



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

| | |
|----------------------|-------------------------------------|
| Organisasjonsnummer: | 992 831 510 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | COSL NORWEGIAN AS |
| Forretningsadresse: | Vestre Svanholmen 4 4313 SANDNES |

Regnskapsår

| | |
|-------------------------|-------------------------|
| Årsregnskapets periode: | 01.01.2021 - 31.12.2021 |
|-------------------------|-------------------------|

Konsern

| | |
|---------------------------|----|
| Mørselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

Regnskapsregler

| | |
|--|------------------------------------|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | Forenklet IFRS |

Årsregnskapet fastsatt av kompetent organ

| | |
|--|----------------|
| Bekreftet av representant for selskapet: | Randi Skailand |
| Dato for fastsettelse av årsregnskapet: | 27.06.2022 |

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, 07.07.2023



Resultatregnskap

| Beløp i: USD | Note | 2021 | 2020 |
|--|------|---------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | | 196 587 | |
| Sum inntekter | | 196 587 | |
| Kostnader | | | |
| Annen driftskostnad | 2 | 306 691 | 3 348 |
| Sum kostnader | | 306 691 | 3 348 |
| Driftsresultat | | -110 104 | -3 348 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | 3 | 495 019 | 55 547 838 |
| Renteinntekt fra foretak i samme konsern | 3 | 4 894 227 | 11 860 797 |
| Sum finansinntekter | | 5 389 246 | 67 408 635 |
| Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi | 8 | 264 914 782 | 1 890 627 |
| Rentekostnad til foretak i samme konsern | 3 | 19 570 470 | 24 877 958 |
| Annen finanskostnad | 4 | 6 392 175 | 2 008 461 |
| Annen finanskostnad | 4 | 10 997 | 11 689 |
| Sum finanskostnader | | 290 888 424 | 28 788 735 |
| Netto finans | | -285 499 178 | 38 619 900 |
| Ordinært resultat før skattekostnad | | -285 609 282 | 38 616 552 |
| Skattekostnad på ordinært resultat | 5 | | |
| Ordinært resultat etter skattekostnad | | -285 609 282 | 38 616 552 |
| Årsresultat | | -285 609 282 | 38 616 552 |
| Overføringer og disponeringer | | | |
| Overføringer til/fra annen egenkapital | 6 | -285 609 281 | 38 616 553 |
| Sum overføringer og disponeringer | | -285 609 281 | 38 616 553 |



Balanse

| Beløp i: USD | Note | 2021 | 2020 |
|--|------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 8 | 375 706 100 | 640 620 883 |
| Lån til foretak i samme konsern | 3 | 496 753 759 | 498 088 092 |
| Andre fordringer | | 3 969 | 4 407 |
| Sum finansielle anleggsmidler | | 872 463 828 | 1 138 713 382 |
| Sum anleggsmidler | | 872 463 828 | 1 138 713 382 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Kundefordringer | 3 | 137 759 314 | 172 706 277 |
| Sum fordringer | | 137 759 314 | 172 706 277 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd, kontanter og lignende | 9 | 4 592 055 | 9 569 222 |
| Sum bankinnskudd, kontanter og lignende | | 4 592 055 | 9 569 222 |
| Sum omløpsmidler | | 142 351 369 | 182 275 499 |
| SUM EIENDELER | | 1 014 815 197 | 1 320 988 881 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 6,7 | 285 449 514 | 285 449 514 |
| Annen innskutt egenkapital | 6 | 723 651 248 | 713 570 000 |
| Sum innskutt egenkapital | | 1 009 100 762 | 999 019 514 |



Balanse

| Beløp i: USD | Note | 2021 | 2020 |
|-----------------------------------|-------------|-----------------------|-----------------------|
| Opptjent egenkapital | | | |
| Udekket tap | 6,10 | 1 433 831 865 | 1 083 759 480 |
| Sum opptjent egenkapital | | -1 433 831 865 | -1 083 759 480 |
| Sum egenkapital | | -424 731 103 | -84 739 966 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 3 | 641 783 572 | 616 143 572 |
| Sum annen langsiktig gjeld | | 641 783 572 | 616 143 572 |
| Sum langsiktig gjeld | | 641 783 572 | 616 143 572 |
| Kortsiktig gjeld | | | |
| Kortsiktig konserngjeld | 3 | 797 762 730 | 789 585 275 |
| Sum kortsiktig gjeld | | 797 762 730 | 789 585 275 |
| Sum gjeld | | 1 439 546 302 | 1 405 728 847 |
| SUM EGENKAPITAL OG GJELD | | 1 014 815 199 | 1 320 988 881 |



Konsernets resultatregnskap

| Beløp i: USD | Note | 2021 | 2020 |
|---|------|---------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | 3 | 63 958 000 | 421 244 000 |
| Sum inntekter | | 63 958 000 | 421 244 000 |
| Kostnader | | | |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 5 | 65 086 000 | 70 424 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 5,8 | 228 200 000 | 212 121 000 |
| Annen driftskostnad | 4,10 | 8 244 000 | 7 897 000 |
| Annen driftskostnad | 4,10 | 96 425 000 | 132 737 000 |
| Sum kostnader | | 397 955 000 | 423 179 000 |
| Driftsresultat | | -333 997 000 | -1 935 000 |
| Finansinntekter og finanskostnader | | | |
| Annen finansinntekt | | 119 000 | |
| Sum finansinntekter | | 119 000 | |
| Rentekostnad til foretak i samme konsern | 19,9 | 21 860 000 | 30 886 000 |
| Annen finanskostnad | | | 775 000 |
| Annen finanskostnad | | 50 000 | 76 000 |
| Sum finanskostnader | | 21 910 000 | 31 737 000 |
| Netto finans | | -21 791 000 | -31 737 000 |
| Ordinært resultat før skattekostnad | | -355 788 000 | -33 672 000 |
| Skattekostnad på ordinært resultat | 12 | 120 000 | -6 951 000 |
| Ordinært resultat etter skattekostnad | | -355 908 000 | -26 721 000 |
| Ekstraordinære poster | | | 3 467 000 |
| Årsresultat | | -355 908 000 | -23 254 000 |
| Overføringer og disponeringer | | | |
| Udekket tap | | -355 908 000 | -23 254 000 |
| Sum overføringer og disponeringer | | -355 908 000 | -23 254 000 |



Konsernets balanse

| Beløp i: USD | Note | 2021 | 2020 |
|--|-------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 12 | | 138 000 |
| Sum immaterielle eiendeler | | | 138 000 |
| Varige driftsmidler | | | |
| Skip, rigger, fly og lignende | 5 | 778 747 000 | 1 059 990 000 |
| Sum varige driftsmidler | | 778 747 000 | 1 059 990 000 |
| Finansielle anleggsmidler | | | |
| Andre fordringer | 17 | 2 057 000 | 2 252 000 |
| Sum finansielle anleggsmidler | | 2 057 000 | 2 252 000 |
| Sum anleggsmidler | | 780 804 000 | 1 062 380 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Varer | 15 | 23 898 000 | 22 790 000 |
| Sum varer | | 23 898 000 | 22 790 000 |
| Fordringer | | | |
| Kundefordringer | 14,19 | 54 195 000 | 93 860 000 |
| Konsernfordringer | 14,19 | 222 699 000 | 225 260 000 |
| Sum fordringer | | 276 894 000 | 319 120 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd, kontanter og lignende | 13 | 17 220 000 | 17 397 000 |
| Sum bankinnskudd, kontanter og lignende | | 17 220 000 | 17 397 000 |
| Sum omløpsmidler | | 318 012 000 | 359 307 000 |
| SUM EIENDELER | | 1 098 816 000 | 1 421 687 000 |

BALANSE - EGENKAPITAL OG GJELD



Konsernets balanse

| Beløp i: USD | Note | 2021 | 2020 |
|--|-------------|-----------------------|-----------------------|
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 21,22 | 285 450 000 | 285 450 000 |
| Annen innskutt egenkapital | 22 | 713 570 000 | 713 570 000 |
| Sum innskutt egenkapital | | 999 020 000 | 999 020 000 |
| Opptjent egenkapital | | | |
| Udekket tap | 23 | 1 565 764 000 | 1 209 857 000 |
| Sum opptjent egenkapital | | -1 565 764 000 | -1 209 857 000 |
| Sum egenkapital | | -566 744 000 | -210 837 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 12 | 8 000 | |
| Sum avsetninger for forpliktelser | | 8 000 | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 7,16,1 9 | 1 003 057 000 | 977 417 000 |
| Øvrig langsiktig gjeld | 18 | 8 134 000 | |
| Øvrig langsiktig gjeld | 17 | 1 192 000 | 1 257 000 |
| Sum annen langsiktig gjeld | | 1 012 383 000 | 978 674 000 |
| Sum langsiktig gjeld | | 1 012 391 000 | 978 674 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 7 | 22 448 000 | 28 829 000 |
| Betalbar skatt | 12 | 140 000 | 120 000 |
| Kortsiktig konserngjeld | 7,16,1 9 | 404 028 000 | 399 650 000 |
| Annen kortsiktig gjeld | 17 | 974 000 | 994 000 |
| Annen kortsiktig gjeld | 7,19,2 0 | 225 579 000 | 224 257 000 |
| Sum kortsiktig gjeld | | 653 169 000 | 653 850 000 |
| Sum gjeld | | 1 665 560 000 | 1 632 524 000 |



Konsernets balanse

| Beløp i: USD | Note | 2021 | 2020 |
|---------------------------------|-------------|----------------------|----------------------|
| SUM EGENKAPITAL OG GJELD | | 1 098 816 000 | 1 421 687 000 |



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 710414

Enheten

Organisasjonsnummer: 992 831 510
Organisasjonsform: Aksjeselskap
Foretaksnavn: COSL NORWEGIAN AS
Forretningsadresse: Vestre Svanholmen 4
4313 SANDNES

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Randi Skailand
Dato for fastsettelse av årsregnskapet: 27.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

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

Brønnøysundregistrene, 27.07.2022



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

RESULTATREGNSKAP

| Beløp i: USD | Note | 2021 | 2020 |
|--|------|---------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | | 196 587 | |
| Sum inntekter | | 196 587 | |
| Kostnader | | | |
| Annen driftskostnad | 2 | 306 691 | 3 348 |
| Sum kostnader | | 306 691 | 3 348 |
| Driftsresultat | | -110 104 | -3 348 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | 3 | 495 019 | 55 547 838 |
| Renteinntekt fra foretak i samme konsern | 3 | 4 894 227 | 11 860 797 |
| Sum finansinntekter | | 5 389 246 | 67 408 635 |
| Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi | 8 | 264 914 782 | 1 890 627 |
| Rentekostnad til foretak i samme konsern | 3 | 19 570 470 | 24 877 958 |
| Annen finanskostnad | 4 | 6 392 175 | 2 008 461 |
| Annen finanskostnad | 4 | 10 997 | 11 689 |
| Sum finanskostnader | | 290 888 424 | 28 788 735 |
| Netto finans | | -285 499 178 | 38 619 900 |
| Ordinært resultat før skattekostnad | | -285 609 282 | 38 616 552 |
| Skattekostnad på ordinært resultat | 5 | | |
| Ordinært resultat etter skattekostnad | | -285 609 282 | 38 616 552 |
| Årsresultat | | -285 609 282 | 38 616 552 |
| Overføringer og disponeringer | | | |
| Overføringer til/fra annen egenkapital | 6 | -285 609 281 | 38 616 553 |
| Sum overføringer og disponeringer | | -285 609 281 | 38 616 553 |



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

BALANSE

Beløp i: USD Note 2021 2020

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Finansielle anleggsmidler

| | | | |
|--------------------------------------|---|--------------------|----------------------|
| Investering i datterselskap | 8 | 375 706 100 | 640 620 883 |
| Lån til foretak i samme konsern | 3 | 496 753 759 | 498 088 092 |
| Andre fordringer | | 3 969 | 4 407 |
| Sum finansielle anleggsmidler | | 872 463 828 | 1 138 713 382 |
| Sum anleggsmidler | | 872 463 828 | 1 138 713 382 |

Omløpsmidler

Varer

Fordringer

| | | | |
|-----------------------|---|--------------------|--------------------|
| Kundefordringer | 3 | 137 759 314 | 172 706 277 |
| Sum fordringer | | 137 759 314 | 172 706 277 |

Bankinnskudd, kontanter og lignende

| | | | |
|--|---|------------------|------------------|
| Bankinnskudd, kontanter og lignende | 9 | 4 592 055 | 9 569 222 |
| Sum bankinnskudd, kontanter og lignende | | 4 592 055 | 9 569 222 |

