

# Maersk Drilling Services A/S

Lyngby Hovedgade 85  
2800 Kgs. Lyngby

CVR no. 24 20 69 98

## **Annual report 2020**

The annual report was presented and approved at  
the Company's annual general meeting on

21 June 2021

Klaus Greven Kristensen  
chairman

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**Maersk Drilling Services A/S**  
Annual report 2020  
CVR no. 24 20 69 98

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Maersk Drilling Services A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Lyngby, 21 June 2021

Executive Board:

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Morten Kelstrup

Board of Directors:

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Christine Brennet (Morris)  
Chairman

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Thomas Lysgaard Falk

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Claus Bachmann

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Morten Kelstrup

## Independent auditor's report

### To the Shareholder of Maersk Drilling Services A/S

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Drilling Services A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

#### Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

#### Management's Responsibilities for the Financial Statements

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### 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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

## Independent auditor's report

We communicate with those charged with governance 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.

Copenhagen, 21 June 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Thomas Wraae Holm  
State Authorised  
Public Accountant  
mne30141

Kim Danstrup  
State Authorised  
Public Accountant  
mne32201

**Maersk Drilling Services A/S**  
Annual report 2020  
CVR no. 24 20 69 98

## Management's review

### Company details

Maersk Drilling Services A/S  
Lyngby Hovedgade 85  
2800 Kgs. Lyngby

CVR no.:	24 20 69 98
Established:	9 December 1986
Registered office:	Lyngby
Financial year:	1 January – 31 December

### Board of Directors

Christine Brennet (Morris), Chairman  
Thomas Lysgaard Falk  
Claus Bachmann  
Morten Kelstrup

### Executive Board

Morten Kelstrup

### Auditor

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Management's review

### Financial highlights

USD'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	94,411	81,876	87,692	74,060	61,186
Gross profit/loss	12,795	8,543	6,796	7,562	-1,306
Operating profit/loss	12,788	8,536	6,779	7,533	-1,343
Profit/loss from financial income and expenses	1,485	5,840	6,959	340	96
Profit/loss before tax	14,247	14,376	13,738	7,873	-1,247
Result for the year	11,392	12,651	1,916	6,546	-1,263
Total assets	61,737	39,944	39,632	43,421	31,116
Equity	28,992	17,600	8,949	17,033	10,487
Investment in property, plant and equipment	0	0	34	0	0
<b>Ratios</b>					
Operating margin	14%	10%	8%	10%	-2%
Return on invested capital	25%	64%	70%	0%	-9%
Current ratio	185%	215%	106%	156%	139%
Return on equity	49%	53%	16%	0%	-8%
Solvency ratio	47%	44%	23%	39%	34%

The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$



## Management's review

### Operating review

#### Principal activities

The Company and its subsidiaries are operators of high-technology drilling rigs, and provide offshore drilling services to oil and gas companies.

The Company has activities through branches in the Netherlands, Brunei and Suriname.

#### Development in activities and financial position

The Company's income statement for 2020 shows a profit of USD 11,392 thousand as against USD 12,651 thousand in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at USD 28,992 thousand as against USD 17,600 thousand at 31 December 2019.

In 2020, measures to contain the spread of COVID-19 led to an unprecedented decline in demand for oil and gas. Despite the challenging market the drilling rigs succeeded in securing new contracts in 2020 and the result before tax for 2020 is a profit of USD 14,274 thousands compared to a profit of USD 14,376 thousand in 2019, which is in line with management expectations.

#### Outlook

The result for 2021 are continued subject to risks and uncertainties as various factors, many of which are beyond the company's control, may cause the actual development and results to differ materially from expectations. Under the current circumstances management expects to reach a result for 2021 in the range from 10 – 15 million.

#### Particular risks

##### Operating risks

A fundamental factor in driving demand for offshore drilling rigs is the level of spending by oil and gas companies on exploration, development, production and maintenance as well as decommissioning activities. This level is to a large extent a function of project sanctioning, which is based on oil and gas companies' long-term assessment of oil and gas prices impacting their cash flow generation as well as the economics of the offshore exploration and development projects in their portfolios.

