other financial income	6	14	1
Other financial expenses	6	(7,558)	(18,316)
Net financial expense		<u>(7,544)</u>	<u>(18,315)</u>
Operating loss before tax		<u>(24,637)</u>	<u>(26,943)</u>
<b>Tax income/(expense)</b>			
Tax on ordinary result	7	-	-
<b>Net loss for the year</b>		<u>(24,637)</u>	<u>(26,943)</u>
<b>Transferrals</b>			
Transferred to other equity	10	<u>(24,637)</u>	<u>(26,943)</u>



Transocean Spitsbergen ASA

**Balance Sheet**

as at 31 December 2021

	Notes	2021 USD 000	2020 USD 000
<b>Fixed assets</b>			
<i>Tangible assets</i>			
Rig	8	280,923	308,158
<b>Total fixed assets</b>		<u>280,923</u>	<u>308,158</u>
<b>Current assets</b>			
<i>Debtors</i>			
Amounts due from group companies receivable	9	8,935	12,016
Other receivables		-	-
<b>Total debtors</b>		<u>8,935</u>	<u>12,016</u>
Cash and bank deposits		313	12
<b>Total current assets</b>		<u>9,248</u>	<u>12,028</u>
<b>Total Assets</b>		<u><u>290,171</u></u>	<u><u>320,186</u></u>



Transocean Spitsbergen ASA

**Balance sheet**

as at 31 December 2021

	Notes	2021 USD 000	2020 USD 000
<b>Equity</b>			
Share capital	10	190	190
Share premium	10	285,942	285,942
Other paid-in equity	10	97,013	97,013
Retained equity	10	(370,651)	(346,014)
<b>Total equity</b>		<b>12,494</b>	<b>37,131</b>
<b>Liabilities</b>			
<i>Long term liabilities</i>			
Loan from group companies	9	263,429	265,560
<i>Current Liabilities</i>			
Trade accounts payable		23	23
Other payable		1,769	4,615
Amounts due to group companies	9	12,456	12,857
<b>Total Current Liabilities</b>		<b>14,248</b>	<b>17,495</b>
<b>Total Liabilities</b>		<b>277,677</b>	<b>283,055</b>
<b>Total Equity and Liabilities</b>		<b>290,171</b>	<b>320,186</b>

Stavanger, 22 June 2022

Knut Vavik  
Chairman

Iain Robert Inglis  
Director

Inger Aase  
Director

Eirik Sunde  
General Manager



Transocean Spitsbergen ASA

**Cash flow statement**

for the year ended 31 December 2021

	2021	2020
	USD 000	USD 000
Loss before taxes	(24,637)	(26,943)
Depreciation	24,859	16,653
Change in amounts due to/(from) group companies	2,680	104,738
Change in other receivable	-	(1)
Change in trade accounts payable	-	(103)
Change in other accounts	(2,847)	(2,945)
Net cash flow from operating activities	55	91,399
Purchase/retirement of assets	2,376	(577)
Net cash flow from investment activities	2,376	(577)
Received intra-group contribution	-	-
Payment long term debt/liability	(2,130)	(90,946)
Net Cash flow from investing and financing activities	246	(91,523)
Net increase/(decrease) in cash	301	(124)
Cash at beginning of year	12	136
<b>Cash at end of year</b>	<b>313</b>	<b>12</b>



Transocean Spitsbergen ASA

## Accounting principles and notes

as at 31 December 2021

### 1. Reporting entity

Transocean Spitsbergen ASA has a registered address of Maskinveien 26, 4033 Stavanger, Norway. The purpose of the company is contracting, managing and owning drilling rigs.

The company is a wholly owned subsidiary of Transocean Services AS who's ultimate parent undertaking is Transocean Ltd, registered at Turmstrasse 30, Steinhausen, 6312, Switzerland.

The consolidated accounts of Transocean Ltd can be obtained from [www.dcepwater.com](http://www.dcepwater.com).

### 2. Basis of preparation

#### Statement of compliance

The financial statements have been prepared in compliance with the provisions laid down in the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The proposed annual accounts were approved by the Board of Directors on the date that is shown on the signed Balance Sheet. The annual accounts will be considered at the Annual General meeting for final approval. Up until this final approval, the Board of Directors have the authority to change the annual accounts.

#### Basis of measurement

The company's financial statements have been prepared on the historical cost basis.

#### Functional and presentation currency

The financial statements are presented in USD, which is the company's functional currency. All financial information presented has been rounded to the nearest thousand. The exchange rate as at 31 December 2021 was USD 1/NOK 8.8194.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods.

#### Principles for revenue recognition

Most of the income from the drilling contract is related to day rates as compensation for drilling and disposal of rigging. These are earned and recognized as income.