Sum omløpsmidler

| | | | |
|-------------------------|--|----------------------|----------------------|
| Sum omløpsmidler | | 142 351 369 | 182 275 499 |
| SUM EIENDELER | | 1 014 815 197 | 1 320 988 881 |

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

| | | | |
|---------------------------------|-----|----------------------|--------------------|
| Selskapskapital | 6,7 | 285 449 514 | 285 449 514 |
| Annen innskutt egenkapital | 6 | 723 651 248 | 713 570 000 |
| Sum innskutt egenkapital | | 1 009 100 762 | 999 019 514 |

Opptjent egenkapital

| | | | |
|---------------------------------|------|-----------------------|-----------------------|
| Udekket tap | 6,10 | 1 433 831 865 | 1 083 759 480 |
| Sum opptjent egenkapital | | -1 433 831 865 | -1 083 759 480 |

Sum egenkapital

| | | | |
|------------------------|--|---------------------|--------------------|
| Sum egenkapital | | -424 731 103 | -84 739 966 |
|------------------------|--|---------------------|--------------------|

Gjeld



| | | | |
|-----------------------------------|---|----------------------|----------------------|
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 3 | 641 783 572 | 616 143 572 |
| Sum annen langsiktig gjeld | | 641 783 572 | 616 143 572 |
| Sum langsiktig gjeld | | 641 783 572 | 616 143 572 |
| Kortsiktig gjeld | | | |
| Kortsiktig konserngjeld | | | |
| Kortsiktig konserngjeld | 3 | 797 762 730 | 789 585 275 |
| Sum kortsiktig gjeld | | 797 762 730 | 789 585 275 |
| Sum gjeld | | 1 439 546 302 | 1 405 728 847 |
| SUM EGENKAPITAL OG GJELD | | 1 014 815 199 | 1 320 988 881 |



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

KONSERNRESULTATREGNSKAP

| Beløp i: USD | Note | 2021 | 2020 |
|---|------|---------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | 3 | 63 958 000 | 421 244 000 |
| Sum inntekter | | 63 958 000 | 421 244 000 |
| Kostnader | | | |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 5 | 65 086 000 | 70 424 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 5,8 | 228 200 000 | 212 121 000 |
| Annen driftskostnad | 4,10 | 8 244 000 | 7 897 000 |
| Annen driftskostnad | 4,10 | 96 425 000 | 132 737 000 |
| Sum kostnader | | 397 955 000 | 423 179 000 |
| Driftsresultat | | -333 997 000 | -1 935 000 |
| Finansinntekter og finanskostnader | | | |
| Annen finansinntekt | | 119 000 | |
| Sum finansinntekter | | 119 000 | |
| Rentekostnad til foretak i samme konsern | 19,9 | 21 860 000 | 30 886 000 |
| Annen finanskostnad | | | 775 000 |
| Annen finanskostnad | | 50 000 | 76 000 |
| Sum finanskostnader | | 21 910 000 | 31 737 000 |
| Netto finans | | -21 791 000 | -31 737 000 |
| Ordinært resultat før skattekostnad | | | |
| Skattekostnad på ordinært resultat | 12 | 120 000 | -6 951 000 |
| Ordinært resultat etter skattekostnad | | -355 908 000 | -26 721 000 |
| Ekstraordinære poster | | | 3 467 000 |
| Årsresultat | | -355 908 000 | -23 254 000 |
| Overføringer og disponeringer | | | |
| Udekket tap | | -355 908 000 | -23 254 000 |
| Sum overføringer og disponeringer | | -355 908 000 | -23 254 000 |



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

KONSERNBALANSE

| Beløp i: USD | Note | 2021 | 2020 |
|--|-------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 12 | | 138 000 |
| Sum immaterielle eiendeler | | | 138 000 |
| Varige driftsmidler | | | |
| Skip, rigger, fly og lignende | 5 | 778 747 000 | 1 059 990 000 |
| Sum varige driftsmidler | | 778 747 000 | 1 059 990 000 |
| Finansielle anleggsmidler | | | |
| Andre fordringer | 17 | 2 057 000 | 2 252 000 |
| Sum finansielle anleggsmidler | | 2 057 000 | 2 252 000 |
| Sum anleggsmidler | | 780 804 000 | 1 062 380 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Varer | 15 | 23 898 000 | 22 790 000 |
| Sum varer | | 23 898 000 | 22 790 000 |
| Fordringer | | | |
| Kundefordringer | 14,19 | 54 195 000 | 93 860 000 |
| Konsernfordringer | 14,19 | 222 699 000 | 225 260 000 |
| Sum fordringer | | 276 894 000 | 319 120 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd, kontanter og lignende | 13 | 17 220 000 | 17 397 000 |
| Sum bankinnskudd, kontanter og lignende | | 17 220 000 | 17 397 000 |
| Sum omløpsmidler | | 318 012 000 | 359 307 000 |
| SUM EIENDELER | | 1 098 816 000 | 1 421 687 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 21,22 | 285 450 000 | 285 450 000 |
| Annen innskutt egenkapital | 22 | 713 570 000 | 713 570 000 |
| Sum innskutt egenkapital | | 999 020 000 | 999 020 000 |



| | | | |
|--|---------|-----------------------|-----------------------|
| Opptjent egenkapital | | | |
| Udekket tap | 23 | 1 565 764 000 | 1 209 857 000 |
| Sum opptjent egenkapital | | -1 565 764 000 | -1 209 857 000 |
| Sum egenkapital | | -566 744 000 | -210 837 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 12 | 8 000 | |
| Sum avsetninger for forpliktelseser | | 8 000 | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 7,16,19 | 1 003 057 000 | 977 417 000 |
| Øvrig langsiktig gjeld | 18 | 8 134 000 | |
| Øvrig langsiktig gjeld | 17 | 1 192 000 | 1 257 000 |
| Sum annen langsiktig gjeld | | 1 012 383 000 | 978 674 000 |
| Sum langsiktig gjeld | | 1 012 391 000 | 978 674 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 7 | 22 448 000 | 28 829 000 |
| Betalbar skatt | 12 | 140 000 | 120 000 |
| Kortsiktig konserngjeld | 7,16,19 | 404 028 000 | 399 650 000 |
| Annen kortsiktig gjeld | 17 | 974 000 | 994 000 |
| Annen kortsiktig gjeld | 7,19,20 | 225 579 000 | 224 257 000 |
| Sum kortsiktig gjeld | | 653 169 000 | 653 850 000 |
| Sum gjeld | | 1 665 560 000 | 1 632 524 000 |
| SUM EGENKAPITAL OG GJELD | | 1 098 816 000 | 1 421 687 000 |



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Organisasjonsnr: 992 831 510
COSL NORWEGIAN AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper

| Sum | Beløp | | |
|--|---------------------|---------------------|------------------|
| Balanseført verdi 31.12. | Varige driftsmidler | Immaterielle eiend. | |
| Samlet beløp - tilknyttet selskap | Årets | Fjorårets | |
| Samlet beløp - foretak i samme konsern | Årets | Fjorårets | |
| Samlet beløp - foretak i samme konsern | Årets | Fjorårets | |
| Samlet beløp - felles kontrollert virksomhet | Årets | Fjorårets | |
| Pantstillelse | Beløp | | |
| Beholdning av egne aksjer | Antall | Pålydende | Andel av aksjek. |



Skattedirektoratet

| | | |
|---------------------------|-----------------|---------------|
| Saksbehandler | Deres dato | Vår dato |
| Torstein Kinden Helletand | 17.12.2009 | 05.01.2010 |
| Telefon | Deres referanse | Vår referanse |
| 22078139 | Marianne Åsheim | 2009/999914 |

ERNST & YOUNG AS
Vassbotnen 11 Forus
4313 Sandnes

Søknad om tillatelse til å utarbeide årregnskap og årsberetning på engelsk språk for COSL Norwegian AS inklusive datterselskaper

Det vises til Deres brev av 17. desember 2009. De søker på vegne av COSL Norwegian AS inklusive datterselskaper om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Søknaden gjelder for følgende selskaper;

| | |
|-----------------------------|-------------|
| COSL Norwegian AS | 992 831 510 |
| COSL Drilling Europe AS | 987 861 894 |
| COSL Oil & Gas AS | 947 362 089 |
| COSL Rigmar AS | 884 358 582 |
| COSL Sea Beds AS | 960 254 635 |
| COSL Sea Beds II AS | 985 876 185 |
| COSL Drilling Semi AS | 988 288 330 |
| COSL Offshore Management AS | 991 006 494 |
| Wilrig AS | 989 850 105 |
| COSL Rig Holding AS | 990 405 034 |
| COSL Rig Ltd | 991 594 019 |
| COSL Power AS | 987 861 916 |
| COSL Power Ltd | 991 594 027 |
| COSL Craft AS | 987 862 932 |
| COSL Craft Ltd | 991 594 035 |
| COSL Strike Ltd | 991 594 043 |
| Premium Drilling AS | 988 294 187 |

COSL Norwegian AS er morselskap til det norske underkonsernet. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. I søknaden er det nevnt at arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk.

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 | Fredrik Selmers vei 4 | 800 80 000 |
| 0134 Oslo | Org. nr: 974761076 | Telefaks |
| skattedirektoratet@skatteetaten.no | | 22 17 08 60 |



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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til brukere av regnskapsinformasjon. Søkeren må som et utgangspunkt for vurderingen ha en særlig interesse for kun å utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. Arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk. Skattedirektoratet legger derfor til grunn at det i dette tilfellet ikke syntes å være brukere av selskapenes regnskapsinformasjon som har en særlig interesse i å få dette på norsk språk.

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


Dispensasjonen er gitt under den forutsetning at de ovennevnte opplysninger som vedtaket baserer seg på ikke endres vesentlig.



2009/999914 Side 3 av 3

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Helleland
Torstein Kinden Helleland





COSL Norwegian Group

BOARD OF DIRECTORS' REPORT 2021



COSL NORWEGIAN AS BOARD OF DIRECTORS REPORT 2021

Introduction

COSL Norwegian AS was founded 23. June 2008. The company is the parent company in COSL Norwegian Group. The subsidiaries offer services connected to oilfields, as well as other related activity, such as participation and acquisition of other companies. The company's head office is located at Forus, Sandnes. The company also has offices in Singapore, Aberdeen and Mongstad Base in Norway through its subsidiaries. COSL Norwegian AS is a fully owned subsidiary of COSL Singapore International Ltd. and it is ultimately owned by China Oilfield Services Limited (COSL).

The COSL Norwegian group owned three Semi submersibles drilling rigs by end of 2021. At the date of the signing of this report all three semi submersibles drilling rigs are in operation.

Going concern

The board confirms that the financial statements are prepared in accordance with the Accounting Act § 3-3a. The financial statements have been prepared under the assumption of the company being a going concern.

The Group's equity as of 31 December 2021 has been lost and amounts to USD 566.8 million (2020: USD 210.8 million loss). The main change is impairment provision recognized at end of 2021 (USD 228 millions). The equity of the Company is lost with an amount of USD 424.7 million (2020: USD 84.7 million loss).

In 2022, the market has been becoming tight, day rate in North Sea is increased significantly, this will help COSL Norwegian AS to build its equity. The Board believe that the market will improve over the next years.

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2022.

Per 31 December 2021, the Group's equity including COSL Shareholder loans amounts to USD 786.3 million, which implies an adjusted equity ratio of 71.6%. This has been assessed by the Board as sufficient to continue business operations of the Group and the Company.

The Group furthermore had a positive bank balance per 31 December 2021 of USD 17,2 million.

COVID-19

In 2021, the COVID-19 epidemic has had a certain negative impact on the global economy. The Company will formulate measures in a timely manner based on the new situation by continuously paying attention to the development of global economy, the trend of international oil prices and the investment of upstream exploration and development. The full impact of COVID-19 is still



uncertain, but the oil activity which COSL is part of is looked at as an important contributor to of the society. This implies that COSL will do its utmost to continue full operation if possible.

The demand for fuel has been set back due to less travel, but with less travel restrictions in 2022, it seems like travel has increased again. In addition to increased travel and the war in Ukraine the oil price is increasing. This has led to an increased interest for our semisubmersible drilling rigs.

On the basis of the above, the Group's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Group's ability to continue as a going concern.

Statement of Profit and Loss and Other Comprehensive Income

Consolidated accounts:

In 2021, total revenues amount to USD 64.0 million, and relate to the operation of three semi-submersible drilling units and amortization of deferred revenue. The total revenue for 2020 was USD 421.2 million, which included a settlement with Equinor of USD 188 million. Operating loss before depreciation and amortization (EBITDA) was USD 40.7 million compared to an operating profit of USD 280.6 million in 2020. The operating loss after depreciation and amortization (EBIT) was USD 334.0 million, representing a decrease of USD 332.1 million compared with USD 1.9 million loss for the same period last year. Rig operating expenses in 2021 were USD 96.4 million compared to USD 132.7 million in 2020. General and administrative expenses were USD 8.2 million. The corresponding figure for 2020 was USD 7.9 million.

