Annual Report 2021

The Drilling Company of 1972 A/S
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MAERSK DRILLING

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The Annual Report of The Drilling Company of 1972 A/S (referred to as "Maersk Drilling" or the "Group" when referring to the consolidated group of companies and the "Company" when referring to the parent company) comprises consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act, and parent company financial statements prepared in accordance with the Danish Financial Statements Act.

Forward-looking statements
The Annual Report contains forward-looking statements and certain third-party data and information. Reference is made to the important notice in respect of forward-looking statements and third-party data and information included on page 110.

Comparative figures
Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the previous year.

Management review

Towards a sustainable drilling industry

For yet another year, the COVID-19 pandemic has brought substantial challenges. It required massive efforts and great mobilisation across the organisation. In some cases, the pandemic required significant sacrifices amongst all the people of Maersk Drilling to uphold our first class and safe service delivery to our customers in order to achieve excellent results in a challenging market. I wish to start out by expressing my appreciation and deepfelt gratitude for the good spirits shown and the huge contributions that have been made.

With the strong rebound in the global economy in 2021, the energy transition is once again at center stage of political agendas. COP26 in Glasgow confirmed the global determination to address the issue with important pledges from major countries to achieve net-zero emissions in the future.

The will to transform our future is widespread, however, there is also an increasing realisation that many of modern society's needs in the transition require hydrocarbon-based solutions that have been refined over decades. In sectors like shipping, construction, air travel and agriculture, further advances must be made on both performance and costs before viable alternatives can be made available on a global scale.

Companies that are able to provide the necessary hydrocarbons in the most responsible and sustainable way will play a crucial role in the future of our energy systems. The energy transition and increasing sustainability demands on the oil and gas sector can offer a promising platform for our offerings now and in the future.

In recent years, investment levels have been low in the upstream sector but with the rebounding world economy, drilling markets have begun to recover. As the price of oil recently reached multi-year highs, we have seen increasing day rates and greater utilisation of rigs. With an improved cost structure and a long-standing focus on operational efficiency, Maersk Drilling is well-positioned to benefit from a continuing market recovery.

The proposed plan to combine the business activities of Maersk Drilling and Noble Corporation was announced in November. We will be creating a combined company with sufficient scale to serve as a world class offshore drilling contractor for energy companies worldwide.

This transaction will combine the business activities of two leading offshore drilling companies with a strong strategic rationale and significant value creation to customers as well as shareholders.

The combined company has every opportunity to lead the offshore drilling industry based on a unique operating history, unparalleled brand reputation, a global footprint including both harsh and benign drilling environments, a first-class fleet of assets, and a leading position within sustainability. Our focus will be on deepwater and harsh environment drilling with a current fleet of 39 drilling rigs located in the North Sea, North America, South America, West Africa, and the Asia-Pacific.

With this proposed combination, we believe we are creating the best opportunity for long-term growth and shareholder value. The combination with Noble is expected to provide through-cycle ability to return cash to shareholders based on realisation of estimated annual cost synergies of USD 125 million, an even stronger balance sheet, and additional cash flow potential as the market recovery continues.

The shareholders of the respective companies now have the opportunity to approve the merger which has been unanimously recommended by both Boards of Directors. I sincerely believe that this move will benefit Maersk Drilling's shareholders and set the scene for a new, stronger player to be an innovative force in the drilling industry.

"Companies that are able to provide the necessary hydrocarbons in the most responsible and sustainable way will play a crucial role in the future of our energy systems."

Claus V. Hemmingsen Chairman

Strong performance in challenging times

"We have continued to deliver safe, efficient and reliable drilling services, quarter after quarter, to the full satisfaction of our customers."

Jørn Madsen CEO

2021 was another year of strong performance by our people despite the continued challenges posed by the pandemic. Societies across the globe are finding the remedies necessary to return to a more normalised way of life and the global economy has regained strength. Being a supplier to the global oil and gas sector has led to a rebound in our activity levels and an improved financial performance. Our revenues grew by an impressive 16% for the full year and our average fleet utilisation was 75%, back at the pre-COVID levels.

I want to thank all our employees for their considerable contributions, and especially those of our colleagues who are still impacted by COVID restrictions. Many of our offshore colleagues are still facing challenging circumstances in their efforts to deliver the quality of service that we are proud to provide. Nevertheless, we have continued to ensure safe, efficient and reliable drilling services, quarter after quarter, to the full satisfaction of our customers.

