20 August 2021

# Interim Financial Report for the first half of 2021

## Performance highlights for Q2 2021

*(Q1 2021 in brackets unless otherwise stated)*

- Revenue of USD 350m (USD 264m)
- Contracted days were 1,520 (1,199) resulting in a utilisation of 80% (61%)
- Average day rate of USD 230k (USD 220k)
- Financial uptime of 99.8% (92.9%)
- Secured contracts with a total contract value of USD 129m (USD 730m)
- Revenue backlog of USD 1.6bn at 30 June 2021 (USD 1.8bn at 31 March 2021). Forward contract coverage for the remainder of 2021 of 71% and 31% for 2022.
- Agreement to divest Mærsk Inspirer for a price of USD 373m.

## Financial highlights for the first half of 2021

*(H1 2020 in brackets unless otherwise stated)*

- Revenue of USD 614m (USD 584m)
- EBITDA before special items of USD 163m (USD 168m)
- Cash flow from operating activities of USD 94m (USD 145m) equal to a cash conversion of 62% (104%)
- Capex of USD 36m (USD 101m)
- Free cash flow of USD 22m (USD 3m)
- Net debt of USD 1,009m (31 December 2020: USD 1,059m) and leverage of 3.6x (31 December 2020: 3.7x)
- Liquidity reserves of USD 599m (31 December 2020: USD 626m) including an undrawn revolving credit facility of USD 400m (31 December 2020: USD 400m)
- Gain on sale of non-current assets of USD 17m (USD -3m)

## Guidance for 2021

The full-year guidance for 2021 was revised on 19 August 2021 as follows:

- Profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 290-330m (previously USD 260-310m).
- Capital expenditures are expected to be in the range of USD 110–130m (previously USD 120-140m).

The guidance range for EBITDA before special items reflects ordinary operational uncertainties, including general rig performance, mobilisation for and commencement of new contracts, and uncertainties regarding exercise of options and contract extensions for execution in 2021.

### CEO Jorn Madsen quote

"I am very pleased with our financial performance in the first half of 2021, building on exemplary efficiency and service delivery across our rig fleet and supported by a strong commercial performance in a market that is showing signs of an impending recovery. I am proud of our successful focus on taking responsibility for a larger part of well delivery, with additional services accounting for an increasing part of our revenue. The sale of Mærsk Inspirer will bolster our already solid balance sheet and provide financial flexibility to invest in further strategic progress."

# Financial highlights

| Income statement (USDm) | Q2 2021 | Q1 2021 | H1 2021 | H1 2020 |
|---|---|---|---|---|
| Revenue | 350 | 264 | 614 | 584 |
| EBITDA before special items | | | 163 | 168 |
| EBITDA | | | 152 | 140 |
| Impairment losses/reversals | | | 11 | -1,476 |
| Profit/loss before financial items (EBIT) | | | 73 | -1,515 |
| Profit/loss before tax | | | 41 | -1,554 |
| Profit/loss for the period | | | 29 | -1,534 |
| **Business drivers[1]** | | | | |
| No. of rigs at period end | 20 | 22 | 20 | 22 |
| Contracted days | 1,520 | 1,199 | 2,719 | 2,858 |
| Available days | 1,898 | 1,980 | 3,878 | 3,978 |
| Utilisation | 80% | 61% | 70% | 72% |
| Average dayrate (USDk) | 230 | 220 | 226 | 204 |
| Financial uptime | 99.8% | 92.9% | 97.0% | 98.5% |
| Revenue backlog at the end of the period (USDm) | 1,649 | 1,804 | 1,649 | 1,595 |
| **Balance sheet (USDm)** | | | | |
| Total assets | | | 3,657 | 3,947 |
| Total equity | | | 2,050 | 2,123 |
| Net debt[1] | | | 1,009 | 1,072 |
| Investments in non-current assets (Capex) | | | 36 | 101 |
| **Cash flow statement (USDm)** | | | | |
| Cash flow from operating activities | | | 94 | 145 |
| Cash flow used for investing activities | | | -11 | -71 |
| Cash flow from financing activities | | | -109 | -106 |
| Free cash flow[1] | | | 22 | 3 |
| **Financial ratios[1]** | | | | |
| EBITDA margin before special items | | | 26.5% | 28.8% |
| Cash conversion | | | 62% | 104% |
| Equity ratio | | | 56% | 54% |
| Leverage | | | 3.6 | 3.0 |
| **Share ratios** | | | | |
| Share price end of period (DKK) | | | 262.0 | 139.8 |
| Earnings in USD per share of DKK 10 for the period | | | 0.7 | -37.0 |
| Diluted earnings in USD per share of DKK 10 for the period | | | 0.7 | -37.0 |

| ESG ratios[2] | H1 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Carbon intensity: | | | | |
| GHG emissions (tonnes $CO_2$ eq.) per USDm revenue | 354.3 | 364.2 | 361.7 | 285.4 |
| GHG emissions (tonnes $CO_2$ eq.) per contracted day | 70.7 | 61.3 | 57.8 | 57.9 |
| GHG emissions (tonnes $CO_2$ eq.) per drilled meter | 1.91 | 1.57 | 1.34 | 1.66 |
| Women in leadership onshore (end of period) | 26% | 25% | 23% | 24% |
| Lost-time incident frequency | 0.55 | 0.44 | 0.75 | 0.92 |
| Total recordable case frequency | 1.93 | 2.63[3] | 2.49 | 2.75 |

[1] For definitions please refer to page 93 of the 2020 Annual Report.

[2] For definition of ESG ratios, please refer to the accounting principles applied for Maersk Drilling's 2020 Sustainability report which can be found online at https://www.maerskdrilling.com/who-we-are/sustainability

[3] The ratio was 2.48 in the 2020 Annual Report and has been recalculated to be 2.63 due to a reclassification of a safety case.