Depreciation expense was USD 65.0 million in 2021 and was primarily attributable the three semi-submersible drilling units. For 2020, the depreciation expense was USD 70.4 million.

Net financial costs were USD 21.8 million in 2021 compared to USD 31.7 million in 2020. Interest expenses were USD 21.9 million compared to USD 30.9 million in 2020. Loss before tax was USD 355.8 million, a decrease of USD 322.2 million compared to 2020 (loss before tax in 2020 was USD 33.7 million). In 2021, total comprehensive loss was USD 355.9 million compared to a loss of USD 23.3 million in 2020.

Parent company accounts:

Operating loss in 2021 was USD 110.1 thousand, compared to a loss of USD 3.3 thousand in 2020. Financial items amounted to a loss of USD 285.5 million in 2021 compared to a gain of USD 38.6 million in 2020. A Group contribution income of USD 495.0 million has been recognized in 2021 (2020: USD 55,5 million). The Group contributions declared by the subsidiaries have reduced the amount of equity in the respective subsidiaries, based on which management has recognized an impairment of its investment in subsidiaries to reflect this reduction of USD 264.9 million. In previous year an impairment of USD 1.9 million was recognized. Loss before tax for 2021 was USD 285.6 million, compared to a profit of USD 38.6 million in 2020. Tax expenses were zero in 2021 and 2020 due to tax loss carry-forward for which no deferred tax assets have been recognized.

Statement of Financial Position

Consolidated accounts:

As of December 31, 2021, total assets were USD 1,098.8 million compared to USD 1,421.7 million at the end of 2020. Total investments in rig construction and upgrades for 2021 were USD 10,0 million compared to USD 12,9 million in 2020. The investments have been financed mainly from cash flows from operations and settlement of intercompany/related party balances.



The Board believes the group is well positioned to meet its future commitments through internal funds, cash flow and debt financing. However, the lost equity situation is closely monitored and measures to restore the equity are being evaluated, including a conversion of debt to equity, if needed.

There has been no change in the number of shares during 2021. The share capital is USD 285 million unchanged from December 31, 2020. The group's equity ratio is (51.6 %) compared to (14.8 %) in 2020.

Parent company accounts:

As of December 31, 2021, total assets were USD 1,014.8 million compared to USD 1,321.0 million at the end of 2020, mainly relating to the shares in subsidiaries and loans to subsidiaries. Equity is negative and amounts to USD (424.7) million at end of 2021 and amounted to USD (84.7) million as of end of 2020. The long-term interest-bearing debt is to the parent and related companies, and this can be converted to equity if needed to restore equity.

Liquidity and financing

Consolidated accounts:

At December 31, 2021, the Group had USD 17.2 million in cash and cash equivalents. At the end of 2020, the same figure was USD 17.4 million. The CNA group has several shareholder and related party loans, in total amounting to USD 1,353 million, the comparison figure for 2020 was USD 1,327 million. See cash flow statement for further information. The Board has evaluated that the Group has sufficient liquidity to meet its' obligations.

Parent company accounts:

At December 31, 2021 COSL Norwegian AS had cash of USD 4.6 million, the corresponding figure for 2020 was USD 9.6 million. The Board has evaluated that the Company has sufficient liquidity to meet its' obligations.

Drilling services

The Group owns 3 semi-submersible drilling rigs, which are designed for operation in water depth up to 2 500ft and are suitable for harsh environments.

Contract status – Semi submersibles

COSLPioneer commenced a contract with Repsol Sinopec December 2021 and operated this till mid-April 2022, and thereafter directly commenced a new contract with Ithaca. The rig was held ready for operation at Firth of Forth in UK prior to commencing with Repsol Sinopec.

COSLInnovator commenced a contract for Chrysaor mid-February 2021, the operation is for two firm wells. This operation ended mid May 2021. After this the rig has been held ready for operation at CCB. The rig is mobilizing for a contract with CNOOC in UK, and the expected sailing from the key side is estimated mid-April 2022.

COSLPromoter has operated on an 8-year contract with Equinor ASA on the Troll field (Norway) till 20 April 2021. The rig is currently undertaking a 10 years special survey and getting ready for commencing the OKEA contract June 2022. The rig commenced this contract 17 June.



Market outlook

Oil and gas companies have changed their focus from exploring and developing fields that are located in deeper, colder and more remote areas to infield drilling where they can get access to oil at a low investment cost by using existing infrastructure. All the majors today have the same strategy, and they are focusing on short pay back on their investment and are all focusing on such investment opportunities. The Covid-19 situation have resulted in deferred drilling programs both in UK and Norway, which have reduced the planned activities in late 2020 and 2021.

Harsh environment forecast

Harsh environment units have a number of design modifications to decrease weather related down time, including increased variable load to reduce the need for resupply, increased air gap to increase wave clearance and changes in the geometry and spacing of legs and columns to decrease wind and wave loads. Harsh environment rigs are in general larger, heavier and more expensive to construct and operate than moderate units. However, we now see an increasing focus on a "Low Carbon Footprint" for new projects from the operators, which will put our low emission units in a better position going forward.

In Norway 17 (11) floaters are working and 5(7) floaters are stacked as per December 2021 (figure in brackets are from 2020) and in UK 5 (7) semi-submersible drilling units are on charter plus 4 units are stacked.

If we look at the numbers in operations in Norway in 2014 the similar figure was 28 floaters.

Today there are still too many rigs which compete for the same jobs in the North Sea market. This situation needs to improve if this market shall be sustainable.

Fleet Status

As described above, the harsh environment fleet consists of units with a higher specification than the "standard" rig fleet; hence, these units are also attractive in the general standard international market. The fleet consists of both deep-water units and midwater units.

There is currently not enough demand to utilize the whole harsh environment fleet in the harsh environment market alone, which will force contractors to offer the units in the global standard market at day rates which are not sustainable in the longer run.

Organization

The CNA group had 291 employees by end of the year, this is a decrease of 97 from 388 employees compared to end of 2020. This decrease is mainly due to a reduction in the operation in 2021, with only one rig in operation end of 2021.

The working environment remains good, attracting highly qualified personnel.

The corporate management of the group is an equal opportunity employer and focuses on preventing any discrimination due to gender or race in matters such as pay, promotion and recruitment. When hiring the employees are evaluated based upon skills and objective measurements for the position. No cultural, gender, religious, political or nationality considerations influence the decision. The group has established internal routines to ensure this.

The group aims to be a workplace with no discrimination. Individual adjustments of workplace and responsibility are made for all employees within the safety guidelines provided by Norwegian Authorities.



There are no employees in the parent company, COSL Norwegian AS.

Health, Security and Environment

COSL seeks to become one of the preferred suppliers within all its business areas. HSE is one of the fundamental focuses to ensure safe and efficient operations. The business operates in compliance with national and international rules and regulations, also comprising mandatory plans and procedures to monitor external environment and prevent environmental damage from offshore operations.

Focus areas in 2022

COSL carries forward the efforts to reach our ultimate HSE goal of Zero injuries and damage to personnel, the environment and asset. With this we strive to ensure that we adapt to changes and manage our activities in a safe and effective manner.

Our Safe Work Planning and Execution tool has been implemented on all units. In 2022 we will continue to follow-up on our expectations and understanding surrounding its use, to ensure that we draw more effect from evaluating work performance and giving constructive feedback.

We will continue building on our experiences and update our processes to clearly define a system which is reasonable and valuable for the offshore workers. We are depending on all employees to involve themselves and contribute to build a solid company culture and ensure that COSL maintains our position as one of the preferred suppliers of drilling services.

Our key focus is to mobilise and operate our units in a Safe and Efficient manner and with true Low Emissions, and our most important tool in achieving this is strict compliance with our Quality, Health, Safety & Environment (QHSE) Policy in everything that we do. We live up to our core values; Honesty, Motivation and Co-operation. Our Company Management System (CMS), which includes our Policies and Procedures is our common system for making us fully aligned in performing safe operations.

COSL Norwegian AS believes that we have established good processes to achieve our goals, and we are aware this requires constant management focus, setting the expectations, providing the necessary training and follow-up.

Company risks

COSL Norwegian AS and its subsidiaries are exposed to market risks, geographical risks, political risks, operational risks, financial risks and strategic risks. The risk for COSL Norwegian AS is indirectly through ownership of asset companies for the different rigs. The Board and subsidiaries' management manage these risks through ensuring a close supervision of the operation, retaining a close relationship with the external management providers and through continuous reporting and monitoring. Strict safety management system is implemented to ensure a safe and efficient operation and working environment in the rig operations. Major factors in determining market risks are future oil and gas prices.

Financial risk

COSL Norwegian AS is exposed to many different financial market risks arising from the normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities or future cash flows. To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks.



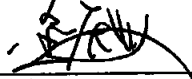
The U.S. Dollar is COSL Norwegian AS's internal management reporting currency and functional currency for reporting to head office in China. The currency exposure related to cash flow and the net result arises mainly from balances nominated in non-USD currencies.

The company's future capex program will be financed with cash flow from operation in subsidiaries, intercompany loans, and shareholder loan from China Oilfield Services Ltd.

Shareholders and equity, parent company

COSL Norwegian AS's only shareholder is COSL Ltd which again is a fully owned subsidiary of China Oilfield Services Limited.

Sandnes, 27 June 2022
The Board of Directors of COSL Norwegian AS



Jin Qingyong
Chairman of the Board



Zhou Bingwen
Member of the Board



Financial Statements

COSL Norwegian AS

Org. Nr.: 992.831.510

2021



COSL Norwegian AS Profit and loss statement

All figures in USD

| NOTE | OPERATING REVENUE AND OPERATING EXPENSES | 2021 | 2020 |
|------|---|----------------------|---------------------|
| | Other revenue | 196 587 | - |
| | Total revenue | 196 587 | - |
| 2 | Other operating expenses | 306 691 | 3 348 |
| | Total operating expenses | 306 691 | 3 348 |
| | Operating profit/(loss) | (110 104) | (3 348) |
| | FINANCIAL INCOME AND FINANCIAL EXPENSES | | |
| 3 | Group contribution from subsidiaries | 495 019 | 55 547 838 |
| 3 | Interest received from group companies | 4 894 227 | 11 860 797 |
| 4 | Other financial income | (6 392 175) | (2 008 461) |
| 8 | Impairment of financial assets | (264 914 782) | (1 890 627) |
| 3 | Interest paid to group companies | (19 570 470) | (24 877 958) |
| 4 | Other financial expenses | (10 997) | (11 689) |
| | Financial items, net | (285 499 178) | 38 619 901 |
| | Profit/(loss) on ordinary activities before taxation | (285 609 281) | 38 616 553 |
| 5 | Tax on ordinary income | - | - |
| | PROFIT/(LOSS) FOR THE FINANCIAL YEAR | (285 609 281) | 38 616 553 |
| | ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS | | |
| 6 | Transferred (to)/from retained earnings | 285 609 281 | (38 616 553) |
| | Total allocations and equity transfers | 285 609 281 | (38 616 553) |

COSL Norwegian AS
Balance sheet at 31 December

| All figures in USD | | 2021 | 2020 |
|--------------------|--|------------------------|------------------------|
| NOTE | ASSETS | | |
| | Financial non-current assets | | |
| 8 | Investments in subsidiary companies | 375 706 100 | 640 620 883 |
| 3 | Loans to group companies | 496 753 759 | 498 088 092 |
| | Other assets | <u>3 969</u> | <u>4 407</u> |
| | Total financial non-current assets | 872 463 829 | 1 138 713 382 |
| | Total non-current assets | 872 463 829 | 1 138 713 382 |
| | Receivables | | |
| 3 | Intercompany receivables | <u>137 759 314</u> | <u>172 708 277</u> |
| | Total receivables | 137 759 314 | 172 708 277 |
| | Current Investments | | |
| 9 | Cash and cash equivalents | <u>4 592 055</u> | <u>9 569 222</u> |
| | Total current assets | 142 351 369 | 182 275 499 |
| | TOTAL ASSETS | 1 014 815 198 | 1 320 988 881 |
| | SHAREHOLDERS EQUITY AND LIABILITIES | | |
| | Shareholders equity | | |
| | Paid-in capital | | |
| 6,7 | Share capital | 285 449 514 | 285 449 514 |
| 6 | Share premium account | <u>723 651 246</u> | <u>713 570 000</u> |
| | Total paid-in capital | 1 009 100 761 | 999 019 514 |
| | Retained earnings | | |
| 6,10 | Retained earnings | <u>(1 433 831 865)</u> | <u>(1 083 759 480)</u> |
| | Total retained earnings | (1 433 831 865) | (1 083 759 480) |
| | Total shareholders equity | (424 731 104) | (84 739 966) |
| | Liabilities | | |
| | Other non-current liabilities | | |
| 3 | Loans from group companies | <u>641 783 572</u> | <u>616 143 572</u> |
| | Total non-current liabilities | 641 783 572 | 616 143 572 |
| | Current liabilities | | |
| 3 | Current portion of loans from group companies | 350 000 000 | 350 000 000 |
| 3 | Intercompany liabilities | <u>447 762 730</u> | <u>439 585 275</u> |
| | Total current liabilities | 797 762 730 | 789 585 275 |
| | Total liabilities | 1 439 546 302 | 1 405 728 847 |
| | TOTAL SHAREHOLDERS EQUITY AND LIABILITIES | 1 014 815 198 | 1 320 988 880 |

