Maersk Drilling Holding A/S

Lyngby Hovedgade 85
2800 Kgs. Lyngby

CVR no. 34 73 17 21

Annual report 2019

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

17 June 2020

Klaus Greven Kristensen
chairman

Contents

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 Holding A/S for the financial year 1 January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 17 June 2020

Executive Board:

Jørn Madsen	Jesper Ridder Olsen

Board of Directors:

Klaus Greven Kristensen Chairman	Morten Kelstrup	Jørn Madsen

Independent auditor's report

To the Shareholder of Maersk Drilling Holding 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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Drilling Holding A/S for the financial year 1 January - 31 December 2019, 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 Management's Review.

Our opinion on the financial statements does not cover 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 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

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements 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 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 judgment and maintain professional skepticism 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, 17 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Thomas Wraae Holm
State Authorised
Public Accountant
mne30141

Management's review

Company details

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

CVR no.:	34 73 17 21
Established:	6 February 2006
Registered office:	Lyngby
Financial year:	1 January – 31 December

Board of Directors

Klaus Greven Kristensen, Chairman
Morten Kelstrup
Jørn Madsen

Executive Board

Jørn Madsen
Jesper Ridder Olsen

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Financial highlights

USDm	2019	2018	2017	2016	2015
Key figures					
Operating profit/loss	0	0	-1,441	-955	117
Profit/loss from financial income and expenses	-52	26	12	6	2
Profit/loss before tax	-117	968	-1,428	-949	119
Profit/loss for the year	-116	962	-1,431	-950	118
Total assets	4,231	5,296	6,192	7,836	7,283
Equity	4,209	3,810	6,189	7,835	7,283
Ratios					
Current ratio	105%	984%	37%	118%	260%
Return on equity	-3%	25%	23%	12%	2%
Solvency ratio	99%	72%	100%	100%	100%

Financial highlights have been restated to reflect the changed accounting policies cf. note 1.

Financial ratios are calculated in accordance with the guidelines "Recomendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Current ratio $\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Company's principal activity is to own shares in subsidiaries.

Development in activities and financial position

Results for the year were USD -116 million (2018: USD 962 million), which was in line with Management's expectations.

Outlook

As set out in the note disclosure around events after the balance sheet date, the oil price has dropped substantially subsequent to year-end which may lead the oil and gas companies to cancel or defer projects and exert pressure for lower rates, more contract flexibility and low cost solutions, which could negatively impact the Company's future profitability.

In addition, the Company's operations may be impacted by COVID-19 either directly or through the restrictions imposed by governments in response to COVID-19.

The Company is yet unable to estimate the potential impact of these factors, and the Company's expectations for 2020 are therefore subject to increased uncertainty.

Prior to the outbreak of COVID-19 and the increased oil price volatility, Management expected results for 2020 to be improved compared to 2019.

The results for 2020 are furthermore 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. The results for 2020 are primarily sensitive to the level of contracting of additional days to the current backlog and the day rates thereon.

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 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 financially 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 64 per barrel in 2019, representing a decrease of 11% compared to the average of USD 72 per barrel in 2018. Subsequent to year-end, the oil price has dropped substantially to a level of around USD 25-40 per barrel. This may lead the oil and gas companies to cancel or defer projects and exert pressure for lower rates, more contract flexibility and low- cost solutions, which could impact the Company negatively in 2020 and future years.

Management's review

Operating review

Financial risks

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.

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 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 the form of parent company guarantees, pre-payments or other types of security.

The Company has a concentration of customers, but is not considered to be exposed to material credit risks, 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.

In 2019, the Company made it one of its top four strategic priorities to develop and implement new approaches to safety in the entire organisation. In addition to our tried and tested safety practices and management systems, we have shared the learnings and results of this new approach with the wider industry as we consider safety to be a priority that transcends commercial interests.

Management's review

Operating review

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 is available at https://www.maerskdrilling.com/who-we-are/sustainability

Goals and policies for the underrepresented gender

The composition of the Company's board meets the requirements on diversity among the Company's shareholder-appointed board members with respect to the underrepresented gender.