# Quarterly revenue and business drivers per segment

| | North Sea | International | Total[1] |
|---|---|---|---|
| **Q2 2021** | | | |
| Revenue (USDm) | 175 | 168 | 350 |
| Contracted days | 744 | 685 | 1,520 |
| Available days | 1,079 | 728 | 1,898 |
| Utilisation | 69% | 94% | 80% |
| Average day rate (USDk) | 235 | 245 | 230 |
| Financial uptime | 99.8% | 99.8% | 99.8% |
| Revenue backlog (USDm) | 754 | 851 | 1,649 |
| **Q1 2021** | | | |
| Revenue (USDm) | 151 | 106 | 264 |
| Contracted days | 647 | 462 | 1,199 |
| Available days | 1,170 | 720 | 1,980 |
| Utilisation | 55% | 64% | 61% |
| Average day rate (USDk) | 233 | 229 | 220 |
| Financial uptime | 97.7% | 88.4% | 92.9% |
| Revenue backlog (USDm) | 857 | 897 | 1,804 |

[1] In addition to the North Sea jack-ups and International floaters, the totals for Maersk Drilling include the benign jack-up rig Maersk Convincer. This rig is not included in either segment and it is not reported separately due to its limited materiality.

# Q2 2021 performance

Unless otherwise stated, comments in this section refer to Q2 2021 performance (Q1 2021)

Revenue for Q2 2021 of USD 350m (USD 264m) was positively impacted by higher average day rates and utilisation, especially in the International segment. Excluding one-offs such as additional revenue for recharge of COVID-19 related costs, revenue for Q2 2021 was USD 342m (USD 261m).

Financial uptime for Q2 2021 was high at 99.8% (92.9%), highlighting a strong operational performance after the downtime on Mærsk Deliverer due to equipment failure during the first quarter.

The total number of contracted days increased significantly to 1,520 days in Q2 2021 (1,199 days) resulting in higher utilisation for Q2 2021 of 80% (61%).

The average day rate was USD 230k in Q2 2021 (USD 220k) positively impacted by an increase in revenue from additional services. The average day rate was further impacted by COVID-19 related costs being passed on to customers mainly in the International floater segment. Excluding the effect of one-offs such as the COVID-19 recharges, the average day rate was USD 225k in Q2 2021 (USD 217k).

## North Sea jack-ups

Revenue in the North Sea segment of USD 175m in Q2 2021 (USD 151m) was positively impacted by a higher utilisation than in Q1 2021 while the average day rate remained around the same level. With 744 contracted days in the quarter (647 days) out of 1,079 available days (1,170 days), utilisation increased to 69% (55%).

Financial uptime remained high at 99.8% in Q2 2021 (97.7%). The average day rate of USD 235k in Q2 2021 (USD 233k) was on par with the previous quarter. The impact from COVID-19 related recharges on the average day rate was immaterial.

## International floaters

Revenue in the International floater segment increased to USD 168m in Q2 2021 (USD 106m) as a result of both a substantially higher utilisation and a higher average day rate. Utilisation reached 94% (64%) with 685 contracted days (462 days) out of 728 available days (720 days) with nearly all units being fully contracted during the quarter.

The financial uptime for the quarter reached 99.8% (88.4%) reflecting a strong operational performance.

The average day rate increased to USD 245k (USD 229k) primarily driven by Mærsk Deliverer being fully operational during the quarter, whereas it was six weeks off-hire due to equipment failure in the first quarter. Excluding the impact from COVID-19 related recharges, the average day rate was USD 236k in Q2 2021 (USD 223k).

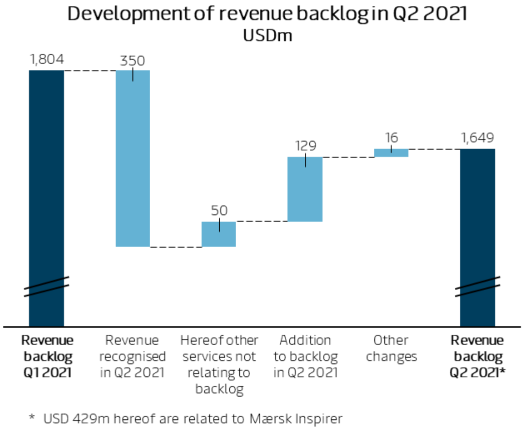
# Revenue backlog

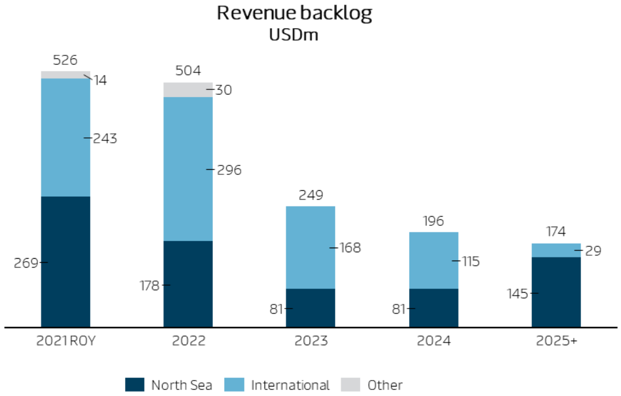
At 30 June 2021, the revenue backlog amounted to USD 1.6bn (31 March 2021: USD 1.8bn). During Q2 2021, a total of USD 129m was added to the revenue backlog from seven new contracts and contract extensions.

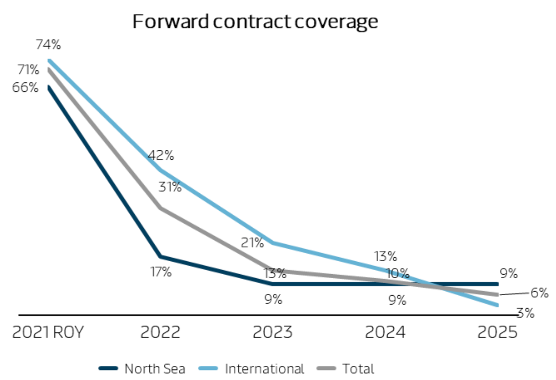
At 30 June 2021, the forward contract coverage for the remainder of 2021 was 66% for the North Sea jack-up segment, 74% for the International floater segment and 71% for the whole fleet.

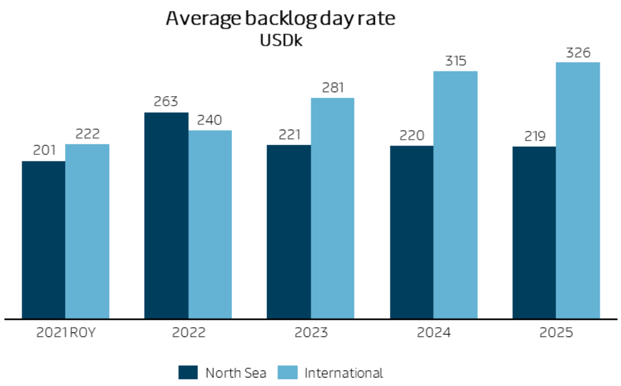
The average contractual backlog day rate for the remaining part of 2021 is USD 201k for the North Sea jack-up segment and USD 222k for the International floater segment. The average backlog day rates are gradually improving in subsequent years within both segments as long-term contracts earn better day rates.