Sandnes, 27 June 2022


Jin Qingyong
Chairman
Zhou Bingwen
Boardmember



COSL Norwegian AS

Cash flow statement

| | 2021 | 2020 |
|---|-------------------------|-------------------------|
| CASH FLOW FROM OPERATIONS: | | |
| Profit/(loss) before taxation | (285 609 281) | 38 616 553 |
| Impairment of fixed and intangible assets | 264 914 782 | 1 890 627 |
| Net foreign exchange gains / (losses) | 6 392 175 | 1 306 783 |
| Change in working capital | 41 805 321 | 190 043 874 |
| Net cash flow from operations | <u>27 502 996</u> | <u>231 857 836</u> |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Net cash flow from investment activities | <u>-</u> | <u>-</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Change in loans payable to group companies, net | (3 738 306) | (10 992 653) |
| Change in loans receivable from group companies, net | 25 640 000 | (215 000 000) |
| Net change in equity due to merger | <u>(54 381 856)</u> | <u>-</u> |
| Net cash flow from financing activities | <u>(32 480 162)</u> | <u>(225 992 653)</u> |
| Net change in bank deposits, cash and equivalents | (4 977 167) | 5 865 183 |
| Bank deposits, cash and equivalents at 1 January | <u>9 569 222</u> | <u>3 704 038</u> |
| Bank deposits, cash and equivalents at 31 December | <u>4 592 055</u> | <u>9 569 222</u> |



COSL Norwegian AS

Notes to the accounts, year ended 31 December 2021

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

The company has received approval from the Register of Business Enterprises in Norway to prepare the financial statements in English.

All amounts are in USD unless otherwise stated.

At 31.12.2021 a USD/NOK exchange rate of 8,8374 has been used.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into USD at the exchange rate prevailing at the balance sheet date. Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions, which affect the value of the assets and liabilities, and disclosure notes. Such estimates and assumptions may have significant impact on the reported revenues and costs for a specific reporting period. The actual amounts may deviate from the estimates.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends and group contributions are recognised as other financial income.

Merger

On 10 November 2021, COSL Oil and Gas AS conducted a mother daughter merger with the parent company COSL Norwegian AS. The merger is accounted for based on continuity with effective date for accounting and income tax 1 January 2021.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Cash pool

The Company is part of the Group cash pool arrangement with Sparebanken 1 SR Bank, for which COSL Norwegian AS is the main account holder. Balances due from and due to the cash pool arrangement are presented as balances due from or due to intercompany.

Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity. Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.

Comparative figures

The presentation of the comparative figures has been updated to reflect a like-to-like comparison with current year figures.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Group cashpool accounts are presented as part of cash and cash equivalents in the cash flow statement.



Note 2 Number of employees, Remuneration to Directors, Auditor's remuneration etc.

Employees

The Company did not have a Managing Director or employees during 2021 (2020: 0).

Board of Directors and Management remuneration

No remuneration is paid or expensed and no loans or guarantees are provided to the Board of Directors or Management.

Auditor's remuneration

Remuneration to the Company's auditor (Ernst and Young AS) is invoiced to group company COSL Drilling Europe AS and no remuneration is paid or expensed by the Company (2020: 0).

Note 3 Related party transactions and balances

Related party transactions, profit and loss

In the normal course of business, the Company enters into several types of transactions with related parties. All transactions are performed at an arms' length principle. The most significant transactions with related parties are specified as follows:

| Transaction type | Note | 2021 | 2020 |
|--------------------------------------|------|--------------|--------------|
| Intercompany interest expenses | (1) | (19 570 470) | (24 877 958) |
| Intercompany interest income | (1) | 4 894 227 | 11 860 797 |
| Group contribution from subsidiaries | (2) | 495 019 | 55 547 838 |

(1): Intercompany interest income/(expense) comprises interest related to the group cashpool arrangement, parent company loans and loans with subsidiary companies.

(2): Group contribution received in 2021 was USD 495 019 (NOK 4 374 685) from COSL Craft Ltd, in 2020 was USD 55 547 838 (NOK 478 950 123) from COSL Drilling Europe AS

Loans receivable from group companies consist of:

| Counterpart | Relationship to the counterpart | Interest rate | 2021 | 2020 |
|-------------------------|---------------------------------|---------------|--------------------|--------------------|
| COSL Drilling Europe AS | Subsidiary | 0,72 % | 496 753 759 | 498 088 092 |
| Total | | | 496 753 759 | 498 088 092 |

Maturity

| | | |
|--|--------------------|--------------------|
| Within one year | - | - |
| Later than 1 year but not later than 4 years | 496 753 759 | 498 088 092 |
| After 5 years | - | - |
| Total | 496 753 759 | 498 088 092 |

The Company provides loans to subsidiaries in both NOK and USD. The loans are bearing an interest fixed rate 0,72% in 2021 and 2,25% in 2020. The loan is without fixed repayment schedule for the principal loan and accrued interest.

Intercompany receivables consist of:

| Counterpart | Relationship to the counterpart | 2021 | 2020 |
|-----------------------------|---------------------------------|--------------------|--------------------|
| COSL Drilling Europe AS | Subsidiary | - | 55 547 838 |
| COSL Oil and Gas AS | Subsidiary | - | 13 548 308 |
| COSL Rig Ltd | Subsidiary | 33 145 | 33 145 |
| China Oilfield Services Ltd | Ultimate parent company | 935 249 | 935 249 |
| Group Cash pool (note 9) | Subsidiaries | 136 790 920 | 102 641 738 |
| Total | | 137 759 314 | 172 706 277 |



| Loans from group companies in USD | Rate | 2021 | 2020 |
|---|--------|--------------------|--------------------|
| Non-current | | | |
| Long-term COSL shareholder's loan no.1 | 0,72 % | 90 005 709 | 90 005 709 |
| Long-term COSL shareholder's loan no.2 | 0,72 % | 90 777 863 | 65 137 863 |
| COSL Finance (BVI) Limited -Bond Loan | 3,28 % | 461 000 000 | 461 000 000 |
| Total non-current portion of interest-bearing debt | | 641 783 572 | 616 143 572 |

| Current | Rate | 2021 | 2020 |
|---|--------------|--------------------|--------------------|
| OOGC Loan | Libor + 0,5% | 350 000 000 | 350 000 000 |
| Total current portion of interest-bearing debt | | 350 000 000 | 350 000 000 |

Maturity non-current borrowings

Later than one year and not later than four years

| | | |
|-------------------------------------|--------------------|--------------------|
| Five years and later | 641 783 572 | 616 143 572 |
| Total non-current borrowings | 641 783 572 | 616 143 572 |

COSL Shareholder's loan no. 1

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 2.2 billion ("COSL Shareholder's loan"). The company made a draw-down of USD 1,595 million on the facility in 2009, which was used to repay the external bank loans. An additional draw-down of the remaining loan was made from 2010 to 2014 for further construction. And the loan is repaid based on COSL Norwegian AS cash flow from time to time. The loan interest is based fixed at 2.25% from 1 January 2020, The loan interest had changed to 0.72% from 1 January 2021. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. The Company and COSL has committed to extend the repayment of the loan until May 2025 and it is therefore presented as non-current liability.

COSL Shareholder's loan no. 2

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 1.4 billion ("COSL Shareholder loan"). The company made a draw-down of USD 1.4 billion on May 26, 2009 on the facility, which was used to repay the external bank syndicate loans. And the loan is repaid based on COSL Norwegian AS cash flow from time to time. Interest is fixed at 2.25% from 1 January 2020, The loan interest had changed to 0.72% from 1 January 2021. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. China Oilfield Services Limited has committed to extend the repayment of the loan until 2025 and it is therefore presented as non-current liability.

COSL Finance (BVI) Limited -Bond Loan

COSL Finance (BVI) Limited issued USD 1 billion bond and lent USD 987.8 million to COSL Norwegian AS in September 2012. At the end of 2013, the amount of Bond Loan is USD 993.3 million, COSL Finance (BVI) lent another USD 5.5 million in 2013. And in 2014 COSL Norwegian AS borrowed another USD 6.7 million, and the total loan balance was up to 1 billion US dollars. The loan is unsecured and bears an interest fixed at 4.000% and was reduced to 3.250% in 2018, later on increased to 3.28% from 1st October 2019. The company has the right to choose to pay the accrued interest semi-annually. The maturity of the loan is 10 years.

OOGC Loan

In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for USD 350 million ("OOGC loan"). The company made a draw-down of USD 100 million on the facility in July 2016, and two draw-downs in 2017, one in January for USD 89 million and USD 161 million in March, 4 down payments in december 2018, they are 80 millions, 45 millions, 20 millions and 5 millions, two draw-downs in january 2019, they are 85 millions and 65 millions. The USD 350 million was used to repay COSL shareholder loan. The loan interest is based on LIBOR + 0.5%. The loan can be extended based on the negotiation between the company and OOGC.

Covenants

There are no covenants relating to the loans outstanding as of December 31, 2021.



Intercompany payables consist of:

| Counterpart | Relationship to the counterpart | 2021 | 2020 |
|-------------------------------------|---------------------------------|--------------------|--------------------|
| COSL Offshore Management AS | Subsidiary | 101 738 | - |
| COSL Prospector Pte Ltd | Related party | - | 142 004 |
| COSL Craft Ltd | Subsidiary | 95 300 735 | 95 558 286 |
| COSL Drilling Pan Pacific Labon Ltd | Related party | 74 384 756 | 74 384 756 |
| China Oilfield Service Limited | Ultimate parent company | 28 973 614 | 27 243 045 |
| Group Cash Pool (note 9) | | 249 001 887 | 242 257 184 |
| Total | | 447 762 730 | 439 585 275 |

Group cashpool balance:

The Company is head of a cashpool arrangement with the subsidiaries companies. COSL Norwegian AS is the main account holder. Interest based on floating bank deposit rates are earned or paid based on the Company's cashpool balance. A net deposit/withdrawn on the group cashpool is presented respectively as part of current assets/current liabilities.

Group contribution receivable consist of:

| Counterpart | Relationship to the counterpart | 2021 | 2020 |
|-------------------------|---------------------------------|----------|-------------------|
| COSL Drilling Europe AS | Subsidiary | - | 55 547 838 |
| Total | | - | 55 547 838 |

Note 4 Other financial income and expenses

| Other financial expenses | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Interest on overdue payments | - | 66 |
| Bank charges | 10 997 | 11 623 |
| Net other financial expenses | 10 997 | 11 689 |

| Other financial income | 2021 | 2020 |
|-----------------------------------|--------------------|--------------------|
| Net agio gain | (6 392 175) | (2 008 461) |
| Net other financial income | (6 392 175) | (2 008 461) |

Note 5 Income tax expense

| Payable tax | 2021 | 2020 |
|--|--------------|--------------|
| Profit/(loss) before tax | -285 609 281 | 38 616 553 |
| Permanent differences | 279 591 025 | 14 911 136 |
| Taxable NOKUS income | 20 018 | 86 179 |
| Currency translation effect on carry-forward loss due to interest limitation | -3 305 748 | 2 650 267 |
| Currency translation effect on carry-forward loss | 228 234 | (104 716) |
| Currency translation effect on valuation allowance | 3 077 514 | (2 545 551) |
| Change in temporary differences | (5 395 748) | - |
| (Utilize)/increase in Tax loss carry forward | 11 393 986 | (53 613 867) |
| Taxable income / (loss) | - | - |

| | | |
|-----------------------------|---|---|
| Payable tax on profit (22%) | - | - |
|-----------------------------|---|---|

| Temporary differences | 2021 | 2020 |
|--|----------------------|----------------------|
| Long term receivables and liabilities | - | - |
| Fixed assets | 5 395 748 | - |
| Tax loss carry forward due to interest limitations rules | (132 511 150) | (135 816 898) |
| Tax loss carry forward | (803 337 516) | (792 171 764) |
| Total temporary differences | (930 452 918) | (927 988 661) |

| | | |
|--|---------------|---------------|
| Calculated net deferred tax asset / (liability) (22%) | 204 699 642 | 204 157 506 |
| Valuation allowance | (204 699 642) | (204 157 506) |
| Total deferred tax asset / (liability) recognized (22%) | - | - |

Total tax (expense) / income

| | | |
|-------------------------------------|----------|----------|
| Payable tax | - | - |
| Deferred tax | - | - |
| Total tax (expense) / income | - | - |

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.