Other income is recognized when it is probable that transactions will generate future economic benefits that will flow to the company and the amount can be estimated reliably.

#### Foreign currency transactions

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currency with the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at historic exchange rate, are translated to functional currency with transaction date exchange rates. Changes in exchange rates are continuously booked to the income statement in the accounting period.

#### Finance income and expenses

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through the income statement. Interest income is recognised as it accrues in the income statement.

Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions as well as impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.



Transocean Spitsbergen ASA

## Accounting principles and notes

as at 31 December 2021

### 3. Significant accounting policies (continued)

#### Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the nominal tax rates that are expected to be applied to the temporary differences when they reverse.

Assets and liabilities for deferred tax can be offset if:

- the company has a legal right to offset the deferred tax asset and liability
- they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities where they intend to settle the taxes on a net basis or to settle their tax assets and liabilities simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The tax effect of proposed group contributions from the parent company are recognised when the liability is recognised.

#### Classification of balance sheet amounts

Current assets and liabilities include items due for payment within one year of the acquired date. The remaining items are classified as fixed assets/long term liabilities.

#### Special periodic surveys

Special periodic surveys (also known as deferred drydock/deferred certification expenditure) are a five yearly thorough inspection and recertification of the hull and main machinery components of the rig, which also includes obtaining required maritime certification. The associated costs are amortised on a straight line basis over the period from the month following the end of the completed survey to the month of expiration of the survey certificate. The costs are classified as special periodic surveys within fixed assets. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.

#### Rig mobilisation

Costs of mobilising rigs from one location to another are classified as deferred mobilisation costs within debtors and amortised to cost of sales in the profit and loss account over the terms of the contracts. Reimbursements of costs of mobilising rigs are classified as deferred income and amortised to turnover in the profit and loss account over the terms of the contracts. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.

#### Inventory

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



Transocean Spitsbergen ASA

## Accounting principles and notes

as at 31 December 2021

### 3. Significant accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are capitalized and depreciated over the expected economic life of the asset. The company's tangible fixed assets consist of the Transocean Spitsbergen rig. The rig is componentised and each component is evaluated for useful life. The components have an estimated useful life of 5-35 years.

Depreciation method, the useful life and residual values are assessed annually. Changes in accounting estimates are recognized in the income statement during the period when the estimates are changed.

Direct maintenance of operating assets is charged under operating expenses, while costs of improvements are added to the cost of the asset and depreciated in line with the asset. If the recoverable amount of the asset is lower than the carrying amount, impairment is made to the recoverable amount. Recoverable amount is the highest of net sales value and value in use. Value in use is the present value of the future cash flows that the asset is expected to generate.

#### Receivables

Accounts receivable are stated in the balance sheet net of estimated losses. An assessment of expected loss is done individually for each receivable. In addition, for other receivables, an unspecified provision is booked to cover estimated losses.

#### Cash and cash equivalents

The cash flow statement is presented using the indirect method of accounting. Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of 12 months.

#### Provisions

A provision is recognised when:

- as a result of a past event, there is a legal or constructive obligation
- it is probable that an outflow of economic benefits will be required to settle the obligation, and
- it can be reliably estimated

Provisions are considered at each balance sheet date and are adjusted to reflect updated best estimates.

#### Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. The essential contingent liabilities are explained except for the contingent liabilities where the probability of the liability is low.

Contingent assets are not recognised in the annual accounts, but explained if there is a material probability that an asset will accrue to the company.



Transocean Spitsbergen ASA

**Accounting principles and notes**

as at 31 December 2021

**4. Revenue**

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

Analysis of revenue by geographical market is given below:

	2021 USD 000	2020 USD 000
Norway	6,800	7,023
Cayman Island	1,187	1,244
Total revenue	<u>7,987</u>	<u>8,257</u>

**5. Other operating expenses**

	2021 USD 000	2020 USD 000
Other operating expenses	221	232
Total other operating expenses	<u>221</u>	<u>232</u>

Other operating expenses include the audit fee for 2021 which amounts to USD 30,394 excluding VAT. No other cost beyond ordinary audit has been incurred.

No remuneration has been paid to the board for 2021. The board is employed by Transocean Services AS. Since there are no employees the company is not obliged to have a pension scheme.

During periods when the Spitsbergen rig is warm stacked, payroll and maintenance costs are incurred by Transocean Spitsbergen ASA.