The Company adheres to the Policy on Diversity and Inclusion in Maersk Drilling which was adopted at the board meeting of The Drilling Company of 1972 A/S on 2 April 2019. the Company does not discriminate based on age, gender, nationality, socioeconomic background, disability, religion or sexual orientation. We believe 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 the oil and gas industry, diversity can be a challenge, and women continue to be underrepresented. The Petroleum Equipment and Services Association in 2018 found that only 15% of the worldwide oil and gas workforce is female, and even fewer hold technical and management roles. With a traditional strong hold in the North Sea, the majority of the Company's workforce is Scandinavian or British nationals.

Our share of female employees increased from 10% in 2018 to 13% in 2019 and the share of female leaders rose slightly from 10% to 11%. Offshore, women only make up 2% of the workforce, all employed in non-managerial positions. Onshore, women represent 37% of our workforce. Female leaders made up 23% of our onshore leadership in 2019 compared to 24% in 2018. Our ambition is to ensure that more women progress into senior leadership positions.

We believe that strengthening our pipeline of female talent and leadership, on- and offshore, will increase diversity. In order to achieve this, we aim to address structural and cultural barriers by:

- Enhancing recruitment – through awareness of biases in candidate selection and by applying a structured assessment process.
- Promotions – through consideration of a broader and more diverse candidate field for leadership positions.
- Succession planning – through identifying diverse successors with a special view to senior management positions.
- Acceleration programmes – through putting a diverse selection of employees on a targeted career path.

Management's review

Operating review

In 2020, we will initiate a process to further explore the cultural and behavioural barriers to diversity in the Company’s leadership on- and offshore, with the aim of identifying additional responses to the diversity challenges. Our ambition extends beyond gender to include other diversity parameters, such as nationality and age. Alongside these efforts, we will continue to build awareness of the benefits of an inclusive culture through training and communication.

Events after the balance sheet date

Subsequent to year-end, the oil price has dropped substantially to a level of around USD 25-40 per barrel. Combined with the implications of the global outbreak of COVID-19, the lower oil price environment will have negative implications for the Company’s activities, as oil and gas companies have cancelled or deferred projects and exert pressure for lower rates, more contract flexibility and low cost solutions. This could negatively impact the Company’s future profitability.

Financial statements 1 January – 31 December

Income statement

USDm	Note	2019	2018
Income from equity investments in group entities		-65	942
Financial income	2	30	30
Financial expenses	3	-82	-4
Profit/loss before tax		-117	968
Tax on profit/loss for the year		1	-6
Profit/loss for the year	4	-116	962

Financial statements 1 January – 31 December

Balance sheet

USDm	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Investments	5		
Equity investments in group entities		4,208	4,273
Total fixed assets		4,208	4,273
Current assets			
Receivables			
Receivables from group entities		22	1,023
Corporation tax		1	0
		23	1,023
Total current assets		23	1,023
TOTAL ASSETS		4,231	5,296

Financial statements 1 January – 31 December

Balance sheet

USDm	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	87	87
Retained earnings		4,122	3,723
Total equity		4,209	3,810
Provisions			
Provisions for deferred tax	7	0	6
Total provisions		0	6
Liabilities other than provisions			
Non-current liabilities other than provisions			
Debt to credit institutions		0	1,375
Convertible and profit-sharing debt instruments		0	1
		0	1,376
Current liabilities other than provisions			
Banks, current liabilities		0	95
Trade payables		0	2
Payables to group entities		22	0
Corporation tax		0	3
Other payables		0	4
		22	104
Total liabilities other than provisions		22	1,480
TOTAL EQUITY AND LIABILITIES		4,231	5,296

Financial statements 1 January – 31 December

Statement of changes in equity

USDm	Contributed capital	Retained earnings	Total
Equity at 31 December 2017 (cost price method)	87	6,242	6,329
Net effect from change in accounting policy	0	-143	-143
Equity at 1 January 2018 (equity method)	87	6,099	6,186
Dividends to shareholder	0	-3,337	-3,337
Transferred over the profit appropriation	0	962	962
Fair value adjustment of hedging instruments	0	-1	-1
Equity at 1 January 2019	87	3,723	3,810
Cash capital increase	0	515	515
Transferred over the distribution of loss	0	-116	-116
Equity at 31 December 2019	87	4,122	4,209

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Maersk Drilling Holding A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C large entites under the Danish Financial Statements Act.