Note 6 Equity

| | Share capital | Share premium a. | Retained earnings | Total equity |
|---|--------------------|--------------------|------------------------|----------------------|
| Equity at 31 December 2020 | 285 449 514 | 713 570 000 | (1 083 759 480) | (84 739 966) |
| <i>This year's change in equity:</i> | | | | |
| Profit/(loss) of the year | - | - | (285 609 281) | (285 609 281) |
| Net change in equity due to merger with COSL Oil and Gas AS | | 10 081 248 | (64 463 104) | (54 381 856) |
| Equity at 31 December 2021 | 285 449 514 | 723 651 248 | (1 433 831 865) | (424 731 104) |

On 10 November 2021, COSL Oil and Gas AS conducted a mother daughter merger with the parent company COSL Norwegian AS. The merger is accounted for based on continuity with effective date for accounting and income tax 1 January 2021.

Note 7 Share capital and shareholder information

The share capital in the company at 31 December 2021 consists of the following classes:

| | Number | Nominal amount | Carrying value |
|-----------------------------|----------------------|----------------|----------------------|
| Share capital by foundation | 1 541 228 656 | 1 | 1 541 228 656 |
| Total | 1 541 228 656 | | 1 541 228 656 |

All shares give equal owner benefits and voting rights in the company.

Ownership structure

Largest shareholders as of 31 December 2021:

| | Number of | Number | Ownership | Voting |
|--|---------------|---------------|-----------|--------|
| | Shares | of shares | | |
| COSL Singapore International Pte. Ltd. | 1 541 228 656 | 1 541 228 656 | 1 | 1 |
| Total number of shares | 1 541 228 656 | 1 541 228 656 | 1 | 1 |



Note 8 Investments in subsidiaries

| Company | Date of acquisition | Registered office | Voting share | Ownership share |
|---------------------------------|---------------------|-------------------|--------------|-----------------|
| COSL Drilling Europe AS | 2008 | Norway | 100 % | 100 % |
| COSL Rig Ltd | 2007 | Bermuda | 100 % | 100 % |
| COSL Superior Ltd | 2007 | Bermuda | 100 % | 100 % |
| COSL Craft Ltd | 2007 | Bermuda | 100 % | 100 % |
| COSL Seeker Ltd | 2007 | Bermuda | 100 % | 100 % |
| COSL Confidence Pte Ltd | 2007 | Singapore | 100 % | 100 % |
| COSL Drilling Singapore Pte Ltd | 2007 | Singapore | 100 % | 100 % |
| COSL Strike Pte Ltd | 2007 | Singapore | 100 % | 100 % |

| Company | Impairment recognised in 2021 | Net bookvalue 31.12.2021 | Net bookvalue 31.12.2020 | Equity 31.12.2021 | Profit/(loss) 2021 |
|---|-------------------------------|--------------------------|--------------------------|-------------------|--------------------|
| COSL Drilling Europe AS (**) | (264 513 695) | 190 027 416 | 454 541 112 | (149 806 519) | 3 420 266 |
| COSL Rig Ltd (**) | (102 740) | 6 052 658 | 6 155 398 | 7 368 786 | (299 002) |
| COSL Superior Ltd | | 34 016 251 | 34 016 251 | 34 101 069 | 44 800 |
| COSL Craft Ltd (**) | | 91 400 051 | 91 400 051 | 92 290 550 | 192 345 |
| COSL Seeker Ltd | | (0) | 0 | (359 095) | (215 660) |
| COSL Drilling Singapore Pte Ltd (*) | | 30 350 692 | 30 350 692 | 32 119 704 | (20 160) |
| COSL Strike Pte Ltd (*) | | 1 343 082 | 1 343 082 | 3 106 473 | 13 749 |
| COSL Confidence Pte Ltd (*) | (298 347) | 22 515 950 | 22 814 297 | 22 515 950 | (298 348) |
| Total investment in subsidiary companies | (264 914 782) | 375 706 100 | 640 620 883 | 41 336 898 | 2 837 990 |

Impairments have been recognised in 2021 for subsidiaries where the carrying value of the investment in subsidiary exceeded the estimated fair value of equity of the subsidiary per 31.12.2021.

* The equity and the profit/(loss) is derived from the Group's internal financial reporting, as statutory accounts for 2021 were not yet available.

** These subsidiaries are intermediate holding companies, having investments in several other subsidiaries in the Group. The presented equity and result relates to the directly owned subsidiary only, as no consolidated accounts are prepared for intermediate holding entities.

Note 9 Cash, banks and group cash pool

The Company is the main account holder for the group cash pool arrangement with Sparebanken 1 SR Bank. The group cash pool is a multiple currency arrangement with accounts denominated in Norwegian Kroner, British Pound, US Dollar and Euro. There is no line of credit or overdraft facility for the group cash pool as a total, but there are no overdraft limits for individual companies within the group cash pool.

Group cash pool balances are specified as follows:

| | 2021 | 2020 |
|--|------------------|------------------|
| Group cash pool balance/(overdraft) due to COSL Norwegian AS | (109 019 799) | (138 159 235) |
| Group cash pool balances due to subsidiaries (note 3: Intercompany payables) | 249 001 887 | 242 257 184 |
| Group cash pool balances due from subsidiaries (overdrafts) (note 3: Intercompany receivables) | (136 790 920) | (102 641 738) |
| Other bank balances | 1 400 888 | 8 113 010 |
| Total net group cash pool balance per 31 December | 4 592 055 | 9 569 222 |

The Company's bank balances are denominated in US Dollar.



Note 10. Going Concern

The Company's equity as of 31 December 2021 has been lost and amounts to USD 424.7 million (negative) (2020: USD 84.7 million negative).

In 2022, the market has been becoming tight, day rate in North Sea is increased significantly, this will help COSL Norwegian AS to build its equity. The Board believe that the market will improve over the next years.

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2022.

On the basis of the above, the Company's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Company's ability to continue as a going concern.



COSL

000-O-000

COSL Norwegian AS

**Financial statements for the parent company
and consolidated financial statements for the group
2021**

000-O-000



COSL Norwegian AS

Consolidated Statement of Profit and Loss and Other Comprehensive Income

| in USD thousands | Notes | 2021 | 2020 |
|---|-------|------------------|-----------------|
| Contract revenue | 3 | 60 704 | 355 867 |
| Reimbursables | 3 | 1 522 | 54 426 |
| Other | 3 | 1 731 | 10 952 |
| Operating revenues | | 63 958 | 421 244 |
| Rig operating expenses | 4, 10 | 96 425 | 132 737 |
| General and administrative expenses | 4, 10 | 8 244 | 7 897 |
| Depreciation & Amortization | 5 | 65 086 | 70 424 |
| Impairment | 5, 8 | 228 200 | 212 121 |
| Operating expenses | | 397 954 | 423 179 |
| Operating profit / (loss) | | (333 996) | (1 935) |
| Interest expense (net) | 19, 9 | (21 860) | (30 886) |
| Net foreign exchange gains / (losses) | | 119 | (775) |
| Other financial items | | (50) | (76) |
| Net financial items | | (21 791) | (31 738) |
| Profit / (loss) before taxes | | (355 788) | (33 672) |
| Income tax benefit / (expense) | 12 | (120) | 6 951 |
| Net profit / (loss) for the year | | (355 908) | (26 722) |
| Other Comprehensive Income / (Loss) - net of tax | | - | 3 467 |
| Total Comprehensive Income / (Loss) | | (355 908) | (23 255) |
| <u>Total Comprehensive Income / (Loss) attributable to:</u> | | | |
| Owners of the company | | (355 908) | (23 255) |

**COSL Norwegian AS**
Consolidated Statement of Financial Position

| in USD thousands | Notes | 31.12.2021 | 31.12.2020 |
|--|---------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Rigs and equipment | 5 | 778 747 | 1 059 990 |
| Deferred tax assets | 12 | - | 138 |
| Right of use assets | 17 | 2 057 | 2 252 |
| Total non-current assets | | 780 804 | 1 062 380 |
| Current assets | | | |
| Trade receivables | 14,19 | 54 195 | 93 860 |
| Other receivables and prepayments | 14,19 | 222 699 | 225 260 |
| Inventory | 15 | 23 898 | 22 790 |
| Cash and cash equivalents | 13 | 17 220 | 17 397 |
| Total current assets | | 318 011 | 359 307 |
| Total assets | | 1 098 815 | 1 421 687 |
| Equity and liabilities | | | |
| Equity | | | |
| Issued capital | 21,22 | 285 450 | 285 450 |
| Share premium | 22 | 713 570 | 713 570 |
| Retained earnings | 23 | (1 565 764) | (1 209 857) |
| Total Equity | | (566 745) | (210 837) |
| Non-current liabilities | | | |
| Deferred tax liability | 12 | 8 | - |
| Long-term shareholder's loans (interest bearing) | 7,16,19 | 1 003 057 | 977 417 |
| Non current liability | 18 | 8 134 | - |
| Lease Liability | 17 | 1 192 | 1 257 |
| Total non-current liabilities | | 1 012 391 | 978 674 |
| Current liabilities | | | |
| Accounts payable | 7 | 22 448 | 28 829 |
| Short term loan (interest bearing) | 7,16,19 | 350 000 | 350 000 |
| Current portion of lease liability | 17 | 974 | 994 |
| Accrued interest | 7,19 | 54 028 | 49 650 |
| Other short term debt | 7,19,20 | 225 579 | 224 257 |
| Income taxes payable | 12 | 140 | 120 |
| Total current liabilities | | 653 169 | 653 850 |
| Total equity and liabilities | | 1 098 815 | 1 421 687 |

Sandnes, 27 June 2022

Jin Qingyong
Chairman of the BoardBingwen Zhou
Board member



COSL Norwegian AS
Consolidated Statement of Cash Flows

| in USD thousands | Notes | 2021 | 2020 |
|--|-------|-----------------|------------------|
| Profit / (loss) before income tax | | (355 788) | (33 672) |
| <i>Adjustments for:</i> | | | |
| Depreciation & Amortization | 5, 8 | 63 547 | 70 424 |
| Impairment | 5, 8 | 228 200 | 212 121 |
| Defined benefit pension cost without cash effect | | - | (4 112) |
| Decrease / (increase) in trade and other receivables | | 42 231 | 9 667 |
| Decrease / (increase) in inventory | | (1 108) | 7 740 |
| Decrease / (increase) in other long-term receivables | | 130 | 641 |
| Increase / (decrease) in trade and other payables | | (5 060) | (29 980) |
| Increase / (decrease) in other long-term debt (deferred revenue) | | 8 134 | (1 979) |
| Interest cost without cash effect | | 4 377 | 14 670 |
| Income taxes paid | 12 | 47 | 8 |
| Net cash flow from (used in) operating activities | | (15 293) | 245 526 |
| Net (addition)/disposal of rigs and equipment | 5 | (10 503) | (13 784) |
| Net cash flows from (used in) investing activities | | (10 505) | (13 785) |
| Repayment of interest-bearing debt | 16 | 25 621 | (228 006) |
| Net cash flows from (used in) financing activities | | 25 621 | (228 006) |
| Net change in cash and cash equivalents | | (178) | 3 735 |
| Cash and cash equivalents at beginning of the period | | 17 397 | 13 663 |
| Cash and cash equivalents at end of the period | 13 | 17 220 | 17 397 |



COSL Norwegian AS
Consolidated Statement of Changes in Equity

| in USD thousands | Issued capital | Share premium | Retained earnings | Other comprehensive income | Total |
|-----------------------------|-------------------|------------------|----------------------|----------------------------------|-----------|
| Equity at December 31, 2019 | 285 450 | 713 570 | (1 179 669) | (3 467) | (184 115) |
| Net profit | - | - | (26 722) | - | (26 722) |
| Other comprehensive income | - | - | (3 467) | 3 467 | - |
| Equity at December 31, 2020 | 285 450 | 713 570 | (1 209 857) | - | (210 837) |
| Net profit | - | - | (355 908) | - | (355 908) |
| Equity at December 31, 2021 | 285 450 | 713 570 | (1 565 764) | - | (566 744) |



COSL Norwegian AS

Note 1 - Corporate information

COSL Norwegian AS is a public limited liability company incorporated and domiciled in Norway. The address of the main office is Vestre Svanholmen 4, 4013 Sandnes, Norway.

The principal activity of COSL Norwegian AS and its subsidiaries is the investment in and operation of semi submersible drilling rigs and accommodation rigs.

Note 2 - Summary of significant accounting policies

2.1 - Basis of preparation

The consolidated financial statements of COSL Norwegian AS and its subsidiaries (the "Group") are prepared in accordance with simplified International Financial Reporting Standards (IFRS) as defined by the Norwegian Accounting Act §3-9. From this follows that principles for measurement and recognition are according to IFRS, while the income statement, balance sheet and cash flow statements including notes are presented in accordance to the Norwegian Accounting Act's remaining sections, unless there are specific references to IFRS and its framework. In these instances, the IFRS framework is applied.

The consolidated financial statements are prepared on a historical cost basis, except for investments bought for market purposes or available-for-sale which have been measured at fair value. The Group financial statements are presented in USD. This is also the functional currency of the parent company.

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

At 31.12.2021 a USD/NOK exchange rate of 8,8374 has been used.

2.2 - Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 - Critical accounting estimates and judgements

Estimates

The preparation of financial statements in accordance with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.



Onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Rig assets

Depreciation is based on of the useful lives of the rigs and their residual values. Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements. Management reviews the future useful lives of each component and the residual values of the rigs annually, taking into consideration the above mentioned factors. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. See section 2.9 Property, plant and equipment.

Consideration is given annually to determine whether there is any indication or impairment of the carrying amount of the Group's rig assets. If any indication exists, a rig's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, management must estimate future cash flows from the rigs based on an appropriate discount rate. This calculation will be based on management's estimate of future use, revenue generating capacity of the assets and assumptions of future market conditions.

2.4 - Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over rendered services to the customer. Sometimes, the Group receives short-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The revenue is primarily derived from drilling contracts with customers. The core promise in the contracts with the customers is to be available to provide drilling services over the operation period of a contract. Drilling services primarily comprise of providing the mobile offshore drilling unit, crews, related equipment and services necessary to operate the rig. The contract rates include both a lease component and a service component. Services are provided as a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Therefore, the Group follow the series guidance in IFRS 15 and treat the series of distinct services as a single performance obligation. Revenue is based on the transactions price in the contracts with the customers. The main part of the transaction price is dayrates, which range from a full operating dayrate to lower or zero rates for periods when drilling operations are interrupted. Payment of the dayrate based transaction price is usually due on a monthly basis. Some contracts entitle the Group to receive compensation for mobilisation and demobilisation, contract preparation, customer requested goods and services or capital upgrades. The compensations are either as fixed lump-sums or based on variable dayrates. Lump-sums are usually paid up-front or when certain milestones are met. The payment terms do not contain any significant financing components.



Revenue from drilling contracts is generally recognised in the period from commencing a contract and until completion of the drilling programme ("the drilling operation period"). No revenue is recognised in the mobilisation and demobilisation period.

2.5 – Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 - Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then account's for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



2.7 - Foreign currency

The financial statements for the group are presented in US Dollar ("USD") which is the functional currency for the group. The functional currency of COSL Norwegian AS is the Norwegian Kroner ("NOK"). The functional currency for COSL Norwegian's subsidiaries is either NOK or USD. When translating financial statements for foreign entities from local currency into USD, assets and liabilities are translated using year-end exchange rates, and results are translated using the average exchange rates for the reporting period.

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates in effect at the dates of the initial transactions.

2.8 - Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.9 - Property, plant and equipment

Rigs and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. In situations where it can be clearly demonstrated that expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the asset.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful life. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives. The expected useful lives of the assets are as follows:

Rigs 30 years

Equipment and components of rigs 5-10 years

Office equipment, cars etc. 3-10 years

Certain elements, such as costs recognized in connection with major classification/SPS, have shorter useful lives and are depreciated over shorter periods.

5 yearly spesial survey expenses are regarded as a separate part of the rig value and are classified as depreciation over 5 years.

Newbuilding contracts include payments made under the contracts, capitalized interest and other costs directly associated with the newbuilding program. Capitalized value is reclassified from rigs under construction to rigs upon delivery from the yard, which is when the asset is considered available for its intended use and depreciation commences.

The residual values and useful lives of the assets are reviewed and adjusted if appropriate at each balance sheet date.



2.10 - Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 - Inventory

Inventories consist of spare parts, materials and supplies held for consumption and are stated at the lower of cost or net realizable value.

2.12 - Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



2.13 - Financial assets

The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments, financial assets at fair value through profit and loss and available-for-sale assets. Financial assets are initially recognized at fair value. Subsequent remeasurement of financial assets is determined by their designation that is reviewed annually.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at nominal value less any allowance for impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequent to initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized as a separate component of equity until the investment is derecognized, at which time the cumulative gain or loss previously reported in equity is included in the income statement. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques.

2.14 - Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. A provision for bad debt is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

2.15 - Cash, cash equivalents and cash flow statement

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash equivalents represent short-term, highly-liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less. The cash flow statement is prepared using the indirect method.

2.16 - Long-term interest-bearing debt

All borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

First year installments of long-term debt are classified as current liabilities.



2.17 - Taxes

Income tax payable for the current and prior periods is measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 - Segment information

Segment information is prepared in conformity with the accounting policies adopted for the Group's consolidated financial statement. There have not been any significant transactions between the segments.



COSL Norwegian AS

Note 3. Segment information

The Group's risks and rates of return are affected predominantly by the differences in rig business segments. The business segments are therefore the primary segment reporting format. The type of income related to the rig is therefore specified.

Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the rigs provided, with each segment representing a strategic business unit that offers different rigs.

The segment for semi-submersible drilling rigs comprises of three rigs. In 2021 two rigs were operating in Norway, one till end March and one from mid-February till mid-May and the last was operating in UK from mid-December, the two rigs in Norway were held ready for operation at CCB in Norway in between operations and the rig in UK was held ready for operation outside Edinburgh.

In 2020 one rig was operating in Norway, one in UK (till end September) and one in New Zealand (till end April), one rig was held ready for operation at CCB in Norway. After the new Zealand operation the rig sailed to China. The settlement of USD 188 million with Equinor for the dispute regarding the termination of COSLInnovator is included in the contract revenue for 2020.

There are no transactions between the segments.

Segment information 2021

| in USD thousands | Accommodation rig | Semi submersible drilling rigs | Total |
|--------------------------------|-------------------|--------------------------------|---------------|
| Contract revenue | | 60 704 | 60 704 |
| Reimbursables to related party | | 1 522 | 1 522 |
| Deferred revenue | | 1 460 | 1 460 |
| Gain sale of Accommodation rig | 270 | | 270 |
| Total revenues | 270 | 63 687 | 63 958 |

Segment information 2020

| in USD thousands | | Semi submersible drilling rigs | Total |
|--------------------------------|--|--------------------------------|----------------|
| Contract revenue | | 355 867 | 355 867 |
| Reimbursables to related party | | 54 426 | 54 426 |
| Deferred revenue | | 10 952 | 10 952 |
| Total revenues | | 421 244 | 421 244 |

Reimbursable to related party is mainly related to the management of COSLProspector. As this is not a rig owned by COSL Norwegian Group, the management of this work has been recharged with an mark-up to the owner company. The rig commenced operation end June 2019 and then the management agreement was replaced with a bareboat agreement until end of April 2020. Thereafter any work performed by COSL Norwegian Group companies has been charged via the management agreement including a mark-up.

Other revenue relates to amortization of deferred mobilization income, deferred modification income and amortization of Equinor contract value. This was ended March 2021.



COSL Norwegian AS Note 4. Operating expenses

| in USD thousands | 2021 | 2020 |
|-------------------------------------|---------------|----------------|
| Rig operating expenses | | |
| Crew expenses | 37 299 | 63 055 |
| Repair and maintenance | 53 887 | 57 695 |
| Insurance | 4 498 | 6 812 |
| Other operating expenses | 741 | 5 176 |
| Total rig operating expenses | 96 425 | 132 738 |

| | 2021 | 2020 |
|--|--------------|--------------|
| General & administrative expenses | | |
| Employee benefits expense | 3 596 | 3 558 |
| Provision for obsolete stock | Note 15 739 | 705 |
| Other administrative expenses | 3 909 | 3 634 |
| Total general & administrative expenses | 8 244 | 7 897 |

Other administrative expenses includes business tax and surcharges and administration fees.

Fees to the auditors are included in general and administrative expenses and are shown below:

| in USD thousands, excluding VAT | 2021 | 2020 |
|-------------------------------------|------------|------------|
| Audit fees | 219 | 317 |
| Total auditor's remuneration | 219 | 317 |



COSL Norwegian AS Note 5. Rigs and equipment

2021

| In thousand USD | Accommodation rig | Semi submersible drilling rigs | Construction in Progress | Other | Total |
|---|-------------------|--------------------------------|--------------------------|--------|-----------|
| Acquisition cost at January 1, 2021 | 532 758 | 2 128 982 | 12 851 | 41 582 | 2 716 166 |
| Newbuilding, upgrades and reconstruction | - | 11 048 | - | -8 | 11 040 |
| Transfer from under construction | - | 1 516 | (1 578) | 62 | - |
| Reclass from accumulated depreciation | (532 283) | - | - | - | (532 283) |
| Disposals | (475) | - | - | - | -475 |
| Acquisition cost at December 31, 2021 | - | 2 141 546 | 11 273 | 41 636 | 2 194 449 |
| Accumulated depreciation at January 1, 2021 | 532 283 | 1 104 195 | - | 19 698 | 1 656 176 |
| Depreciation cost 2021 | - | 61 468 | - | 2 079 | 63 547 |
| Transfer from under construction | - | - | - | - | - |
| Reclass to acquisition cost | (532 283) | - | - | - | (532 283) |
| Other | - | - | - | - | - |
| Disposals | - | - | - | 62 | 62 |
| Impairment of assets (1) | - | 228 200 | - | - | 228 200 |
| Accumulated depreciation at December 31, 2021 | - | 1 393 863 | - | 21 839 | 1 415 702 |
| Net carrying value at December 31, 2021 | - | 747 683 | 11 273 | 19 797 | 778 747 |

2020

| In thousand USD | Accommodation rig | Semi submersible drilling rigs | Construction in Progress | Other | Total |
|---|-------------------|--------------------------------|--------------------------|--------|-----------|
| Acquisition cost at January 1, 2020 | 532 758 | 2 117 891 | 11 086 | 41 593 | 2 703 327 |
| Newbuilding, upgrades and reconstruction | - | - | 12 856 | - | 12 850 |
| Transfer from under construction | - | 11 091 | (11 091) | - | - |
| Disposals | - | - | - | (11) | -11 |
| Acquisition cost at December 31, 2020 | 532 758 | 2 128 982 | 12 851 | 41 582 | 2 716 166 |
| Accumulated depreciation at January 1, 2020 | 517 492 | 848 074 | - | 9 031 | 1 374 597 |
| Depreciation cost 2020 | - | 67 161 | - | 3 264 | 70 424 |
| Other | 13 691 | (22 039) | - | 7 403 | (945) |
| Impairment of assets (1) | 1 100 | 211 000 | - | - | 212 100 |
| Accumulated depreciation at December 31, 2020 | 532 283 | 1 104 195 | - | 19 698 | 1 656 176 |
| Net carrying value at December 31, 2020 | 475 | 1 024 786 | 12 851 | 21 884 | 1 059 990 |

(1) Impairment of rigs and equipment:

As at 31.12.2021 and at 31.12.2020 management evaluated the need for impairment of the carrying value of rig and equipment assets, concluding that the semi submersible rig needed to be impaired by 228.2 MUSD. The impairments in 2020 was 1,1 MUSD for the accommodation rig and 211.0 MUSD for the Semi submersible rigs (see note 8).

Accumulated impairments per December 31, 2021 amounts to USD 788.200 thousand for the semi submersible drilling rigs (2020: USD 591.100 thousand including the accommodation rig).

The depreciation cost does not include the depreciation of lease accounting.



COSL Norwegian AS

Note 6. Subsidiaries included in the group accounts

| <u>Subsidiaries</u> | <u>Registered office</u> | <u>Ownership interest</u> | <u>Voting share</u> | <u>Included in financial statements from</u> |
|---------------------------------|--------------------------|---------------------------|---------------------|--|
| COSL Superior Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Force Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Craft Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Seeker Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Boss Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Rig Ltd | Bermuda | 100 % | 100 % | 2008 |
| COSL Confidence Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Drilling Europe AS | Norway | 100 % | 100 % | 2008 |
| COSL Drilling Singapore Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Strike Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Pioneer Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Promoter Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Innovator Pte Ltd | Singapore | 100 % | 100 % | 2008 |
| COSL Offshore Crew AS | Norway | 100 % | 100 % | 2008 |
| COSL Offshore Management AS | Norway | 100 % | 100 % | 2008 |



COSL Norwegian AS

Note 7. Financial instruments and risk management

Risk Management Overview

The Group is exposed to a number of different financial market risks arising from our normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities or future cash flows.

To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks. Once risks are identified, appropriate action is taken to mitigate the specific risk. The primary strategy used to reduce our financial risk is the use of spot exchange with financial institutions, where appropriate. Currency spot are used periodically in order to minimize the Company's various net exposures, as well as minimizing specific exposures. The group only trade with high reputation financial institutions on the currency exchange.

It is the management's policy to enter into the currency spot with only highly rated financial institutions. The currency spot is only used for the purpose of managing risk associated with currencies. The Group does not trade or use instruments with the sole objective of obtaining financial gain on fluctuations in currencies or interest rates.

Currency Risk:

The U.S. Dollar is Group's reporting currency as well as the currency for most of the Group's revenues. The currency exposure related to cash flow and the net result arise mainly from administration and operating expenses, nominated in non-USD currencies, mainly NOK. Most of the company's administration expenses and operating expenses in Norway (excluding depreciation) are incurred in NOK currencies.

Changes in the value of the U.S. Dollar relative to these currencies could expose the Group to currency risk. To minimize the impact of foreign exchange movements on the Group's results, the Group periodically enters into currency spot for USD/NOK to minimize the currency risks associated with certain firm commitments and/or forecasted exposures.

| | Increase / decrease USD rate against NOK | Effect on profit before tax |
|------|--|----------------------------------|
| 2021 | +/-10% | +USD 5.0 mill. / USD - 4,1 mill. |
| 2020 | +/-10% | +USD 3.2 mill. / USD - 2,6 mill. |

Interest Rate Risk:

The Group's exposure to the risk of changes in the market interest rates relates primarily to the long term debt obligations with floating interest rates. The risk management objective for interest rate risk is to minimize the variations of cash flows arising from changes in interest rates. Depending on the developments and on analysis of the interest rate market, the Group borrowed USD 516 million from shareholder at fixed 2.25% interest rate from 1st January 2020, and borrowed USD 461 million from COSL Finance (BVI) Limited at fixed 3,28% interest rate from 1st October 2019, and borrowed USD 350 million from OOGC at floating interest rate of Libor+0,5%

At 31 December 2021, 34,9% of the interest bearing debt was floating (2020: 35,8%). The table below shows the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's profit before tax.

| | Increase / decrease in basis point on floating interest debt | Effect on profit before tax |
|------|--|-----------------------------|
| 2021 | +/- 50 bps | +/- USD 1,75 mill. |
| 2020 | +/- 50 bps | +/- USD 1,75 mill. |

**Credit Risk:**

The Group trades with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. There is no other significant concentration of credit risk within Norwegian companies in the Group.

Liquidity Risk:

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of its financial assets, projected cash flows from operations and forecasted investments in newbuildings.

The liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group maintains sufficient cash for its daily operation via cash deposit.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

| At 31 December 2021 | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years |
|------------------------|-----------------------|-------------------|-----------------|-----------------|
| Interest-bearing loans | - | 350 000 | - | 1 003 057 |
| Other liabilities | 225 579 | - | - | - |
| Trade payables | 22 448 | - | - | - |

| At 31 December 2020 | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years |
|------------------------|-----------------------|-------------------|-----------------|-----------------|
| Interest-bearing loans | - | 350 000 | - | 977 417 |
| Other liabilities | 221 255 | - | - | - |
| Trade payables | 28 829 | - | - | - |

Capital Management:

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. The Group monitors its capital structure using an equity ratio, which is total equity divided by total assets. The Group's policy is to keep a reasonable equity ratio, also considering the Group's shareholder's loans.

| | 2021 | 2020 |
|---|-----------|-----------|
| Total equity (excl. COSL Shareholder Loans) | -566 745 | -210 837 |
| Total equity (incl. COSL Shareholder Loans) | 436 312 | 766 580 |
| Total assets | 1 098 815 | 1 421 687 |
| Equity ratio (excl. SHL) | -51,6 % | -14,8 % |
| Equity ratio (incl. SHL) | 39,7 % | 53,9 % |



COSL Norwegian AS

Note 8. Impairment testing of rigs & equipment

An impairment test of rig & equipment assets ("PP&E") is performed every year, if no indicators are identified during the quarterly assessments as such. For the evaluation of impairment indicators, management concluded each drilling rig and accommodation unit to be an identical cash-generating unit ("CGU"). The recoverable amount of the cash-generating unit has been determined based on value-in-use ("VIU") calculations using cash flow projections based on a five-year rolling plan plus financial budget for fiscal year 2022 approved by Board of Directors. The post-tax discount rate applied to the cash flow projections is 7.0%, and the cash flow is calculated till the end of the rigs' useful life.

Based on the impairment assessment per 31.12.2021, management has identified and therefore recognized USD 228,2 million impairment of rig & equipment assets. 2020 the impairment recognition was USD 212,1 million.

The value-in-use calculation of the cash-generating unit for 31 December 2021 is most sensitive to the following assumptions:

- Discount rate: A post tax discount rate of 7.0% has been applied, which reflect specific risks relating to the cash generating units.
- Investments: Capital expenditures are based on estimated annual amounts required for maintenance to keep all rigs operating continuously and expected dry-dock every 5 year.
- Day rates: For the short term period, day rates are based on contracts currently in place. For the mid- to long term, day rates are based on managements' expectations on future market developments with reference to external rig market development reports.
- Utilization rates: The utilization rates applied varies between 90% till 95% based on historic trends per region and current market situation. Furthermore, for rigs currently without contract a utilization rate of 0% is applied for the period in which the rig is expected not to be able to have secured and commenced on a new contract.
- Operating expense per day: Operating expenses are based on company's historic experience and budgets approved by the Board of Directors.
- Tax rate: An estimated effective tax rate of 22% has been applied for semi drilling rig business.
- Inflation: An inflation rate of 2% is applied to day-rates and operating expenses in the period beyond the five-year rolling plan and financial budget.

The values assigned to key assumptions which includes rig utilization rate, day rate and projected expenses are consistent with external information sources and historical trends.



COSL Norwegian AS

Note 9. Interest income and expense

| in USD thousands | 2021 | 2020 |
|--------------------------------------|-----------------|-----------------|
| Interest income | | |
| Bank interest | 100 | 866 |
| Total interest (Cost)/income | 100 | 866 |
| Interest expense | | |
| Related parties | (21 415) | (30 865) |
| Bank interest | (545) | (887) |
| Total interest expense | (21 960) | (31 752) |
| Net interest (expense)/income | (21 860) | (30 886) |



COSL Norwegian AS

Note 10. Employee benefit expense

| in USD thousands | 2021 | 2020 |
|---|---------------|---------------|
| Salaries and bonus | 35 102 | 40 693 |
| Social security tax | 4 949 | 5 738 |
| Pension costs | 4 271 | 5 700 |
| Other | (3 427) | 14 483 |
| Total employee benefit expense | 40 895 | 66 613 |
| Number of full-time equivalent positions at December 31 | 291 | 494 |

| | | 2021 | 2020 |
|---|--------|---------------|---------------|
| Included in Crew expenses | Note 4 | 37 299 | 63 055 |
| Included in General and administrative expenses | Note 4 | 3 596 | 3 558 |
| Total employee benefit expense | | 40 895 | 66 613 |

Remuneration to Board of Directors

No remuneration was paid to the board members in 2021 and 2020. The board members did not receive shares or options for shares in 2021 or 2020.

All board members are employed by other COSL companies (Ultimate parent company).



COSL Norwegian AS
Note 11. Pensions

The Group has various pensions plans for its employees.

Subsidiaries COSL Drilling Europe AS and COSL Offshore Management AS have defined contribution pension plan which meet the requirements under Norwegian laws to provide an occupational pension scheme.

Subsidiary COSL Offshore Crew AS has a non-mandatory pension plan for its UK employees and a defined contribution plan for the Norwegians in the company.

Total contributions to the contribution pension plans were USD 2.004 thousand in 2021 (2020: USD 5.012 thousand).

COSL Drilling Europe AS and COSL Offshore Management AS have AFP pension arrangement, the cost for 2021 was USD 795 thousand, for 2020 it was USD 518 thousand.

The Group may at any time make alterations to the terms and conditions of the pension scheme and undertake that they will inform the employees of any such changes. The benefits accruing under the scheme are funded obligations.

All pension schemes are calculated and accounted for in accordance with the IFRS (IAS 19R).



COSL Norwegian AS

Note 12. Income tax

Reconciliation of total income tax expense during the year to the income tax expense at the statutory income tax rate applicable in Norway:

| | 2021 | 2020 |
|--|-------------|--------------|
| Profit / (loss) before tax | -355 788 | -33 672 |
| Tax at Norway's statutory income tax rate of 22% | 78 273 | 7 408 |
| <i>Adjusted for:</i> | | |
| Effect of different tax rates in other countries (1) | -75 490 | -46 141 |
| Non-taxable income and expense | -4 061 | -5 635 |
| Non-taxable currency effects & translation adjustments (3) | 10 982 | -6 759 |
| Change in temporary differences (offset against valuation allowance) | 2 188 | 404 |
| Utilize / (increase) tax loss carry forward | -12 011 | 58 229 |
| Other | - | -554 |
| Income tax benefit / (expense) | -120 | 6 951 |
| Effective tax rate | 0 % | 21 % |

Income tax balance in the balance sheet is specified as follows:

| | 2021 | 2020 |
|--|--------------|--------------|
| Current income tax payable | (140) | (120) |
| Prepaid income tax | 0 | - |
| Total income tax receivable / (payable) | (140) | (120) |

Deferred income tax at December 31 relates to the following:

| | 2021 | 2020 |
|--|------------|------------|
| Deferred tax assets: | | |
| Fixed assets | 2 088 | 3 281 |
| Deferred revenue (net) | - | 146 |
| Pension | - | 1 101 |
| IFRS 16 Leasing (net) | (8) | (8) |
| Group interest carried forward | 36 248 | 37 158 |
| Tax losses carried forward in Norway (2) | 231 947 | 225 427 |
| Valuation allowance | (270 283) | (266 967) |
| Deferred tax assets | (8) | 138 |

Deferred tax liabilities:

| | | |
|---------------------------------|----------|----------|
| Fixed assets | - | - |
| Deferred tax liabilities | - | - |

| | | |
|--|------------|------------|
| Net deferred income tax asset / (liability) | (8) | 138 |
|--|------------|------------|

Deferred tax cost

| | 2021 | 2020 |
|---|------------|--------------|
| Deferred tax, opening balance | - | (6 811) |
| Deferred tax, ending balance | (8) | - |
| Deferred tax benefit / (expense) | (8) | 6 811 |



| | 2021 | 2020 |
|---|--------------|--------------|
| Current income tax | | |
| Current income tax charge, Norway | (99) | 143 |
| Current income tax charge, outside Norway | (26) | (2) |
| Deferred income tax | | |
| Relating to origination and reversal of temporary differences | 8 | 6 811 |
| Income tax benefit / (expense) | (119) | 6 951 |

The income tax rates imposed in the tax jurisdictions in which the Group conducts operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenue, statutory or negotiated deemed profits, or other bases utilized under local tax laws, rather than to net income. In addition, the rigs are frequently moved from one tax jurisdiction to another. As a result, the consolidated effective income tax rate may vary substantially from year to year, depending on the relative components of earnings generated in taxing jurisdictions with different tax rates.

(1) Including income and expenses arising on consolidation entries for which a different tax rate is applicable than the nominal tax rate in Norway of 22%

2) Total tax losses carried forward in Norway amount to USD 1,219 million (NOK 10.4 billion) per 31.12.2021 (2020: USD 1,194 million (NOK 10.3 billion)). The tax losses carried forward are available for an indefinite period to offset against future taxable profits. Deferred tax asset have not been recognized to the extent where future recoverability is uncertain. The tax return of the Company and its subsidiaries are routinely examined by relevant tax authorities, and in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made for open years.

(3) Includes tax effect of differences arising from foreign exchange effects relating to the Norwegian Kroner, which is the basis for taxation of the parent company and some group companies.