**6. Other financial income and expense**

	2021 USD 000	2020 USD 000
Interest income from bank balance	2	1
Gain on foreign exchange	5	-
Gain on disposal of fixed assets	7	-
Total financial income	<u>14</u>	<u>1</u>
Financial expense from group companies	7,558	12,587
Loss on foreign exchange	-	4,626
Loss on disposal of fixed assets	-	1,103
Total financial expense	<u>7,558</u>	<u>18,316</u>
Net financial income and expense	<u>(7,544)</u>	<u>(18,315)</u>



Transocean Spitsbergen ASA

## Accounting principles and notes

as at 31 December 2021

### 7. Taxes

	2021	2020
	USD 000	USD 000
<b>Tax current year</b>		
Tax effect on group contribution	-	-
Change in deferred taxes	-	-
<b>Total tax benefit</b>	-	-
	2021	2020
	USD 000	USD 000
<b>Estimated tax payable calculation</b>		
Operating loss before tax	(24,637)	(26,943)
Group contribution	-	-
Foreign exchange movement	(5,786)	17,010
Change in temporary differences	(2,705)	(19,277)
<b>Taxable income</b>	<b>(33,128)</b>	<b>(29,210)</b>

Permanent differences are mainly due to conversion difference between reported USD currency and NOK used for tax return purposes. Taxable income is calculated at the average currency rate for 2021 while deferred tax is calculated using the year end rate.

	2021	2020
	USD 000	USD 000
<b>Temporary differences</b>		
Assets	78,717	81,515
Postponed interest restriction	(23,140)	(23,918)
Deferred revenue	(1,737)	(4,744)
Losses	(279,844)	(255,009)
<b>Total basis for deferred tax</b>	<b>(226,004)</b>	<b>(202,156)</b>
<b>Deferred tax 22%</b>	<b>(49,721)</b>	<b>(44,474)</b>

Deferred tax has not been included on the balance sheet due to uncertainty if it can be used against future taxes.

	2021	2020
	USD 000	USD 000
<b>Tax charge reconciliation</b>		
Operating loss before tax	(24,637)	(26,943)
Tax at 22%	(5,420)	(5,928)
Effect of tax rate change	-	-
Effect of not recognised deferred tax	6,693	2,186
FX effect	(1,273)	3,742
<b>Total tax charge</b>	<b>-</b>	<b>-</b>



Transocean Spitsbergen ASA

**Accounting principles and notes**

as at 31 December 2021

**8. Fixed assets**

Fixed assets consist of the rig and rig construction, where rig construction means modification and/or purchase of new equipment for the rig.

<b>Fixed assets</b> <i>(Amounts in USD 000)</i>	<b>Rig</b>	<b>Rig under construction</b>	<b>Total fixed assets</b>
Cost price 01.01.2021	1,027,177	1,411	1,028,588
Additions	-	(1,464)	(1,464)
Transfers in	-	-	-
Disposals/Transfers out	(1,169)	-	(1,169)
Transfers from CIP	(50)	50	-
<b>Cost price 31.12.2021</b>	<b>1,025,958</b>	<b>(3)</b>	<b>1,025,955</b>
Accumulated depreciation and impairment 01.01.2021	(720,430)	-	(720,430)
Depreciation charge for year	(24,859)	-	(24,859)
Depreciation on disposals/transfers out	257	-	257
Impairment	-	-	-
<b>Accumulated depreciation and impairment 31.12.2021</b>	<b>(745,032)</b>	<b>-</b>	<b>(745,032)</b>
<b>Carrying value 31.12.2021</b>	<b>280,926</b>	<b>(3)</b>	<b>280,923</b>

Asset value is componentised and each item is depreciated using the straight line method over 5-35 years.

At year end, the book value has been assessed against the fair value as per the Norwegian Accounting Act.

The recoverable amount is defined as the value in use when this is greater than the fair value less costs to sell. This is calculated using the current value of the future cash flows associated with the rig.

We estimated the fair value of the rig by applying a combination of income, market and cost approaches, using projected discounted cash flows and estimates of the exchange price that would be received for the asset in the principal or most advantageous market for the asset in an orderly transaction between market participants as of the measurement date. Our estimates of fair value require us to use significant unobservable inputs, including assumptions related to the future performance of the rig, such as future commodity prices, projected demand of our services, rig availability and dayrates. If we experience increasingly unfavourable changes to actual or anticipated dayrates or other impairment indicators, or if we are unable to secure new or extended contracts for the rig or the reactivation of the rig, we may be required to recognise additional losses in future periods as a result of impairments of the carrying amount of the rig.



## Transocean Spitsbergen ASA

### Accounting principles and notes

as at 31 December 2021

#### 9. Transactions with group companies

	2021	2020
	<i>USD 000</i>	<i>USD 000</i>
<i>Current receivables</i>		
Transocean Services AS	-	-
Other group companies	8,935	12,016
Total	<u>8,935</u>	<u>12,016</u>
 <i>Long term liabilities (interest-bearing)</i>		
Transocean Services AS	263,429	265,560
Total	<u>263,429</u>	<u>265,560</u>
 <i>Current liabilities</i>		
Other group companies	12,456	12,857
Total	<u>12,456</u>	<u>12,857</u>

Long term receivables/liabilities with group companies are carried out as part of the ordinary operations at arms-length prices. The group companies are ultimately controlled by Transocean Ltd.