Subsequent to 30 June 2021, Maersk Drilling has been awarded contract extensions for Maersk Intrepid and Mærsk Developer and a new contract for Mærsk Innovator bringing the total year to date additions to the revenue backlog to more than USD 900m.



Detailed contract information and planned out-of-service time for the rig fleet is provided in the fleet status report dated 20 August 2021, which is available at Maersk Drilling's investor relations page https://investor.maerskdrilling.com/.

# Market update

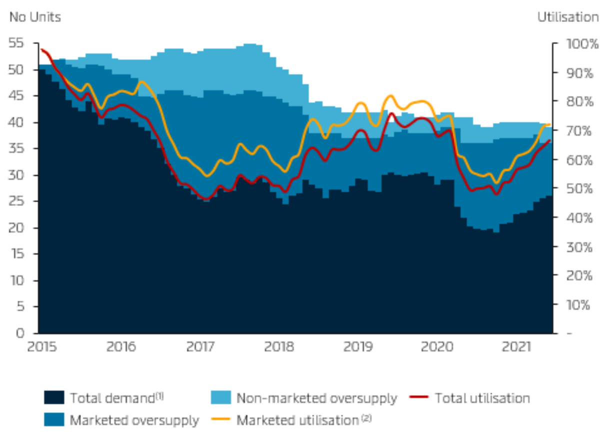
In the second quarter of 2021, utilisation levels trended higher due to a combination of increased demand and further rationalisation on the supply side.

The North Sea jack-up market has had an increase in activity with average demand growing to 26 units (Q1 2021: 23 units), while the average marketed supply decreased to 36 units (Q1 2021: 37 units), driving an increase in average marketed utilisation to 72% (Q1 2021: 62%). At the end of Q2 2021, the one-year forward contract coverage for North Sea jack-ups increased slightly to 44% (end of Q1 2021: 43%) reflecting that an increasing share of the available jack-up rig capacity in the North Sea is contracted for the coming 12 months. In line with market commentary expressed in Q1 2021, demand for North Sea jack-ups has increased moderately quarter-over-quarter, partly due to newly issued requirements for North Sea-capable jack-up rigs that came into effect in Q1 2021.

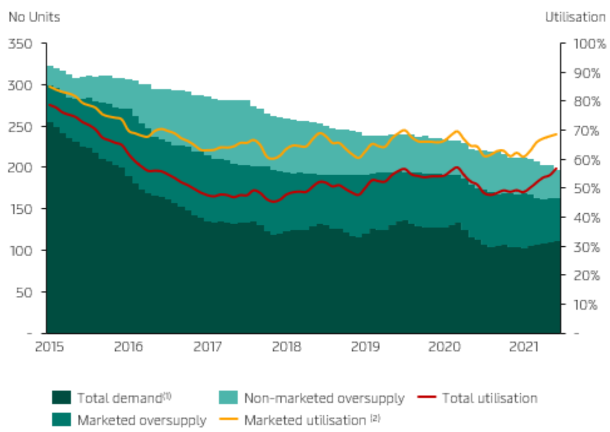
In the Norwegian sub-segment, demand is expected to be relatively flat in 2021. Currently, there are limited tender opportunities with commencement in 2022; and demand for Norwegian jack-ups in 2022 is expected to be subdued. This is not due to a perceived structural weakness in the sector, but is rather a mismatch between the startup of new, economically viable subsea development projects, and the successful completion of current projects. The long-term outlook for the Norwegian jack-up market remains positive given the significant pipeline of economically viable subsea development projects in shallow waters.

The global floater market showed a noticeable uptick in activity with average demand increasing to 111 units (Q1 2021: 105 units), while the average marketed supply decreased to 163 units (Q1 2021: 166), driving an increase in the average marketed utilisation to 68% (Q1 2021: 63%). At the end of Q2 2021, the one-year forward contract coverage for the global floater market remained unchanged at 39% (Q1 2021: 39%). Given current requirements, the demand for global floaters is expected to increase into 2022, and marketed floater utilisation has now surpassed the previous peak reached in 2019. The global floater market continues to be characterised by excess capacity which is restraining the pace of recovery. Additional floaters were scrapped in Q2 2021, but further supply side rationalisation is needed to establish more favorable market dynamics.

North Sea jack-up supply-demand and utilisation

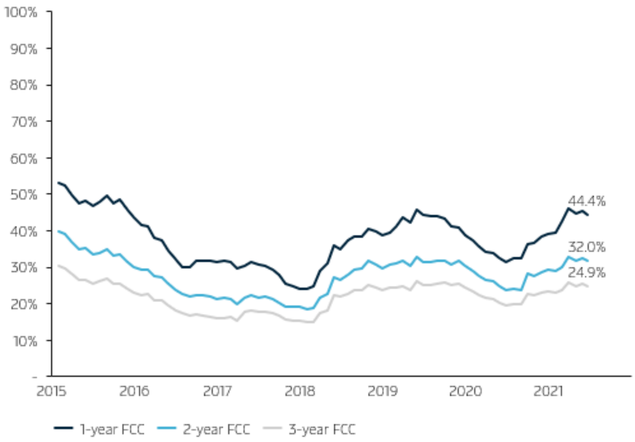



Floater supply-demand and utilisation

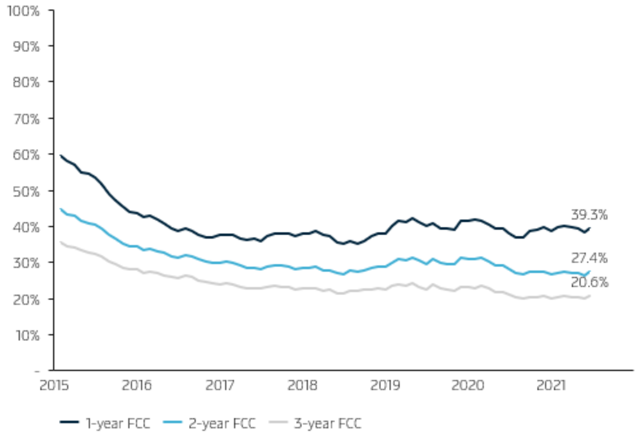



(1) 'Total demand' counts days actually on contract and does not include any future commitments
(2) Marketed utilisation is calculated using marketed supply, that are rigs which are actively offered for work in the near team.