Even though society at large has successfully fought the most devastating effects of the pandemic, we are still in a situation where strong forces are putting pressure on our industry. Three structural issues in particular must be addressed.

The first main structural issue concerns the long-term financial durability of the offshore drilling industry. There continues to be too many rigs and too many players. This must be addressed through consolidation, which in turn should lead to more rational choices and an overall healthier industry with the ability to invest in innovation and sustainability. Maersk Drilling is certainly doing its part with the announced plan to combine with Noble Corporation, but further consolidation is desirable.

The second structural issue is the energy transition. This societal transformation is impacting all parts of our industry and many of our customers have launched ambitious decarbonisation plans. Maersk Drilling has done the same with the launch of the most ambitious and wide-reaching targets in the drilling industry.

I am proud that we have taken this bold move. I am also sensing a growing understanding from society that oil and gas have a vital role to play in the energy transition. It is becoming increasingly clear that there is a need for stable and affordable energy supplied from our sector; and that it is crucial to balance more intermittent wind and solar energy sources and to provide fuel for activities which have not yet developed alternatives. There will be an ongoing need for service providers like us for many years to come.

The third structural issue is efficiency and cost levels. The gains that can be achieved in our industry via optimised planning and execution supported by better digital tools are staggering. There are ample opportunities for increased value creation. This core belief is behind our strategic focus and our continued drive for Smarter Drilling for Better Value which seeks to increase certainty and reduce the time, cost and emissions involved in well delivery. Our closest partners recognise the strong outcomes as proven by our recently announced five-year agreement with Aker BP to continue our jack-up alliance in Norway.

2021 has been a year of strong progress and tremendous change. I am certain that 2022 will be just as exciting and present many more opportunities.

Noble Corporation and Maersk Drilling business combination

As announced on 10 November 2021, Noble Corporation and Maersk Drilling have entered into a definitive business combination agreement to combine in a primarily stock transaction. The transaction is estimated to close in mid-2022 and is progressing as planned. Closing of the transaction is subject to Noble shareholder approval, acceptance of the exchange offer by holders of at least 80% of Maersk Drilling shares, merger clearance and other regulatory approvals, listing on the New York Stock Exchange and Nasdaq Copenhagen, and other customary conditions.

The combined company will be headquartered in Houston, Texas, and will maintain a significant operating presence in Stavanger, Norway, to retain proximity to customers and support operations in the Norwegian sector and the broader North Sea, and to ensure continued access to talent.

Transaction terms and structure

The transaction will be implemented by way of (i) a merger of Noble with and into a wholly owned subsidiary of Noble Finco Limited, a private limited company formed under the laws of England and Wales and an indirect, wholly owned subsidiary of Noble ("Topco"), and (ii) a Danish voluntary tender exchange offer by Topco to Maersk Drilling shareholders. In connection with the merger, each outstanding Noble share and penny warrant will be converted into the right to receive one share of Topco, and each issued tranche 1, tranche 2 and tranche 3 warrant will be converted into a warrant to purchase one share of Topco.

Additionally, pursuant to the exchange offer, Maersk Drilling shareholders may exchange each Maersk Drilling share for 1.6137 Topco shares, and will in lieu of their entitlement to certain Topco shares have the ability to elect cash consideration for up to USD 1,000 of their Maersk Drilling shares (payable in DKK), subject to an aggregate cash consideration cap of USD 50 million (excluding any cash paid for fractional shares).

Strategic rationale

The decision to combine Noble and Maersk Drilling is predicated on a strong strategic rationale that will create significant value for shareholders:

Creating a world class offshore driller: The combined company will benefit from a modern, high-end fleet comprised of 20 floaters and 19 jack-up rigs across benign and harsh environments, which will serve a broad portfolio of high quality, blue-chip customers.

Accretive to all shareholders: The combination comes with potential annual cost synergies of USD 125 million, which are expected to be front-loaded and realised within two years after closing of the transaction. The synergies are expected to be accretive to free cash flow per share. The combined company's scale will significantly enhance its cost-competitiveness.

Enhancing the customer experience: The combination will bring together two complementary cultures with an unwavering commitment to best-in-class safety performance and customer satisfaction. The combined company will be a leader and first-mover in innovation and sustainability.