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 Holding 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 and audit fee disclosure

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.

Change in accounting policies

The Company has changed the accounting policies for investments in subsidiaries to be accounted for under the equity method, with the share of profit for the year for subsidiaries recognised through the income statement. Investments in subsidiaries were previously accounted for in accordance with the cost method, with dividends received from investments in subsidiaries recognised through the income statement. The change in accounting policy has not had an impact on deferred or current taxes.

The accounting policies were changed as the Company no longer prepares consolidated financial statements. It is therefore Maersk Drilling's assessment that accounting for investments in subsidiaries using the equity method will provide better insights into the financial performance of Maersk Drilling Holding A/S and its subsidiaries combined.

USDm	2019	2018
Effect on:		
Profit/loss	0	-135
Total assets	-279	-279
Equity	-279	-279

The comparative figures have been restated to reflect the changed accounting policies.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 2019, the exchange rate DKK/USD was 667,33 (2018: 652,13).

Income statement

Other external costs

Other external costs comprise costs incurred during the year for administrative expenses.

Income from equity investments in group entities

The proportionate share of the individual group entities' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group profits/losses and amortisation of goodwill.

Financial income and expenses

Financial income and financial 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 refunds for tax losses).

Balance sheet

Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report are not tied up in the revaluation reserve.

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 are determined on the basis of an individual assessment of each receivable.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

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 other than provisions

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

Financial statements 1 January – 31 December

Notes

USDm	2019	2018

2 Financial income

Interest income from group entities	29	30
Other financial income	1	0
	30	30

3 Financial expenses

Interest expense to group entities	18	0
Impairment losses on financial assets	3	0
Other financial costs	61	4
	82	4

4 Proposed profit appropriation/distribution of loss

Retained earnings	-116	962

5 Investments

USDm	Equity investments in group entities
Cost at 1 January 2019	6,612
Cost at 31 December 2019	6,612
Revaluations at 1 January 2019	-2,339
Revaluations for the year	-65
Revaluations 31 December 2019	-2,404
Carrying amount at 31 December 2019	4,208

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			USDm	USDm
Maersk Drilling A/S	Denmark	100%	4,208	-65
			4,208	-65

Financial statements 1 January – 31 December

Notes

6 Contributed capital

The contributed capital consists of 500.000 shares of a nominal value of DKK 1,000 each.

All shares rank equally. There have been no changes to the contributed capital during the last five years.

7 Deferred tax

Deferred tax is attributable to prepayments, deferred income and other provisions.

USDm	31/12 2019	31/12 2018
Deferred tax at 1 January	6	0
Deferred tax adjustment for the year in the income statement	-6	6
	0	6

8 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.

9 Pledges and guarantees

Jointly with other Maersk Drilling entities, the Company has guaranteed a total of USD 1,803 million related to Term and Revolving Facilities Agreements held by The Drilling Company of 1972 A/S. As of 31 December 2019, USD 400 million of the facilities were undrawn.

Shares in the direct subsidiary, Maersk Drilling A/S, and its subsidiaries being owners or operators of collateral rigs are provided as collateral.

10 Related party disclosures

The A.P. Moller 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, 2800 Kgs. Lyngby (initial parent company preparing consolidated financial statements)

Financial statements 1 January – 31 December

Notes

Other related parties

The Board of Directors and the Executive Management of the entities listed above with controlling interest in Maersk Drilling Holding 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, 2800 Kgs. Lyngby can be obtained by contacting this company or at investor.maerskdrilling.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.

11 Events after balance sheet date

Subsequent to year-end, the oil price has dropped substantially to a level of around USD 25-40 per barrel. Combined with the implications of the global outbreak of COVID-19, the lower oil price environment will have negative implications for the Company's activities, as oil and gas companies have cancelled or deferred projects and exert pressure for lower rates, more contract flexibility and low cost solutions. This could negatively impact the Company's future profitability.