COSL Norwegian AS

Note 13. Cash and cash equivalents

The Company had Cash and cash equivalents denominated in the following currencies at the end of the period:

| in USD thousands | 2021 | 2020 |
|---------------------|---------------|---------------|
| US dollar | 21 663 | 12 521 |
| Norwegian kroner | -2 510 | 4 665 |
| Great British Pound | -2 264 | 205 |
| Other | 332 | 6 |
| Total | 17 220 | 17 397 |

Restricted cash and cash equivalents

| | | |
|---|--------------|--------------|
| Restricted bank withheld employee tax | 1 428 | 2 741 |
| Restricted bank account regarding pension | 491 | 460 |
| Total | 1 920 | 3 201 |



COSL Norwegian AS

Note 14. Trade receivables, other receivables and prepayments

Trade receivables are specified as follows:

| in USD thousands | | 2021 | 2020 |
|--|---------|---------------|---------------|
| Trade receivables from third parties | | 1 537 | 24 171 |
| Trade receivables from related parties | Note 19 | 52 658 | 69 689 |
| Total trade receivables | | 54 195 | 93 860 |

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

Movements in the provision for impairment of trade receivables is as follows:

| in USD thousands | | 2021 | 2020 |
|--|--|---------------|---------------|
| Provision for impairment at 1 January | | 84 264 | 84 264 |
| Charge for the year * | | - | - |
| Provision for impairment at 31 December | | 84 264 | 84 264 |

Other receivables and prepayments are specified as follows:

| in USD thousands | | 2021 | 2020 |
|--|---------|----------------|----------------|
| Other receivables from related parties | Note 19 | 220 852 | 221 594 |
| Prepayments | | 1 226 | 865 |
| Other | | 620 | 2 801 |
| Total other receivables and prepayments | | 222 699 | 225 260 |

Other receivables and prepayments are non-interest bearing and are generally on 30-60 days terms.



COSL Norwegian AS
Note 15. Inventory

| in USD thousands | <u>2021</u> | <u>2020</u> |
|----------------------------|---------------|---------------|
| Spare parts | 24 638 | 23 495 |
| Provision for obsolescence | <u>(739)</u> | <u>(705)</u> |
| Total inventory | <u>23 898</u> | <u>22 790</u> |

Inventory relates to spare parts and tools held at stock both offshore at rigs and onshore at Mongstad base. The value in the balance sheet is at historical cost less provision for obsolescence. There have been no impairment in 2021 or in 2020.



COSL Norwegian AS

Note 16. Interest-bearing debt

| in USD thousands | Rate | 2021 | 2020 |
|---|---------------|------------------|----------------|
| Non-current | | | |
| Long-term COSL shareholder's loan no.1 | 0,72% (2,25%) | 451 279 | 425 639 |
| Long-term COSL shareholder's loan no.2 | 0,72% (2,99%) | 90 778 | 90 778 |
| COSL Finance (BVI) Limited -Bond Loan | 3,28 % | 461 000 | 461 000 |
| Total non-current portion of interest-bearing debt | | 1 003 057 | 977 417 |

*Figures in brackets are for 2020.

Current

| | | | |
|---|--------------|----------------|----------------|
| OOGC Loan | Libor + 0,5% | 350 000 | 350 000 |
| Total current portion of interest-bearing debt | | 350 000 | 350 000 |

Maturity interest bearing debt

| | | | |
|---|--|------------------|------------------|
| Within one year | | 350 000 | 350 000 |
| Later than one year and not later than four years | | 1 003 057 | - |
| Five years and later | | - | 977 417 |
| Total non-current and current borrowings | | 1 353 057 | 1 327 417 |

COSL Shareholder's loan no. 1

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 2.2 billion ("COSL Shareholder's loan"). The loan is repaid based on COSL Norwegian AS cash flow from time to time. The loan interest is based on a fixed rate in 2020 this was 2.25% and in 2021 the interest was reduced to 0,72%. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. The Company and COSL has committed to extend the repayment of the loan until 31th December 2023 and it is therefore presented as non-current liability.

COSL Shareholder's loan no. 2

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 1.4 billion ("COSL Shareholder loan"). The loan is repaid based on COSL Norwegian AS cash flow from time to time. Interest is fixed at 2.25% in 2020 and 0,72% for 2021. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. In order to ensure a smooth re-financing, The Company and China Oilfield Services Limited has committed to extend the repayment of the loan until 12th May 2023 and it is therefore presented as non-current liability.

COSL Finance (BVI) Limited -Bond Loan

The total loan balance is USD 461 millions. The loan is unsecured and bears an interest fixed at 3.28% from 1st October 2019. The company has the right to choose to pay the accrued interest semi-annually. The maturity of the loan is 10 years for the first issued USD 1 billion in 2012 and 6 years for the 2nd agreement.

OOGC Loan

In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for USD 350 million ("OOGC loan"). The loan interest is based on LIBOR + 0.5%. The loan can be extended based on the negotiation between the company and OOGC.

Covenants

There are no covenants relating to the loans outstanding as of December 31, 2021.



COSL Norwegian AS

Note 17. Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The standard includes a number of optional practical expedients related to recognition and initial application. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from previous accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

In 2021 the company's incremental borrowing interest rate (annual) change to 2,35% for the short term and 2,84% for the long term warehouse lease agreements execute the options years, Offices at Forus had reduce the rent amounts from the 1/10/2021 to 31/3/2022, need to recalculate the ROU/lease liability.

The Group has offices and warehouse lease agreements. The warehouse lease ends 01.04.2022, but the company have two one year's options remaining in the contract. The office lease at Vestre Svanholmen ends at 31.12 2024.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies "the short term lease" and "lease of low value assets" recognition exemption for these leases.

2021

| Right of use assets Assets | Mongstad | Offices at Forus | Total |
|---|----------|------------------|-------|
| Discount Rate | 2,35 % | 2,84 % | |
| Opening Balance | 750 | 1 502 | 2 252 |
| Addition/execute options and reduce the price | 959 | -205 | 754 |
| Lease payment | 642 | 379 | 1 021 |
| Accrued interest | 22 | 49 | 72 |
| End Balance | 1 090 | 967 | 2 057 |

| Lease Liability | Mongstad | Offices at Forus | Total |
|------------------|----------|------------------|-------|
| Discount Rate | 2,35 % | 2,84 % | |
| Opening Balance | 163 | 1 094 | 1 257 |
| Addition | 959 | -205 | 754 |
| Lease payment | 531 | 360 | 891 |
| Agio | | | |
| Accrued interest | 22 | 49 | 72 |
| End Balance | 614 | 578 | 1 192 |

2020

| Right of use assets Assets | Mongstad | Offices at Forus | Total |
|----------------------------|----------|------------------|-------|
| Discount Rate | 3,94 % | 4,25 % | |
| Opening Balance | 1 296 | 1 826 | 3 122 |
| Addition | - | - | - |
| Lease payment | 583 | 389 | 972 |
| Accrued interest | 36 | 65 | 102 |
| End Balance | 750 | 1 502 | 2 252 |

| Lease Liability | Mongstad | Offices at Forus | Total |
|------------------|----------|------------------|-------|
| Discount Rate | 3,94 % | 4,25 % | |
| Opening Balance | 773 | 1 433 | 2 207 |
| Addition | - | - | - |
| Lease payment | 647 | 404 | 1 051 |
| Accrued interest | 36 | 65 | 102 |
| End Balance | 163 | 1 094 | 1 257 |



COSL Norwegian AS
Note 18. Non current liability

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received from the contract. A provision for loss on onerous contracts would be made by the Group if it has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The Group estimates the provision on onerous contracts being the present obligation of the unavoidable costs less the economic benefits expected to be received under the drilling service contract. The expected economic benefits are estimated based on the signed drilling services contract by reference to contracted day rate, expected utilization rate while unavoidable costs are estimated based on budget and historical cost level that the Group is obligated to execute under the drilling service contract.

During the year 2021, the Group had been awarded several drilling service contracts. The Group conducted an assessment of those drilling service contract and recognized a provision of 18,025 thousand USD for onerous contracts at 31 December 2021. The provision is split between short term for the drilling contract estimated for 2021 and long term (non-current) for contracts in 2022

| | <u>2021</u> | <u>2020</u> |
|---|---------------|-------------|
| Within one year | 9 891 | - |
| Later than one year and not later than four years | <u>8 134</u> | - |
| Total provision for Onerous Contract | <u>18 025</u> | - |



COSL Norwegian AS
Note 19. Related parties

In the normal course of its business, the Company enters into a number of transactions with related parties.

All transactions with related parties have been made on an arms length basis and are settled on a regular basis. The table below provides the total amount of transactions, which have been entered into with related parties for the relevant financial year. Sales and purchases from related parties relates to services rendered under the above mentioned management agreements.

| in USD thousands | Year | Sales to related parties | Purchases from related parties | Interest from related parties | Amounts owed by related parties | Amounts owed to related parties |
|------------------------------|------|--------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------|
| COSL | 2021 | 1 508 | - | 21 176 | 297 409 | 608 894 |
| Total related parties | | 1 508 | - | 21 176 | 297 409 | 608 894 |

| in USD thousands | Year | Sales to related parties | Purchases from related parties | Interest from related parties | Amounts owed by related parties | Amounts owed to related parties |
|------------------------------|------|--------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------|
| COSL | 2020 | 52 341 | -5 700 | 32 416 | 291 283 | 608 762 |
| Total related parties | | 52 341 | -5 700 | 32 416 | 291 283 | 608 762 |



COSL Norwegian AS
Note 20. Other short-term debt

| in USD thousands | 2021 | 2020 |
|---|----------------|----------------|
| Accrued payroll and related costs | 6 338 | 12 092 |
| Short term part of deferred revenue | - | 3 002 |
| Short term liabilities to related party, COSL Drilling Pan-Pacific Ltd | 41 | 41 |
| Short term liabilities to related party, COSL Drilling Pan-Pacific (Labuan) Ltd | 207 638 | 205 488 |
| Onerous contract accrual | 9 891 | - |
| VAT, wagetax, business tax payable | 1 540 | 2 562 |
| Other payables | 132 | 1 072 |
| Total other short-term debt | 225 579 | 224 257 |

The majority of the other short-term debt are payable within 0 till 90 days.
Other short term debt is non-interest bearing.



COSL Norwegian AS

Note 21. Shares and shareholders

As of December 31, 2021, COSL Norwegian AS is a wholly-owned subsidiary of COSL Singapore Ltd. Board members and senior management owned no shares as of December 31, 2021.

Note 22. Issued capital

Issued capital

| in USD thousands, unless otherwise indicated | Number of shares | Share capital | Paid-in premium |
|---|---------------------|---------------|-----------------|
| Share issue, June 23 2008 (date of incorporation) | 100 000 | 20 | - |
| Share issue, September 5 2008 | 1 541 228 656 | 285 430 | 713 570 |
| Balance at December 31, 2021 | 1 541 328 656 | 285 450 | 713 570 |

All issued shares have a par value of NOK 1 and are of equal rights. COSL Norwegian AS is incorporated in Norway and the share capital is denominated in NOK. In the table above, the share capital and paid-in premium is translated to USD at the foreign exchange rate in effect at the time of each share issue.



COSL Norwegian AS

Note 23. Going Concern

The Group's equity as of 31 December 2021 has been lost and amounts to USD 566.8 million (2020: USD 210.8 million loss). The main change is impairment provision recognized at end of 2021 (USD 228 millions). The equity of the Company is lost with an amount of USD 424.7 million (2020: USD 84.7 million loss).

In 2022, the market has been becoming tight, day rate in North Sea is increased significantly, this will help COSL Norwegian AS to build its equity. The Board believe that the market will improve over the next years.

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2022.

Per 31 December 2021, the Group's equity including COSL Shareholder loans amounts to USD 786.3 million, which implies an adjusted equity ratio of 71.6%. This has been assessed by the Board as sufficient to continue business operations of the Group and the Company.

The Group furthermore had a positive bank balance per 31 December 2021 of USD 17,2 million.

On the basis of the above, the Group's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Group's ability to continue as a going concern.



Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forum, 4313 Sandnes
Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of COSL Norwegian AS

Opinion

We have audited the financial statements of COSL Norwegian AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements
- the financial statements give a true and fair view of the balance sheet 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,
- the consolidated financial statements give a true and fair view of the balance sheet of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other matters

The financial statements for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2021.

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) 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

A member firm of Ernst & Young Global Limited

Penneo document key: QO5W4-S1E1-N4ZGW-G5C2O-V5Q6L-15WD7



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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report - COSL Norwegian AS 2021

A member firm of Ernst & Young Global Limited

Penneo document key: QOSW4-S1E1-N42GW-GSG2O-V5Q6L-15WD7



Building a better
working world

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Stavanger, 30 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Penneo document key: QOSW4-S11E1-N42GW-GSG2D-V5Q6L-I5WDT

Independent auditor's report - COSL Norwegian AS 2021

A member firm of Ernst & Young Global Limited



PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5999-4-1529830

IP: 213.52.xxx.xxx

2022-06-30 15:16:13 UTC



Penneo document key: QOSW4-S11E1-MA2GW-GSG2O-V5Q6L-15WD7

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>