North Sea jack-up forward contract coverage




Global Floater forward contract coverage




Source: IHS Rigpoint

# Financial Review for the first half of 2021

Unless otherwise stated, comments in this section refer to H1 2021 performance (H1 2020)

## Increased activity and recovering market after the 2020 downturn

While the market is still recovering from the 2020 downturn, there have been signs of improvement especially in the floater segment during the first half of 2021. For Maersk Drilling, the first half of 2021 has seen a strong commercial performance, with an impressive backlog addition of USD 859m.

Furthermore, Maersk Drilling pursued the divestment of two of its oldest rigs, Mærsk Gallant and Maersk Guardian, for a combined sales price of USD 31m contributing to the rationalisation of the global rig fleet and channelling of its strategic priority towards maintaining a modern and high-quality fleet. The new owner, New Fortress Energy, will use the rigs for non-drilling purposes as part of their planned Fast LNG project.

Maersk Drilling has further announced in May 2021 that it will sell the drilling and production unit Mærsk Inspirer to Havila Sirius in an all-cash transaction worth USD 373m with some of the proceeds from the sale to be used to repay net debt. The transaction is expected to be finalised during the second half of 2021.

The company continued to enjoy a solid financial position and robust balance sheet during the first half year, further strengthened by the recent divestments.

EBITDA before special items was USD 163m (USD 168m) equal to a margin of 26.5% (28.8%). Net result for the period was a profit of USD 29m (loss of USD 1,534) positively impacted by the increased activity levels particularly in the International segment and the gain from the divestment of the two rigs.

Cash conversion was 62% (104%) impacted by a build-up in net working capital due to increased activity in the second quarter. Investments in non-current assets were low with USD 36m (USD 101m) but expected to increase in the second half of the year.

Maersk Drilling has had limited impact from the COVID-19 pandemic. However, COVID-19 measures such as quarantine requirements and travel restrictions impacting crew changes have continued to result in additional costs which have been passed on to customers to the extent possible.

# Results

### Revenue

Revenue for the first six months of 2021 was USD 614m compared to USD 584m in the same period last year, positively impacted by a higher average day rate mainly due to higher 'Other revenue'.

The 'Other revenue' share of total revenues increased to USD 119m from USD 74m in the first half of 2020 equal to 19.4% (12.7%) of total revenue driven mainly by delivery of additional services and lump sum payments for rig mobilisation and demobilisation as well as an increase in COVID-19 related recharges. The increase in revenue from additional services shows the progress of our Smarter Drilling for Better Value strategic ambition where we are focused on collaborating closer with the customers for mutual gain by taking a more coordinating role and supplying the customers with a bigger part of the wide range of services needed to complete a drilling operation.

Total number of contracted days decreased to 2,719 from 2,858 in the first half of 2020, mainly due to the North Sea segment being negatively impacted by more idle rigs and the sale of Maersk Guardian. The average day rate was USD 226k in the first half of 2021 compared to USD 204k in the first half of 2020. Excluding additional other revenue for COVID-19 related costs, the average day rate was USD 222k (USD 193k excluding the termination fees and additional other revenue for COVID-19 related costs) which is higher than in the first half of 2020.

## Costs

Operating costs increased to USD 451m from USD 416m in the first half of 2020 primarily due to reactivation and mobilisation costs for previously stacked rigs, which were reactivated to commence contracts during the first half of 2021.

Sales, general and administrative expenses (SG&A) were on par with last year at USD 39m compared to USD 38m in the first half of 2020.

| USDm | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|
| Revenue | 614 | 584 | 1,096 |
| Costs | 451 | 416 | 807 |
| EBITDA before special items | 163 | 168 | 289 |
| Margin | 26.5% | 28.8% | 26.4% |

## EBITDA before special items per segment

For the first six months of 2021, EBITDA before special items was USD 163m (USD 168m), equal to a margin of 26.5% (28.8%), negatively impacted by increased reactivation costs for several previously stacked units which commenced contracts during the first half of 2021, partly offset by higher revenue due to additional services rendered.

EBITDA before special items was USD 130m (USD 143m) for the North Sea jack-up segment and USD 25m (USD 23m) for the International floater segment, respectively. The decline in the North Sea jack-up segment was primarily due to lower utilisation, with three warm-stacked rigs, as well as reactivation costs.

## Special items

Special items amounted to a cost of USD 11m (USD 28m) comprising USD 1m of redundancy costs from the establishment of virtual rig teams and a new technical hub in Gdansk and net COVID-19 related costs of USD 10m. Special items incurred in the first half of 2020 comprised redundancy costs from the reduction of the offshore and the onshore organisation of USD 23m and COVID-19 related costs not recharged to customers of USD 5m.

## Impairment reversals

In connection with the sale of Mærsk Gallant, an impairment reversal of USD 11m was recognised at 30 June 2021.

## Gain/loss on sale of non-current assets

The sale of Maersk Guardian was finalised in May 2021 at a price higher than the rig's carrying amount, resulting in a gain on sale of USD 17m.

## Financial income and expenses

Net financial expenses amounted to USD 32m (USD 39m) mainly due to lower interest rates in 2021 compared to the first six months of 2020 as well as a lower debt level.

## Tax

The total tax expense of USD 12m in the first half of 2021 (income of USD 20m) includes USD 3m adjustment of previous years. Tax for 2020 was impacted by a deferred tax adjustment of USD 37m from the impairment charge recognized. Cash tax paid during the first half of 2021 amounted to USD 18m (USD 14m) primarily comprised income and withholding taxes paid in the countries in which Maersk Drilling operates.

# Cash flows

### Cash flow from operating activities

Cash flow from operating activities was USD 94m (USD 145m) equal to a cash conversion of 62% (104%) negatively impacted by working capital build-up as a consequence of several rigs ramping up and commencing on contracts during the second quarter of 2021.