Transocean Services AS, which owns all of the shares in Transocean Spitsbergen ASA, is considered to have control of the company. Additionally, all associated companies are close parties and Transocean Services AS is deemed to have significant influence.

In accordance with the Bareboat Charter Agreement with Transocean Norway Operations AS and Transocean Spitsbergen ASA, the company has charged Transocean Norway Operations AS USD 3.9 million in 2021 for hire of the rig Transocean Spitsbergen which was operated in Norway.

In accordance with the management services agreement, the company has been charged USD 41.8 thousand from Transocean Management Ltd.

Transocean Spitsbergen ASA has been charged interest on intercompany balances. USD 7.6 million has been charged by Transocean Services AS.

The interest-bearing intercompany loan matures in December 2050.



## Transocean Spitsbergen ASA

### Accounting principles and notes

as at 31 December 2021

#### 10. Equity

<i>(Amounts in USD 000)</i>	Share capital	Share premium	Other paid-in equity	Profit and loss account	Total equity
Equity at 31.12.2020	190	285,942	97,013	(346,014)	37,131
Loss for the year	-	-	-	(24,637)	(24,637)
Equity at 31.12.2021	190	285,942	97,013	(370,651)	12,494

Transocean Spitsbergen ASA is wholly owned subsidiary of Transocean Services AS. Share capital consists of 110 000 shares at USD rate 1.725 as of 31.12.2021.

#### 11. Disputes

The company does not have any ongoing disputes or litigation.

#### 12. Restricted funds

No restricted funds at the year-end.

#### 13. Subsequent events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2021 Annual Report (Form 10K) of Transocean Limited which is available for download from [www.deepwater.com](http://www.deepwater.com).

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.

We acknowledge the geopolitical environment has been affected by the Russian-Ukrainian War that has created volatility in the economic, commodities and financial markets. The effect, however, has been increased demand for hydrocarbons and, in turn, increased interest by Oil & Gas customers. We remain optimistic that increased demand will continue as the market reduces its reliance on Eastern European supplies.

#### 14. Guarantee Obligations

The company has provided the Spitsbergen rig as collateral against a group credit facility to the fellow group company, Transocean Inc. In providing this asset, the company has received income of USD 1.2 million from Transocean Inc. The Net Book Value of the Spitsbergen rig at 31st December 2021 is USD 280.9 million.



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Transocean Spitsbergen ASA

### Opinion

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

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

### Basis for opinion

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

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

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

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

### Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

Kristiansand, 24 June 2022  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Espen Fyllingen  
State Authorised Public Accountant (Norway)

Independent auditor's report - Transocean Spitsbergen ASA 2021

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

## Espen Fyllingen

Oppdragsansvarlig partner

Serienummer: 9578-5999-4-2137889

IP: 77.16.xxx.xxx

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## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	25.09.2013	07.10.2013
Telefon	Deres referanse	Vår referanse
22078139	Iain Robert Inglis	2013/750180

TRANSOCEAN SERVICES AS  
Postboks 8200  
4069 STAVANGER

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

Det vises til deres brev 25. september 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Transocean Services AS	org. nr. 980 891 402
Transocean Norway Operations AS	org. nr. 990 687 846
Transocean Offshore Norway Services AS	org. nr. 990 687 803
Transocean Norway Operations Support AS	org. nr. 992 992 549
Transocean Norway Drilling AS	org. nr. 982 000 564
Transocean Barents ASA	org. nr. 988 571 326
Transocean Spitsbergen ASA	org. nr. 888 571 302
Transocean Offshore North Sea Ltd NUF	org. nr. 977 368 448
Transocean Offshore Europe Ltd NUF	org. nr. 980 865 797

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

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

### Bakgrunn

Transocean Services AS er morselskap for flere selskaper som inngår i Transocean konsernet og som er registrert i Norge. Tilsammen utgjør selskapene Transocean Norway Division. Konsernspiss er det sveitsiske selskapet Transocean Ltd. Selskapene driver virksomhet innen offshore herunder inn- og utleie av boreplattformer og tilhørende personell. Selskapet driver virksomhet i en bransje der alle sentrale aktører og samarbeidspartnere behersker engelsk. Arbeidsspråket er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### 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.”

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
<a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>		22 17 08 60



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

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

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er en datterselskaper av et utenlandsk selskap. Eierkretsen er således begrenset. Selskapenes arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapene driver virksomhet i en bransje der alle aktører behersker engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
Seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland