



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: Livar Voll
Dato for fastsettelse av årsregnskapet: 26.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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

Brønnøysundregistrene, 06.01.2023



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenues	1, 2	378 833 894	284 347 087
Reimbursable income	2	20 713 506	11 465 425
Sum inntekter		399 547 400	295 812 512
Kostnader			
Depreciation and amortization	15	2 666 194	2 418 321
Nedskrivning av varige driftsmidler og immaterielle eiendeler	15	0	-762 076
Other operating expenses	8, 11, 12, 13 ,14	364 732 322	265 861 290
Reimbursable expenses		20 252 862	11 338 597
Sum kostnader		387 651 378	278 856 132
Driftsresultat		11 896 022	16 956 380
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	8	111 293	224 094
Annen renteinntekt		88 666	286 038
Foreign exchange gains/losses	17	-1 524 777	-767 747
Sum finansinntekter		-1 324 818	-257 615
Rentekostnad til foretak i samme konsern	8	180 846	621 036
Other financial items		-410 621	150 993
Sum finanskostnader		-229 775	772 029
Netto finans		-1 095 043	-1 029 644
Ordinært resultat før skattekostnad		10 800 979	15 926 736
Skattekostnad på ordinært resultat	9	2 048 433	4 014 391
Ordinært resultat etter skattekostnad		8 752 546	11 912 345
Årsresultat		8 752 546	11 912 345
Overføringer og disponeringer			



Resultatregnskap

Beløp i: USD	Note	2020	2019
Avgitt konsernbidrag	6	-11 164 183	-13 142 872
Overføringer til/fra annen egenkapital	6	-2 411 636	-1 230 526
Sum overføringer og disponeringer		8 752 547	11 912 346



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Long term maintenance	15	2 544 957	5 058 696
Other long term assets		2 925 154	
Sum varige driftsmidler		5 470 111	5 058 696
Sum anleggsmidler		5 470 111	5 058 696
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	3	55 200 223	50 232 554
Other current assets	4	14 958 246	8 538 165
Konsernfordringer	7	33 045 111	51 924 708
Sum fordringer		103 203 580	110 695 427
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	42 514 966	9 420 101
Sum bankinnskudd, kontanter og lignende		42 514 966	9 420 101
Sum omløpsmidler		145 718 546	120 115 528
SUM EIENDELER		151 188 657	125 174 224
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		50 000 000	50 000 000
Sum innskutt egenkapital		50 000 000	50 000 000



Balanse

Beløp i: USD	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital	6	-36 162 361	-33 487 820
Sum opptjent egenkapital		-36 162 361	-33 487 820
Sum egenkapital		13 837 639	16 512 180
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	275 439	1 112 973
Sum avsetninger for forpliktelser		275 439	1 112 973
Annen langsiktig gjeld			
Other non-current liabilities	18	12 882 273	8 869 959
Sum annen langsiktig gjeld		12 882 273	8 869 959
Sum langsiktig gjeld		13 157 712	9 982 932
Kortsiktig gjeld			
Leverandørgjeld		19 057 589	14 458 783
Kortsiktig konserngjeld	7	71 021 093	60 534 715
Other current liabilities	10	34 114 624	23 685 888
Sum kortsiktig gjeld		124 193 306	98 679 386
Sum gjeld		137 351 018	108 662 318
SUM EGENKAPITAL OG GJELD		151 188 657	125 174 498



SEADRILL NORWAY OPERATIONS LIMITED

Annual Report 2020

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 as well as related parties' companies.

At the end of 2020, the Company had the operational responsibility for five operating drilling units; West Hercules, West Phoenix, West Elara, West Linus and West Bollsta.

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

Activities in 2020

Economic utilization of the mobile units (while under contract) was on average 93.0 percent in 2020 compared to 93.1 percent in 2019.

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 October 2027. The contract has a period of fixed day rates until April 2020. A market indexed rate is applicable thereafter until October 2027.

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. The contract had a period of fixed day rates until May 2019. A market index rate is applicable thereafter until end of 2028.

West Hercules commenced a contract with Equinor in October 2018 consisting of two firm wells and five optional wells. In May 2019 West Hercules commenced a new contract with Equinor in continuation of the contract commenced in October 2018. Depending on exercised options West Hercules is expected to be operating on the NCS at least until October 2021.

In May 2019 West Phoenix commenced a new contract with Equinor of two firm wells and options for six additional wells. The contract entails drilling of wells both on NCS and UKCS, and Seadrill Norway Operations bears the operational responsibility for wells drilled on the NCS, while the sister entity Seadrill UK Operations Ltd bears the operational responsibility for wells drilled on the UKSC. The contract was completed in March 2020. In March 2020 West Phoenix commenced a contract with Neptune Energy. The contract originally had a duration until Q3 2021, but in April 2020 the company received a notice from Neptune Energy that the drilling program was shortened and the contract completed in November 2020. In December 2019 West Phoenix was awarded a new contract with Vår Energi AS with commencement in Q3 2021. Estimated duration for this contract is 2.5 years if options are exercised. The rig has been warm stacked following completion of the Neptune contract.

The West Bollsta commenced operation in October on a contract with Lundin. Completion of the contract excluding options is May 2022, of options are exercised duration is estimated until November 2022. The rig is owned by Northern Ocean, and discussions are ongoing with Northern Ocean in terms of novating the drilling contract to Seadrill Northern Operations Ltd.



Revenues and result - 2020

Total revenues generated by the Company in 2020 were USD 400 million, compared to USD 296 million in 2019. The increase of USD 104 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 2020, operating expenses totalled USD 388 million, leading to a net operating profit of USD 12 million. In 2019 the respective numbers were USD 279 million of operating expenses and USD 17 million of operating profit.

The Company had a net financial loss of USD 1 million in 2020, compared to a net financial loss of USD 1 million in 2019. This includes net interest income/expense and net foreign exchange gains/losses.

Net income after taxes for the year was a profit of USD 9 million, compared to a profit of USD 12 million in 2019.

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

Provided group contribution:	USD 11 million
Transfer from retained earnings:	USD 2 million
Net allocated:	USD 9 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, 2020 and its profits in 2020.

Financial outlook

The Company was awarded two long-term contracts for the drilling rigs West Elara and West Linus during 2017, which forms a solid base for the future operations. The Company has also been awarded contracts in the North Sea for West Phoenix and the West Hercules which secure work for the next quarters. Despite signs of recovery in the market, observed market day rates continue at modest levels. Furthermore, the Covid-19 pandemic has increased the uncertainty and reduced market visibility.

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 2020 annual report for Seadrill Ltd. on form 20-F.

Going concern assumption

Since the mid-2010s, the industry has experienced a sustained decline in oil prices which has culminated in an industry-wide supply and demand imbalance. During this period, market dayrates for drilling rigs have been lower than was anticipated when the debt associated with acquiring our rigs was incurred. This challenging business climate was further destabilized by challenges that have arisen due to the COVID-19 pandemic. The actions taken by governmental authorities around the world to mitigate the spread of COVID-19 have had a significant negative effect on oil consumption. This has led to a further decrease in the demand for our services and has had an adverse impact on our business and financial condition.

Since the end of 2019, Seadrill Limited has been working with senior creditors to provide a solution to Seadrill Limited's high cash outflow for debt service.

In September 2020, Seadrill Limited and its subsidiaries ceased making interest payments on secured credit facilities which constituted an event of default. Furthermore, this triggered cross-defaults on the senior secured notes. The events of default meant that amounts due on the secured credit facilities and senior notes became callable on demand. As at December 31, 2020, Seadrill Limited had \$6,177 million in principal amount of these debt obligations. The available resources would not have been sufficient to repay these obligations, were they called.

On February 7, 2021 and February 10, 2021 Seadrill Limited and most of its subsidiaries (the "Debtors") filed voluntary petitions for reorganization under Chapter 11, triggering a stay on enforcement of remedies with respect to debt obligations. As part of the Chapter 11 Proceedings, the Debtors were granted "first-day" relief which enables the Debtors to continue operations without interruption.

As at December 31, 2020, Seadrill Limited had cash and cash equivalents including restricted cash of \$723 million, of which \$526 million was unrestricted and had implemented, and will continue to implement, various measures to preserve liquidity. Whilst it is believed this should provide sufficient liquidity for the 12 month period from the date of the issuance of these financial statements to allow the Debtors to complete a comprehensive restructuring, the process is difficult to predict and subject to factors outside of our control.

These conditions and events raise substantial doubt as to the Company's ability to continue as a going concern for the twelve months after the date the financial statements are issued. Financial information in this report has been prepared on a going concern basis of accounting, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due.

Research and development

The Company currently has no research and development projects.

Working environment



As of the end of 2020, 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.

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 2020 no events occurred, causing significant damage to the environment.

Events after year end

On February 10, 2021 the Company, along with Seadrill Limited and most of its subsidiaries filed for Chapter 11 proceedings under the US Bankruptcy Court.

On February 10, 2021, the Company, as a subsidiary of Seadrill Limited, filed petition for reorganization in a voluntary bankruptcy under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas in respect of Seadrill Limited and its consolidated subsidiaries with the exceptions of Seadrill New Finance Limited and its subsidiaries (the "Seadrill Group").

As part of the Chapter 11 Proceedings, the Seadrill Group were granted "first day" relief to enable day-to-day operations of the Seadrill Group to continue as usual. Specifically, the relief included the authority to pay key trade creditors and employee wages and benefits without change or interruption and it is expected that the Seadrill Group will pay all suppliers and vendors in full under normal terms for goods and services provided during the Chapter 11 Proceedings.

The Chapter 11 Proceedings are opened to facilitate a balance sheet restructuring which will enable Seadrill Limited to continue to operate its modern fleet of drilling units. We expect that the Chapter 11 reorganization will lead to significant equitization of the Seadrill Group debt and result in minimal or no recovery for current shareholders. Seadrill Limited has commenced parallel liquidation proceedings in Bermuda and on February 12, 2021, the Bermuda Supreme Court ordered the appointment of Joint Provisional Liquidators under Bermuda law to oversee the Chapter 11 Proceedings together with the Board of Directors of the Company.

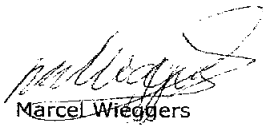
In March 2021 the Company received a draft revised tax assessment from the Norwegian Tax Office. Please refer to note 19 of the financial statement for further details.

These events will not impact the evaluation of the Company's profit in 2020, the balance sheet as of December 31, 2020 or the financial position as of December 31, 2020.




Stavanger, August 26, 2021

The Board of Seadrill Norway Operations Ltd



Marcel Wieggers

Board Member



Jon Olav Østhus

Chairman of the Board



Livar Voll

Board Member



Martyn Svensen

Board Member



Roger Åserød

Roger Åserød

Board Member



Seadrill Norway Operations Ltd

Income Statement 2020

USD	Notes	2020	2019
Operating revenue			
Operating revenues	1,2	378,833,894	284,347,087
Reimbursable income	2	20,713,506	11,465,425
Total operating revenue		399,547,400	295,812,512
Operating expenses			
Other Operating expenses	8,11,12,13,14	(364,732,322)	(265,861,290)
Reimbursable expenses		(20,252,862)	(11,338,597)
Depreciation and amortization	15	(2,666,194)	(2,418,321)
Impairment loss Long term maintenance	15	-	762,076
Total operating expenses		(387,651,377)	(278,856,132)
Operating income / (loss)		11,896,022	16,956,380
Financial items			
Interest Income, group companies	8	111,293	224,094
Interest Income, other		88,666	286,038
Foreign exchange gains/(losses)	17	(1,524,777)	(767,747)
Interest expense, group companies	8	(180,846)	(621,036)
Interest expenses, other		-	-
Other financial items		410,621	(150,993)
Total financial items		(1,095,043)	(1,029,643)
Income / (loss) before taxes		10,800,979	15,926,737
Corporate payable tax	9	(2,885,967)	(4,329,368)
Change deferred tax	9	837,534	314,977
Income taxes		(2,048,432)	(4,014,391)
Net income/ (loss)		8,752,547	11,912,346
Attributable to:			
		-	
Transferred from/to other equity	6	(2,411,636)	(1,230,526)
Group contribution	6	11,164,183	13,142,872

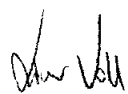
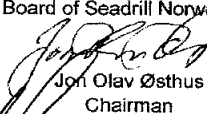


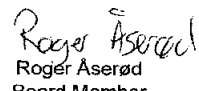


Seddrill Norway Operations Ltd
Balance Sheet per Dec 31, 2020

USD	Note	2020	2019
ASSETS			
Non-current assets			
Fixed Assets			
Long term Maintenance	15	2,544,957	5,058,969
Other long term assets		2,925,154	0
Total fixed assets		5,470,111	5,058,969
Current Assets			
Accounts Receivable	3	55,200,223	50,232,554
Intercompany receivables	7	33,045,111	51,924,708
Other current assets	4	14,958,246	8,538,165
Cash and Cash Equivalents	5	42,514,966	9,420,101
Total current assets		145,718,546	120,115,528
Total assets		151,188,657	125,174,498
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	(36,162,361)	(33,487,820)
Total Retained Earnings		(36,162,361)	(33,487,820)
Total shareholders' equity		13,837,639	16,512,180
Liabilities			
Non-current liabilities			
Other non-current liabilities	18	12,882,273	8,869,959
Deferred taxes	9	275,439	1,112,973
Total non-current liabilities		13,157,712	9,982,932
Current liabilities			
Accounts payable		19,057,589	14,458,783
Payables to group companies	7	71,021,093	60,534,715
Other current liabilities	10	34,114,624	23,685,888
Total current liabilities		124,193,307	98,679,386
Total liabilities and shareholder's equity		151,188,657	125,174,498

Stavanger, August 26, 2021

The Board of Seddrill Norway Operations Ltd

 Livar Voll Board Member	 Jon Olav Østhus Chairman	 Marcel Weggens Board member
 Marlyn Svensen Board Member	 Roger Åserød Board Member	



Seadrill Norway Operations Ltd

Notes to the financial statements for the period ending December 31, 2020

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	2020	2019
Norway	399,547,400	295,812,512
Total	399,547,400	295,812,512

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, 2020 was 1.3 million (2019: 1,6 million).

The Company did not recognize any bad debt expense in 2020 or 2019.

Note 4 - Other current assets

USD	2020	2019
Prepaid expenses	3,814,695	2,728,417
VAT receivable	884,362	1,085,619
Rechargeables West Hercules	1,046,396	1,046,396
Rechargeables West Phoenix	1,098,809	1,098,809
Rechargeables West Elara	63,737	63,737
Rechargeables West Linus	195,311	195,311
Deferred mobilization cost	7,207,388	2,236,142
Other receivables	647,549	83,734
Total	14,958,246	8,538,165

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	2020	2019
Cash and Cash Equivalents	42,514,966	9,420,101

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.

Following an event of default in the fourth quarter of 2020 by these leasing entities, a block was placed on these accounts. As such these accounts, totalling USD 21.5 million, were reclassified as restricted.



Note 6 - Equity

Equity

USD	Share capital	Retained earnings	Total equity
Equity as of December 31, 2019	50,000,000	(33,487,820)	16,512,180
Net income		8,752,547	8,752,547
Group contribution, net of tax		(11,164,183)	(11,164,183)
Translation difference		(262,905)	(262,905)
Equity as of December 31, 2020	50,000,000	(36,162,362)	13,837,638

Note 7 - Group balances

The Company has the following intercompany balances at year end:

USD	2020	2019
Short term receivable intercompany	33,045,111	51,924,708
Short term liabilities intercompany*	71,021,093	60,534,715
Net receivable/liability	(37,975,982)	(8,610,008)

* The intercompany balance includes the cash pool balances as of 31.12.2019 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	2020	2019
Revenues:		
Other recharged expenses	3,806,817	4,143,069
Interest income	111,293	224,094
Costs:		
Interest expenses	180,846	621,036
Bareboat fees	93,604,095	34,306,493
Management fees	39,492,943	28,230,830
Crew costs	141,454,555	106,861,919



Note 9 - Taxes

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

USD	2020	2019
Income before tax - current year	10,800,979	15,926,737
+ Change in temporary differences current year	3,806,974	1,431,713
Translation difference	(1,489,923)	(470,220)
Basis for taxes payable - Norway	13,118,031	16,888,230

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

Tax payable on net income	2,885,967	3,715,566
Prior year tax payable recognized in current year	-	613,802
Change in deferred tax (excl. effect of change in tax rate)	(837,534)	(314,977)
Tax expense	2,048,432	4,014,391

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

USD	12/31/2020	12/31/2019
Estimated owed taxes payable - Norway	3,148,872	3,706,964
Tax reduction due to group contribution	(3,148,872)	(3,706,964)
Unpaid taxes payable in the balance sheet	-	-

Deferred tax:

USD	12/31/2020	12/31/2019	Change
Long-term maintenance	2,544,957	5,058,969	(2,514,012)
Receivables	(1,292,962)	-	(1,292,962)
Provisions	-	-	-
Total temporary differences	1,251,996	5,058,969	(3,806,974)

Corporate tax rate	22%	22%	
Deferred tax liability	275,439	1,112,973	(837,534)

Net operating loss brought forward	-	-	-
Deferred tax asset	-	-	-

Net Deferred tax liability	275,439	1,112,973	(837,534)
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Reconciliation of tax expense to the nominal tax rate:

USD	2020	2019
Income before taxes	10,800,979	15,926,737
Actual tax expense	2,048,432	4,014,391
Tax expense at corporate tax rate	2,376,215	3,503,882
Difference	(327,783)	510,509

Explanation of the difference:

Currency differences on deferred tax	-	155
Tax effect of permanent differences	(327,783)	(103,448)
Tax payable in previous years	-	613,802
Total	(327,783)	510,509



Note 10 - Other current liabilities

USD	2020	2019
Provision for accrued expenses West Elara	2,147,847	1,706,334
Provision for accrued expenses West Linus	1,540,256	1,384,562
Provision for accrued expenses West Phoenix	2,227,389	3,574,033
Provision for accrued expenses West Mira	67,058	10,702,538
Provision for accrued expenses West Bollsta	12,894,459	0
Provision for accrued expenses West Hercules	5,213,046	4,326,767
Deferred revenues	9,586,591	1,923,330
Other current liabilities	437,979	68,325
Total	34,114,624	23,685,886

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	2020	2019
Repair and maintenance costs	56,676,040	53,572,556
Administration costs and management fees	39,492,943	28,230,830
Bareboat charter	93,604,095	34,306,493
Hire of personnel	141,454,555	106,861,919
Other expenses	33,504,690	42,889,491
Total	364,732,322	265,861,290

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 2020.

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 2020, the Company had the following leases (excluding options):

Rig	Lease valid until	Classification
West Elara	March 2028	Operational lease
West Linus	December 2028	Operational lease
West Hercules	October 2021	Operational lease
West Phoenix	September 2023	Operational lease
West Bollsta	May 2022	Operational lease

Total expense for lease of rigs in 2020 was USD 93 604 095.

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:



	2021	2022	2023	2024	2025	More than 5 years
Lease commitment	111,657,000	135,401,000	85,264,000	45,844,000	45,844,000	120,399,500



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 31.12.19	Addition	Depreciation 2020	Accumulated depreciation	Impairment 2020	Closing balance
West Elara	14,387,126	173,963	2,463,907	12,201,561	-	2,359,528
West Linus	930,430	(21,782)	202,287	723,219	-	185,429
Total fixed assets	15,317,556	152,181	2,666,194	12,924,780	-	2,544,958

Note 16 - Consolidation

Seadrill Norway Operations Ltd, is a fully owned subsidiary of Seadrill Ltd.
Seadrill Ltd has its office address at Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton, Bermuda.

Note 17 - Agio/Disagio

USD	2020	2019
Unrealized foreign exchange gain/(loss)	(2,521,501)	46,860
Realized foreign exchange gain/(loss)	996,724	(814,607)
Total gain	(1,524,777)	(767,747)

Note 18 - Other non-current liabilities

USD	2020	2019
Deferred revenues	12,882,273	8,869,959
Total	12,882,273	8,869,959

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 does not agree with the arguments presented and are preparing a response. Furthermore the Company maintains its view that the payments were required to be made, is robustly defending its tax position, and that no provision is required in the accounts.

In the event the Company should loose on every argument the maximum exposure is a tax of approximately NOK 204 million.



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.

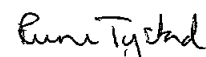
Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

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



To the Board of Directors of Seadrill Norway Operations Ltd norskregistrert utenlandsk foretak

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seadrill Norway Operations Ltd norskregistrert utenlandsk foretak, which comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, 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 the Board of Directors' report, which indicates that the Company, as a subsidiary of Seadrill Limited, is involved in a voluntary petition for reorganization under Chapter 11. As stated in the Board of Directors' report these events or conditions, along with other matters as set forth in 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Seadrill Norway Operations Ltd norsk registrert utenlandsk foretak



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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view 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. 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

(2)



Independent Auditor's Report - Seadrill Norway Operations Ltd norsk registrert utenlandsk foretak



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 26 August 2021
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Auditor's report

Signers:

Name	Method	Date
Birkeland, Arne	BANKID_MOBILE	2021-09-21 11:25

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