### Cash flow used for investing activities

Cash flow used for investing activities amounted to USD 11m for the first six months of 2021 (USD 71m) following a reduced number of yard stays in connection with special periodic surveys and is in line with Maersk Drilling's CAPEX guidance for 2021. Proceeds from the divestment of jack-up rigs Maersk Guardian and Mærsk Gallant of USD 33m and proceeds from $CO_2$ emission grants of USD 6m are offset in the net USD 11m.

### Cash flow from financing activities

Cash flow from financing activities was negative USD 109m for the first six months of 2021 (USD 106m) which is higher than the first six months of 2020, primarily driven by the extraordinary loan repayment made in May as a result of the sale of Maersk Guardian and Mærsk Gallant and partially offset by lower interest payment.

Adjusted for the USD 33m proceeds from the sale of Maersk Guardian and Mærsk Gallant and net interest payments, free cash flow amounted to USD 22m (USD 3m). The improvement in the free cash flow was driven by a significantly lower investing cash flow and reduced interest payments.

# Capital structure and funding

### Equity

At 30 June 2021, equity amounted to USD 2,050m compared to USD 2,017m at 31 December 2020, positively impacted by the net profit for the period of USD 29m.

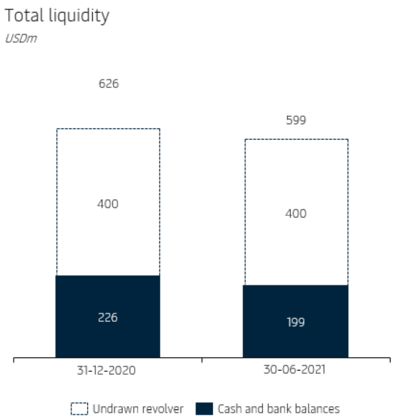
### Net debt and liquidity position

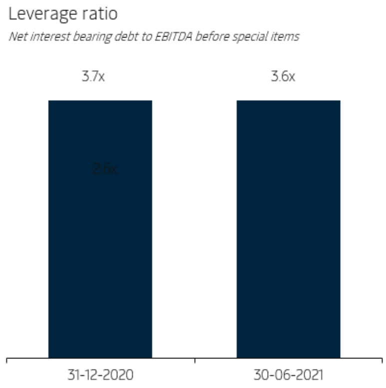
The overall objective of Maersk Drilling's financial policy is to enable Maersk Drilling to manage through the cyclicality that characterises the offshore drilling industry with the aim to create long-term shareholder value. The financial policy ensures a high degree of financial flexibility, a long-term funding view to minimize refinancing risks and that Maersk Drilling continues to have a robust capital structure through the business cycle.

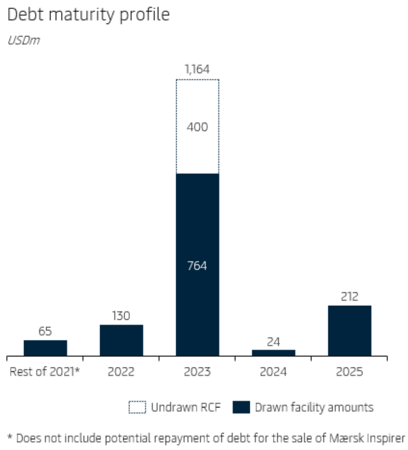
At 30 June 2021, net debt amounted to USD 1,009m (31 December 2020: USD 1,059m), comprising gross borrowings of USD 1,179m (31 December 2020: USD 1,254m), lease liabilities of USD 29m (31 December 2020: USD 31m), and cash and bank balances of USD 199m (31 December 2020: USD 226m).

At 30 June 2021, liquidity reserves amounted to USD 599m (31 December 2020: USD 626m), comprising cash and bank balances of USD 199m (31 December 2020: USD 226m) and a fully available undrawn revolving credit facility of USD 400m (31 December 2020: USD 400m). The leverage (net interest-bearing debt to last twelve months EBITDA before special items) was 3.6x (31 December 2020: 3.7x).

As of 30 June 2021, Maersk Drilling continued to be in compliance with all of its debt covenants.




# Sustainability progress

Maersk Drilling launched a new sustainability strategy in 2020 with particular focus on three prioritized areas: Carbon emissions, Diversity & Inclusion and Safety, including regular reporting on key performance indicators to track progress.

Within Carbon emissions, the majority of actions towards the strategy of a 50% reduction target by 2030 are in a preparatory phase. During H1 2021 more rigs moved from warm stacking to revenue generating activities. Together with increasing day rates, this led to a decrease of 2.7% in **GHG emissions per revenue** compared to the 2020 average. The increasing activity was primarily related to our floaters which are more emissions-intensive than the jack-ups. As a consequence, the operational metrics measuring **GHG emissions per contracted day** and **GHG emissions per drilled meter** were higher in H1 2021 compared to the 2020 average.

Within Diversity & Inclusion, we saw a slight improvement towards the goal of 30% **women in leadership positions onshore** by 2030. The share increased from 25% by end 2020 to 26% by end H1 2021.

Within Safety, we saw an improvement in the frequency of **total recordable cases** which decreased from 2.63 in 2020 to 1.93 in the first half of 2021. The **frequency of lost-time incidents** saw a slight increase from 0.44 in 2020 to 0.55 in the first half of 2021, though still being at a good level after a strong 2020 performance.

# *Interim Financial Statements*

## CONSOLIDATED INCOME STATEMENT

| (USDm) | Note | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|---|
| Revenue | 1, 2 | 614 | 584 | 1,096 |
| Costs | 3 | -451 | -416 | -807 |
| Profit before depreciation, amortisation, impairment losses/ reversals and special items (EBTIDA before special items) | | 163 | 168 | 289 |
| Special items | 4 | -11 | -28 | -42 |
| Profit before depreciation, amortisation and impairment losses/reversals (EBITDA) | | 152 | 140 | 247 |
| Depreciation and amortisation | | -106 | -175 | -286 |
| Impairment losses/reversals | | 11 | -1,476 | -1,580 |
| Gain/loss on sale of non-current assets | 5 | 17 | -3 | -2 |
| Share of results in joint ventures | | -1 | -1 | -1 |
| Profit/loss before financial items (EBIT) | | 73 | -1,515 | -1,622 |
| Financial expenses, net | | -32 | -39 | -72 |
| Profit/loss before tax | | 41 | -1,554 | -1,694 |
| Tax | | -12 | 20 | 41 |
| Profit/loss for the period | | 29 | -1,534 | -1,653 |
| Earnings in USD per share of DKK 10 for the period | 6 | 0.7 | -37.0 | -39.9 |
| Diluted earnings in USD per share of DKK 10 for the period | 6 | 0.7 | -37.0 | -39.9 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (USDm) | Note | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|---|
| Profit/loss for the period | | 29 | -1,534 | -1,653 |
| Cash flow hedges: | | | | |
| Value adjustment of hedges | | -2 | -27 | -20 |
| Reclassified to income statement | | 4 | 8 | 13 |
| Total items that have or will be reclassified to the income statement | | 2 | -19 | -7 |
| Other comprehensive income, net of tax | | 2 | -19 | -7 |
| Total comprehensive income for the period | | 31 | -1,553 | -1,660 |

# CONSOLIDATED CASH FLOW STATEMENT

| (USDm) | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|
| Profit/loss before financial items | 73 | -1,515 | -1,622 |
| Depreciation, amortisation and impairment losses, net | 95 | 1,651 | 1,866 |
| Gain/loss on sale of non-current assets, etc., net | -17 | 3 | 2 |
| Change in working capital | -39 | 8 | 27 |
| Change in provisions, etc. | -2 | 10 | 5 |
| Other non-cash items | 2 | 2 | -2 |
| Taxes paid, net | -18 | -14 | -9 |
| Cash flow from operating activities | 94 | 145 | 267 |
| Purchase of intangible assets and property, plant and equipment | -43 | -108 | -186 |
| Sale of intangible assets and property, plant and equipment | 33 | 38 | 38 |
| Other financial investments, net | -1 | -1 | -2 |
| Cash flow used for investing activities | -11 | -71 | -150 |
| Interest received | - | 2 | 2 |
| Interest paid | -28 | -35 | -64 |
| Repayment of borrowings | -81 | -68 | -137 |
| Purchase of treasury shares | - | -5 | -5 |
| Cash flow from financing activities | -109 | -106 | -204 |
| Net cash flow | -26 | -32 | -87 |
| Cash and bank balances 1 January | 226 | 310 | 310 |
| Currency translation effect on cash and bank balances | -1 | -3 | 3 |
| Cash and bank balances, end of period | 199 | 275 | 226 |
| Free cash flow | | | |
| Cash flow from operating activities | 94 | 145 | 267 |
| Cash flow used for investing activities | -11 | -71 | -150 |
| Sale of assets or activities | -33 | -38 | -38 |
| Net interest payments | -28 | -33 | -62 |
| Free cash flow | 22 | 3 | 17 |

The cash flow statement cannot be directly derived from the income statement and balance sheet.

Cash and bank balances at 30 June 2021 include USD 25m (30 June 2020: USD 12m, 31 December 2020: USD 14m) that relates to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by Maersk Drilling.

# CONSOLIDATED BALANCE SHEET

(USDm)

| Assets | Note | 30 June 2021 | 30 June 2020 | 31 December 2020 |
|---|---|---|---|---|
| Intangible assets | | 11 | 21 | 15 |
| Property, plant and equipment | | 2,848 | 3,191 | 3,053 |
| Right-of-use assets | | 26 | 31 | 28 |
| Financial non-current assets, etc. | | 6 | 5 | 6 |
| Deferred tax | | 18 | 24 | 15 |
| **Total non-current assets** | | **2,909** | **3,272** | **3,117** |
| | | | | |
| Trade receivables | | 258 | 245 | 210 |
| Tax receivables | | 18 | 17 | 14 |
| Other receivables | | 73 | 56 | 76 |
| Prepayments | | 61 | 82 | 76 |
| **Receivables, etc.** | | **410** | **400** | **376** |
| | | | | |
| Cash and bank balances | | 199 | 275 | 226 |
| Assets held for sale | 5 | 139 | - | - |
| **Total current assets** | | **748** | **675** | **602** |
| **Total assets** | | **3,657** | **3,947** | **3,719** |

| Equity and liabilities | 30 June 2021 | 30 June 2020 | 31 December 2020 |
|---|---|---|---|
| Share capital | 63 | 63 | 63 |
| Reserves and retained earnings | 1,987 | 2,060 | 1,954 |
| **Total equity** | **2,050** | **2,123** | **2,017** |
| | | | |
| Borrowings, non-current | 1,072 | 1,211 | 1,149 |
| Provisions | 5 | 2 | 5 |
| Deferred tax | 15 | 25 | 12 |
| Derivatives | 25 | 42 | 33 |
| **Other non-current liabilities** | **45** | **69** | **50** |
| **Total non-current liabilities** | **1,117** | **1,280** | **1,199** |
| | | | |
| Borrowings, current | 136 | 136 | 136 |
| Provisions | 13 | 23 | 15 |
| Trade payables | 185 | 183 | 167 |
| Tax payables | 64 | 79 | 65 |
| Other payables | 47 | 60 | 58 |
| Deferred income | 45 | 63 | 62 |
| **Other current liabilities** | **354** | **408** | **367** |
| **Total current liabilities** | **490** | **544** | **503** |
| **Total liabilities** | **1,607** | **1,824** | **1,702** |
| **Total equity and liabilities** | **3,657** | **3,947** | **3,719** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (USDm) | Share capital | Hedge reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| Equity 1 January 2021 | 63 | -30 | 1,984 | 2,017 |
| Other comprehensive income, net of tax | - | 2 | - | 2 |
| Profit/loss for the period | - | - | 29 | 29 |
| Total comprehensive income for the period | - | 2 | 29 | 31 |
| Value of share-based payments | - | - | 2 | 2 |
| Total transactions with shareholders | - | - | 2 | 2 |
| Equity 30 June 2021 | 63 | -28 | 2,015 | 2,050 |

| (USDm) | Share capital | Hedge reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| Equity 1 January 2020 | 63 | -23 | 3,640 | 3,680 |
| Other comprehensive income, net of tax | - | -19 | - | -19 |
| Profit/loss for the period | - | - | -1,534 | -1,534 |
| Total comprehensive income for the period | - | -19 | -1,534 | -1,553 |
| Value of share-based payments | - | - | 1 | 1 |
| Purchase of own shares | | | -5 | -5 |
| Total transactions with shareholders | - | - | -4 | -4 |
| Equity 30 June 2020 | 63 | -42 | 2,102 | 2,123 |