Over the past years, oil and gas companies have optimised their business models to structurally reduce offshore project costs through project optimisation, standardisation, digitisation, simplification and service cost deflation. As a result of the lower cost levels, more than 90% of offshore oil and gas projects are today economically feasible at an oil price around USD 60 per barrel. Combined with the oil and gas companies' increasing positive cash flows, this has provided them with the opportunity to invest in new offshore projects.

The price of Brent crude oil averaged USD 42 per barrel in 2020, representing a decrease of 34% compared to the average of USD 64 per barrel in 2019. Subsequent to year-end, the oil price has increased to a level of around USD 55-65 per barrel. This may lead the oil and gas companies to increase exploration and drilling activities.

##### Currency risks

Currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The currency exposure arises from the Company operating in countries with different local currencies. Revenue is primarily denominated in USD, which is also the presentation currency of the Company, while related operating expenses are incurred in both USD and local currencies.

## Management's review

### Operating review

The exposure to changes in foreign exchange rates is generally mitigated by entering into customer contracts where an element of the contract value is in local currency to create a natural hedge between the contracted revenue and local operating costs. The Maersk Drilling Group uses foreign exchange forward contracts to hedge any excess exposure, but such hedges are generally not entered into by individual subsidiaries.

The currency exposure is not considered to be significant.

### Interest rate risks

Interest rate risk is the risk that future cash flows from financial instruments will fluctuate because of changes in market interest rates. The interest rate exposure arises from loans and other credit facilities carrying floating interest rates..

The Maersk Drilling Group mitigates the exposure towards interest rates by entering into fixed rate loans or interest rate swaps at the parent company level whereas individual subsidiaries generally are funded through loans carrying floating interest rates.

### Credit risks

For drilling contracts, credit risk is minimised by undertaking a credit assessment of the counterparty prior to entering into the contracts. Depending on the creditworthiness, the Company may seek protection, in form of parent company guarantees, pre-payments or other type of security.

The Company has a concentration of customers, but is not considered to have a material credit risk, as the customers are major international oil companies.

### Safety

For the Company, safety is a top priority. It is an unwavering commitment, rooted in our Core Values. Safety permeates everything we do and stand for, onshore and offshore, and it is the foundation for delivering reliable and efficient operations to our customers. Our ambition is to have zero serious incidents.

### Environmental matters

The Company's ambition is to provide responsible drilling services, and reducing the environmental impact of our operations is an important part of this. We mainly target impacts relating to spills, waste and the use of chemicals onboard our rigs. Our Health, Safety, Security and Environment (HSSE) function works in close cooperation with our rigs to optimise activities governed by our HSSE Policy as well as our Corporate Major Accident Prevention Policy.

### Corporate social responsibility

At the Company, we firmly believe that by conducting our operations through sustainable practices, we ensure a sound and viable business for the future. We have a responsibility to the people who work for the Company, but also to the people and the environment which are affected by our company.

Please refer to our full report on sustainability pursuant to section 99a of the Danish Financial Statements Act, which can be found online at <https://www.maerskdrilling.com/who-we-are/sustainability>

## Management's review

### Operating review

#### Goals and policies for the underrepresented gender

The composition of the Company's Board of Directors is considered diverse, as one out of four shareholder-elected Board members is female. The Company is therefore not required to set a target for the underrepresented gender in the Board of Directors.

The Company adheres to the Diversity and Inclusion Policy, which was adopted by the Board of Directors of The Drilling Company of 1972 A/S, the parent company of the Maersk Drilling Group, on 11 February 2021. The Company does not discriminate based on age, gender, nationality, socioeconomic background, disability, religion or sexual orientation. The Company believes that diversity and inclusion can contribute to improved performance and high quality decision-making and is essential to innovation and organisational learning; critical elements to maintaining our position as a leading player in the offshore drilling industry.

In 2020, Maersk Drilling Group saw a slight improvement in diversity performance and with the new strategic focus, these developments will be accelerated. Maersk Drilling Group's share of female employees increased from 13% in 2019 to 14% in 2020. Onshore, women represent 40% of our workforce. Female leaders made up 25% of our onshore leadership in 2020 compared to 23% in 2019. Offshore, women only make up 2% of the workforce. In 2020, we appointed our second female rig manager in the history of the Maersk Drilling Group. Additionally, in 2020 Maersk Drilling Group has focused on pairing female talents with senior leadership sponsors to provide greater exposure to the organisation, facilitate network building and enable cross-functional development opportunities. Regarding the Executive Leadership team of the Drilling Company of 1972 A/S, it was announced in December that a new female CFO would start in January 2021, bringing the female representation to 25%.

In 2020, Maersk Drilling Group developed a dedicated D&I plan with targets and initiatives to make significant progress within a time-frame of three years. Maersk Drilling Group believes in the value of diverse role models at the top, and are therefore tackling the industry-specific challenge of gender diversity in leadership. Maersk Drilling is pursuing a significant leap forward on gender diversity to increase female representation on all onshore leadership levels through a female leadership target of 30% across leadership levels, 25% for senior leaders, and 20% for the Executive Leadership Team by end-year 2023.

Maersk Drilling Group's initial targets focus on female representation in leadership, as Maersk Drilling Group expects this to produce cascade effects across all diversity parameters. At the same time, Maersk Drilling Group is focusing on inclusion in the company to truly make diversity thrive.

## **Management's review**

### **Operating review**

In addition to the new leadership target, Maersk Drilling Group will be targeting four focus areas:

- Attracting and hiring female talent by removing bias from our recruitment process.
- Promoting impactful leadership careers through a more inclusive approach to talent identification and development.
- Transitioning to greater flexibility in ways of working and making inclusive leadership part of our leadership development programs.
- Showing senior leadership commitment and increasing awareness across the company.

## Financial statements 1 January – 31 December

### Income statement

USD'000	Note	2020	2019
<b>Revenue</b>	2	94,411	81,876
Other external costs		<u>-81,616</u>	<u>-73,333</u>
<b>Gross profit</b>		12,795	8,543
Depreciation, amortisation and impairment losses		<u>-7</u>	<u>-7</u>
<b>Profit before financial income and expenses</b>		12,788	8,536
Financial income	3	1,766	5,994
Financial expenses	4	<u>-281</u>	<u>-154</u>
<b>Profit before tax</b>		14,273	14,376
Tax on profit/loss for the year	5	<u>-2,881</u>	<u>-1,725</u>
<b>Result for the year</b>	6	<u><u>11,392</u></u>	<u><u>12,651</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

USD'000	Note	31/12 2020	31/12 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment	7	<u>19</u>	<u>26</u>
<b>Investments</b>			
Equity investments in group entities	8	<u>1,251</u>	<u>2,001</u>
<b>Total fixed assets</b>		<u>1,270</u>	<u>2,027</u>
<b>Current assets</b>			
<b>Inventories</b>			
Bunker and lube oil		<u>159</u>	<u>0</u>
<b>Receivables</b>			
Trade receivables		26,057	27,538
Receivables from group entities		26,581	8,431
Other receivables		6,833	257
Deferred tax asset	9	11	11
Prepayments	10	<u>826</u>	<u>505</u>
		<u>60,308</u>	<u>36,742</u>
<b>Cash at bank and in hand</b>		<u>0</u>	<u>1,175</u>
<b>Total current assets</b>		<u>60,467</u>	<u>37,917</u>
<b>TOTAL ASSETS</b>		<u>61,737</u>	<u>39,944</u>

## Financial statements 1 January – 31 December

### Balance sheet

USD'000	Note	31/12 2020	31/12 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	11	1,613	1,613
Retained earnings		27,379	15,987
<b>Total equity</b>		<u>28,992</u>	<u>17,600</u>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	12	4,700	4,700
<b>Current liabilities</b>			
Trade payables		7,500	15,540
Payables to group entities		17,078	0
Corporation tax		3,327	2,084
Other payables		140	20
		<u>28,045</u>	<u>17,644</u>
<b>Total liabilities</b>		<u>32,745</u>	<u>22,344</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>61,737</u></u>	<u><u>39,944</u></u>

## Financial statements 1 January – 31 December

### Statement of changes in equity

USD'000	Contributed capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2019	1,613	3,336	4,000	8,949
Ordinary dividends paid	0	0	-4,000	-4,000
Transferred over the profit appropriation	0	12,651	0	12,651
Equity at 1 January 2020	1,613	15,987	0	17,600
Transferred over the profit appropriation	0	11,392	0	11,392
<b>Equity at 31 December 2020</b>	<b>1,613</b>	<b>27,379</b>	<b>0</b>	<b>28,992</b>



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Maersk Drilling Services A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Maersk Drilling Services A/S and group entities are included in the consolidated financial statements of The Drilling Company of 1972 A/S, CVR no. 40404716

#### Omission of cash flow statement

Pursuant to section 86(4) and 96(3) of the Danish Financial Statements Act, cash flow statement and note concerning fee to auditors appointed by the Company in the Annual General Meeting are omitted as this information is included in the consolidated Financial Statements for The Drilling Company of 1972 A/S.

#### Omission of audit fee disclosure

Pursuant to section 96(3) of the Danish Financial Statements Act, audit fee disclosures have been omitted as this information is included in the consolidated financial statements of The Drilling Company of 1972 A/S.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the exchange rates at the transaction day.

USD is used as functional currency and as presentation currency because the majority of transactions are in USD. At 31 December 2020, the exchange rate DKK/USD was 605.76 (2019: 667.33).

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from drilling activities, which are typically carried out under long-term agreements with fixed day rates, is recognised under revenue for the operating time related to the financial year.

Revenue from sale of goods is recognised upon the transfer of risk to the buyer.

###### Other external costs

Other external costs comprise costs incurred during the year for bareboat hire of the rigs (operating lease), repair and maintenance, catering, hired crew and administrative expenses.

###### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

###### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The Company is part of A.P. Møller Holding A/S' joint taxation. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with refund for tax losses).

##### Balance sheet

###### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

#### Investments

Investments in subsidiaries and associates are recognised at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less write-down for bad debts. Write-down for bad debts is determined on the basis of an individual assessment of each receivable.

#### Prepayments

Prepayments comprise prepayment of costs incurred concerning rent, insurance premiums, subscriptions and interest relating to subsequent financial years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Equity

##### Dividend

Dividends distribution proposed by Management for the year is disclosed as a separate equity item.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Liabilities

Financial liabilities are measured at amortised cost, which essentially corresponds to nominal value.

##### Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

##### Provisions

Provisions are recognised when the company has a present legal or constructive obligation from past events. The item includes, among other, provisions for legal disputes, disputes over indirect taxes or duties and restructuring provisions. Provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

## Financial statements 1 January – 31 December

### Notes

USD'000	<u>2020</u>	<u>2019</u>
<b>2 Revenue</b>		
Revenue, Brunei	27,038	23,135
Revenue, The Netherlands	44,453	58,741
Revenue, Suriname	<u>22,920</u>	<u>0</u>
	<u>94,411</u>	<u>81,876</u>
<b>3 Financial income</b>		
Interest income from group entities	42	325
Dividends received from subsidiary	0	5,569
Exchange gains from group entities	<u>1,724</u>	<u>100</u>
	<u>1,766</u>	<u>5,994</u>
<b>4 Financial expenses</b>		
Interest expense to group entities	130	104
Other financial costs	51	50
Exchange losses	<u>100</u>	<u>0</u>
	<u>281</u>	<u>154</u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	3,327	1,939
Deferred tax for the year	0	-2
Adjustment of tax concerning previous years	-446	-203
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>-9</u>
	<u>2,881</u>	<u>1,725</u>
<b>6 Proposed profit appropriation</b>		
Retained earnings	<u>11,392</u>	<u>12,651</u>

## Financial statements 1 January – 31 December

### Notes

#### 7 Property, plant and equipment

USD'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2020	76
Disposals for the year	-41
Cost at 31 December 2020	35
Depreciation and impairment losses at 1 January 2020	-50
Depreciation for the year	-7
Reversed depreciation and impairment losses on assets sold	41
Depreciation and impairment losses at 31 December 2020	-16
<b>Carrying amount at 31 December 2020</b>	<b>19</b>

#### 8 Investments

USD'000	Investments in group entities
Cost at 1 January 2020	2,001
Capital reduction	-750
Cost at 31 December 2020	1,251
<b>Carrying amount at 31 December 2020</b>	<b>1,251</b>

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			USD'000	USD'000
Maersk Drilling Abu Dhabi	UAE	66,67%	176	0
Maersk Drilling HBA Lda.	Angola	51%	10,133	8,969
Maersk Drilling UK Limited	United Kingdom	100%	17,876	4,807
Maersk Drilling Qatar WLL(CPA)	Qatar	61%	61	0
			28,246	13,776

## Financial statements 1 January – 31 December

### Notes

#### 9 Deferred tax assets

USD'000	31/12 2020	31/12 2019
Deferred tax at 1 January	11	0
Deferred tax adjustment for the year in the income statement	0	11
	11	11

#### 10 Prepayments

Prepayments of USD 826 thousand (2019: USD 505 thousand) include advance payments for next year for insurance, training, rent, etc.

#### 11 Contributed capital

The contributed capital consists of 6 shares in total: 2 shares of DKK 4,400,000, 1 share of 1,200,000, 2 shares of DKK 144,000 and 1 share of DKK 12,000.

No shares hold special rights. There have been no changes to the contributed capital during the last five years.

#### 12 Other provisions

Non-current corporation tax relate to tax risk exposure Maersk Drilling Services A/S's operations in Ghana's old branch for the period 2010 to 2017. The non-current payable corporation tax is recognised at Management's best estimate.

#### 13 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company is jointly taxed with all other Danish companies in the A.P. Møller Holding Group. As a fully owned subsidiary, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish company tax, withholding taxes on dividends, interest and royalties within the jointly taxed companies.

##### Operating lease obligations

The Company has entered into operating lease contracts with a total lease obligation of USD 21 million (2019: USD 8 million), which all fall due within 1 year.

#### 14 Pledges and guarantees

Jointly with other Maersk Drilling entities, the Company has guaranteed a total of USD 1,365 million related to a Term and Revolving Facilities Agreement held by The Drilling Company of 1972 A/S. As at 31 December 2020, USD 400 million of the facility was undrawn.

## Financial statements 1 January – 31 December

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#### 15 Related party disclosures

The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal, Copenhagen, Denmark is the ultimate owner.

Other related parties with a controlling interest:

- A.P. Møller Holding A/S, Esplanaden 50, DK-1263 Copenhagen K (ultimate parent company preparing consolidated financial statements)
- APMH Invest A/S, Esplanaden 50, DK-1263 Copenhagen K
- The Drilling Company of 1972 A/S, Lyngby Hovedgade 85, DK-2800 Kgs. Lyngby (initial parent company preparing consolidated financial statements)
- Maersk Drilling A/S, Lyngby Hovedgade 85, DK- 2800 Kgs. Lyngby (immediate parent company).

#### Other related parties

The Board of Directors and the Executive Management of the entities listed above with a controlling interest in Maersk Drilling Services A/S including their close relatives and undertakings under their significant influence are also considered related parties. This includes subsidiaries and affiliates to A.P. Møller Holding A/S, including A.P. Møller - Mærsk A/S and its subsidiaries and affiliates and Danske Bank A/S.

#### Related party transactions

Transactions with related parties are carried out on an arm's length basis and are therefore not separately disclosed pursuant to section 98 C (7) of the Danish Financial Statements Act.

#### Consolidated financial statements

The consolidated financial statements of The Drilling Company of 1972 A/S, Lyngby Hovedgade 85, DK-2800 Kgs. Lyngby can be obtained by contacting this company or at [investor.maerskdirilling.com/financial-reports-presentations](http://investor.maerskdirilling.com/financial-reports-presentations).

The consolidated financial statements of A.P. Møller Holding A/S can be obtained by contacting this company or at its website [www.apmoller.com](http://www.apmoller.com).

#### 16 Events after balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

#### 17 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date which would influence the evaluation of this annual report.