# Notes

*NOTE 1*

## Segment Information

| (USDm) | 6 months 2021 North-sea Jack-up rigs | 6 months 2021 International Floaters | 6 months 2021 Total | 6 months 2020 North-sea Jack-up rigs | 6 months 2020 International Floaters | 6 months 2020 Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| Segments | 326 | 274 | 600 | 317 | 253 | 570 |
| Unallocated activities | | | 14 | | | 14 |
| Total revenue | | | 614 | | | 584 |
| EBITDA before special items | | | | | | |
| Segments | 130 | 25 | 155 | 143 | 23 | 166 |
| Unallocated activities | | | 8 | | | 2 |
| Total EBITDA before special items | | | 163 | | | 168 |
| EBITDA margin before special items | | | | | | |
| Segments | 40% | 9% | 26% | 45% | 9% | 29% |
| Unallocated activities | | | 57% | | | 14% |
| Total EBITDA before special items | | | 27% | | | 29% |
| Depreciation and amortisation | | | | | | |
| Segments | -63 | -37 | -100 | -107 | -59 | -166 |
| Unallocated activities | | | -6 | | | -9 |
| Total depreciation and amortisation | | | -106 | | | -175 |
| Total impairment losses/reversals | | | | | | |
| Segments | 11 | - | 11 | -621 | -835 | -1,456 |
| Unallocated activities | | | - | | | -20 |
| Total impairment losses/reversals | | | 11 | | | -1,476 |
| Investments in non-current assets[1] | | | | | | |
| Segments | 13 | 17 | 30 | 37 | 64 | 101 |
| Unallocated activities | | | 6 | | | - |
| Total investments in non-current assets[1] | | | 36 | | | 101 |
| Non-current assets[1] | | | | | | |
| Segments | 1,640 | 1,139 | 2,779 | 1,971 | 1,166 | 3,137 |
| Unallocated activities | | | 80 | | | 75 |
| Total non-current assets[1] | | | 2,859 | | | 3,212 |

[1] Comprise intangible assets and property, plant and equipment.

*NOTE 2*

# Revenue

Revenue from drilling activities typically comprise fixed amounts for each day the rig is under contract differentiated by the activities undertaken ("day rate revenue") and other revenue components such as lump sum payments for rig mobilisation and demobilisation and payments for investments in equipment or rig upgrades required to meet the operational needs of the drilling campaign, both of which are amortised over the contract period; bonuses linked to performance in terms of time, efficiency or drilling outcome measures such as reservoir targeting; or payments for third-party services to be delivered by Maersk Drilling.

For revenue, geographical information is based on geographical location where earned. The geographical split and types of revenue are as follows:

(USDm)

| 6 months 2021 | North-sea Jack-up rigs | International Floaters | Other | Total |
|---|---|---|---|---|
| Geographical split | | | | |
| Denmark | 7 | - | 1 | 8 |
| Norway | 242 | - | - | 242 |
| United Kingdom | 66 | - | - | 66 |
| The Netherlands | 11 | - | - | 11 |
| Angola | - | 45 | - | 45 |
| Australia | - | 44 | - | 44 |
| Azerbaijan | - | 37 | - | 37 |
| Ghana | - | 23 | - | 23 |
| Suriname | - | 56 | - | 56 |
| Trinidad | - | 42 | - | 42 |
| Other | - | 27 | 13 | 40 |
| Total | 326 | 274 | 14 | 614 |
| Revenue split | | | | |
| Day rate revenue | 265 | 218 | 12 | 495 |
| Other revenue | 61 | 56 | 2 | 119 |
| Total | 326 | 274 | 14 | 614 |
| Type of revenue | | | | |
| Services component | 171 | 183 | 12 | 365 |
| Lease component | 155 | 91 | 2 | 249 |
| Total | 326 | 274 | 14 | 614 |

| 6 months 2020 | North-sea Jack-up rigs | International Floaters | Other | Total |
|---|---|---|---|---|
| Geographical split | | | | |
| Denmark | 14 | - | 1 | 15 |
| Norway | 213 | - | - | 213 |
| United Kingdom | 72 | - | - | 72 |
| The Netherlands | 18 | - | - | 18 |
| Angola | - | 25 | - | 25 |
| Australia | - | 26 | - | 26 |
| Egypt | - | 27 | - | 27 |
| Azerbaijan | - | 54 | - | 54 |

| | | | | |
|---|---|---|---|---|
| Ghana | - | 43 | - | 43 |
| Trinidad | - | 11 | - | 11 |
| Mexico | - | 43 | - | 43 |
| Myanmar | - | 24 | - | 24 |
| Other | - | - | 13 | 13 |
| **Total** | **317** | **253** | **14** | **584** |
| Revenue split | | | | |
| Day rate revenue | 283 | 215 | 12 | 510 |
| Other revenue | 34 | 38 | 2 | 74 |
| **Total** | **317** | **253** | **14** | **584** |
| Type of revenue | | | | |
| Services component | 149 | 189 | 12 | 350 |
| Lease component | 168 | 64 | 2 | 234 |
| **Total** | **317** | **253** | **14** | **584** |

At 30 June 2021, the revenue backlog of contracted future service and lease revenue amounted to USD 1,694m (31 December 2020: USD 1,327m).

*NOTE 3*

# Costs

| (USDm) | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|
| Operating costs | 408 | 375 | 725 |
| Innovation | 4 | 3 | 6 |
| Sales, general and administrative costs | 39 | 38 | 76 |
| **Total costs** | **451** | **416** | **807** |

*NOTE 4*

# Special items

| (USDm) | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|
| Transformation and restructuring costs | 1 | 23 | 24 |
| Covid-19 costs not recharged to customers | 10 | 5 | 18 |
| **Special items, costs** | **11** | **28** | **42** |
| **Special items, net** | **-11** | **-28** | **-42** |

Special items comprise non-recurring income and expenses that are not considered to be part of Maersk Drilling's ordinary operations such as warranty compensation from shipyards, major restructuring projects and separation and listing costs. Special items incurred in H1 2021 comprised redundancy costs from the establishment of virtual rig teams and a new technical hub in Gdansk of USD 1m and net COVID-19 related costs of USD 10m. Special items incurred in H1 2020 comprised redundancy costs from the reduction of the offshore and the onshore organisation of USD 23m and COVID-19 related costs not recharged to customers of USD 5m.

*NOTE 5*

# Sale of non-current assets

| (USDm) | 6 months 2021 | 6 months 2020 | Full year 2020 |
|---|---|---|---|
| Gains | 17 | - | - |
| Losses | - | 3 | 2 |
| Gain on sale of non-current assets, net | 17 | -3 | -2 |
| | | | |
| Carrying amount of non-current assets | 15 | 41 | 40 |
| Gain/loss on sale of non-current asset | 17 | -3 | -2 |
| Change in payables from the sale | 1 | - | - |
| Cash flow from sale of non-current assets | 33 | 38 | 38 |
| | | | |
| Carrying amount of assets held for sale | 139 | | |

During the second quarter of 2021, Maersk Drilling completed the divestment of the jack-up rigs Maersk Guardian (now named Guardian) and Mærsk Gallant (now named Gallant) to New Fortress Energy. The total sales price for the two rigs was USD 31m in all-cash transactions. The new owner will use the rigs for non-drilling purposes as part of their planned Fast LNG project. Additionally, USD 2m were collected from the sale of spare parts owned by Mærsk Gallant.

In May 2021, Maersk Drilling further announced that it entered into an agreement to divest the combined drilling and production unit Mærsk Inspirer to Havila Sirius for a price of USD 373m in an all-cash transaction. It is expected that the transaction closing will take place in the second half of 2021, subject to authorities' approval and completion of offshore (commissioning) activities for the rig to be ready to receive hydrocarbons.

In connection with the sale announcement, Mærsk Inspirer was classified as held for sale and depreciation of the asset was ceased.

*NOTE 6*

# Share capital and earnings per share

The share capital comprises 41,532,112 shares of DKK 10 each. At 30 June 2021, the Company holds 241,397 treasury shares (30 June 2020: 243,164) and the average number of shares in circulation during the first half of 2021 was 41,289,832 (30 June 2020: 41,410,530).

Earnings per share amounted to USD 0.7 (USD -37.0) and diluted earnings per share USD 0.7 (USD -37.0).

Earnings per share is equal to profit/loss for the period divided by the average number of shares in circulation or the average diluted number of shares in circulation. At 30 June 2021, a potential dilution effect from 291,342 shares (30 June 2020: 198,198 shares) outstanding under the long-term incentive programme are excluded from the calculation of diluted earnings per share as the inclusion would result in a reduction in the loss per share.

*NOTE 7*

# Capital commitments

At 30 June 2021, capital commitments relating to rig upgrades and special periodic surveys amounted to USD 35m (31 December 2020: USD 30m). Maersk Drilling does not have capital commitments related to new buildings.

*NOTE 8*

# Basis of preparation

This Interim Financial Report reflects the consolidated figures for The Drilling Company of 1972 A/S (the "Company") and its subsidiaries (the "Group" or "Maersk Drilling"). All amounts in the Interim Financial Report are stated in United States Dollars (USD) and rounded to the nearest million.

## Accounting policies

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and additional requirements in accordance with the Danish Financial Statements Act. The Interim Financial Report has not been audited or reviewed by the Company's auditor.

The accounting policies, judgements and significant estimates are consistent with those set out in the notes from the consolidated financial statements for 2020.

## Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and adopted the Interim Financial Report of The Drilling Company of 1972 A/S for the period 1 January - 30 June 2021.

The Interim Financial Report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and further requirements in the Danish Financial Statements Act. The accounting policies remain unchanged from the 2020 Annual Report.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's assets, equity, liabilities and financial position at 30 June 2021, and of the results of the Group's operations and cash flow for the period 1 January - 30 June 2021.

In our opinion, the Interim Financial Report includes a fair review of the development in the Group's operations and financial matters, the results for the period, the financial position and the Group's cash flows as well as a description of the most significant risks and uncertainties that the Group faces. Except as disclosed in the Interim Financial Report, no material changes in the major risks and elements of uncertainty faced by the Group have occurred relative to the disclosures in the 2020 Annual Report.

Copenhagen, 20 August 2021

### Executive Management

| | |
|---|---|
| Jørn Madsen<br>CEO | Christine Morris<br>CFO |

### Board of Directors

| | | |
|---|---|---|
| Claus V. Hemmingsen<br>Chairman | Robert M. Uggla<br>Vice Chairman | Ann-Christin G. Andersen |
| Kristin H. Holth | Martin Larsen | Alastair Maxwell |
| Caroline Alting | Glenn Gormsen | |

**Webcast**

In connection with the release of the H1 2021 Interim Financial Report, Executive Management will host a conference call on Friday 20 August at 10:00 a.m. CEST.

The conference call can be followed live via webcast on https://getvisualtv.net/stream/?maersk-drilling-h1-2021-interim-financial-report .

The presentation slides for the conference call will be available beforehand at https://investor.maerskdrilling.com/financial-reports-presentations .

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*Forward-looking statements*

This announcement contains certain forward-looking statements (being all statements that are not entirely based on historical facts including, but not limited to, statements as to the expectations, beliefs and future business, contract terms, including commencement dates, contract durations and day rates, rig availability, financial performance and prospects of Maersk Drilling). These forward-looking statements are based on our current expectations and are subject to certain risks, assumptions, trends and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements due to external factors, including, but not limited to, oil and natural gas prices and the impact of the economic climate; changes in the offshore drilling market, including fluctuations in supply and demand; variable levels of drilling activity and expenditures in the energy industry; changes in day rates; ability to secure future contracts; cancellation, early termination or renegotiation by our customers of drilling contracts; customer credit and risk of customer bankruptcy; risks associated with fixed cost drilling operations; unplanned downtime; cost overruns or delays in transportation of drilling units; cost overruns or delays in maintenance, repairs, or other rig projects; operating hazards and equipment failure; risk of collision and damage; casualty losses and limitations on insurance coverage; weather conditions in the Company's operating areas; increasing costs of compliance with regulations; changes in tax laws and interpretations by taxing authorities, hostilities, terrorism, and piracy; impairments; cyber incidents; the outcomes of disputes, including tax disputes and legal proceeding; and other risks disclosed in Maersk Drilling's Annual Reports and company announcements. Each forward-looking statement speaks only as of the date hereof, and the Company expressly disclaims any obligation to update or revise any forward-looking statements, except as required by law.

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