Platform for strong cash flow generation and distribution: The balance sheet of the combined company will be best-in class with low net leverage and strong liquidity including a combined cash balance of approximately USD 900 million, providing resiliency through the cycle and allowing the combined company to focus on implementing a sustainable return of capital policy for shareholders.

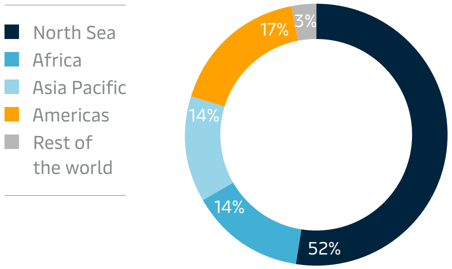
2021 Highlights

1.3

Revenue 2021 (USD billion)

Revenue grew by 16% from last year (1.1 bn).

Geographical presence by revenue 2021



21%

Other revenue share of total revenue 2021

Other revenue share of total revenue increased to 21% from 14% in 2020, mainly by delivery of additional services and lump sum payments for rig mobilisation and demobilisation. The increase in revenue from additional services shows the progress of our Smarter Drilling for Better Value strategic ambition.

346

EBITDA before special items 2021 (USD million)

The financial performance in 2021 was positively impacted by increased activity levels especially in the International segment.

EBITDA before special items amounted to USD 346m (USD 289m), in line with the latest guidance of EBITDA before special items of around USD 350m. EBITDA margin was 27% (26%).

102

CAPEX (USD million)

Capital expenditures of USD 102m were in line with the most recent guidance of around USD 100m and a substantial reduction from last year (USD 162m). Capital expenditures in 2021 comprised one Special Periodic Survey, rig upgrades linked to contracts and general maintenance of the fleet.

157

Free cash flow (USD million)

Excluding proceeds of USD 405m from the sales of Mærsk Gallant, Maersk Guardian and Mærsk Inspirer, free cash flow after interest payments amounted to USD 157m in 2021 (USD 17m).

1.9

Revenue backlog 2021 (USD billion)

Maersk Drilling had a strong commercial performance in 2021 securing 35 new contracts and contract extensions including the agreement to renew our five year Aker BP frame agreement, adding more than USD 2bn (USD 469m) to the contract backlog.

97.6%

Financial uptime 2021

Financial uptime remained high but slightly lower than in 2020 (98.9%) due to downtime on Mærsk Deliverer during the first quarter.

6.5

Customer satisfaction score 2021 on a scale from one to seven (2020: 6.7).

0.53

Lost Time Injury frequency (based on man hours)

Safety performance continues to be strong but the injury frequency was slightly above last year (0.44).

19

Number of rigs

During the year, Maersk Drilling successfully divested two of its oldest rigs, Mærsk Gallant and Maersk Guardian, contributing to the rationalisation of the global rig fleet. This is consistent with our strategic priority of maintaining a modern and high-quality fleet. Furthermore, Maersk Drilling completed the divestment of the combined drilling and production unit Mærsk Inspirer, a non-core asset, significantly deleveraging its balance sheet.

Our approach to sustainability

In 2020, Maersk Drilling launched one of the industry's most ambitious sustainability strategies based on three pillars: Sustainable Energy Future, Caring for People, and Responsible Business. During 2021, progress has been made with a special focus on the two main components of the strategy: Climate Action and Diversity & Inclusion.

Maersk Drilling's sustainability approach is described in further details on our website and in our Sustainability Report which also serves as our reporting pursuant to section 99a of the Danish Financial Statements Act. It can be found online at https://www.maerskdrilling.com/who-we-are/sustainability

We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain

TOPIC AREAS:
- Climate Action
- Preparedness for the Energy Transition
- Responsible Consumption

TARGET:
- Emissions Intensity Target (-50%) by 2030

We want to be a safe, diverse, inclusive, and people-centric company

TOPIC AREAS:
- Safety
- Diversity & Inclusion
- Bringing Value to Local Communities

TARGET:
- Onshore Female Leadership Target (30%) by 2023

We are committed to being a good corporate citizen by conducting our business in a way that protects people and minimises adverse effects on the environment and society

TOPIC AREAS:
- Marine & Air Environment
- Business Ethics & Compliance
- End-of-Life – Oil & Gas Assets

ESG REPORTING AND DISCLOSURE AMBITION AND INITIATIVES

We aim to conduct transparent, standardised and impactful reporting and disclosure

Five-year summary

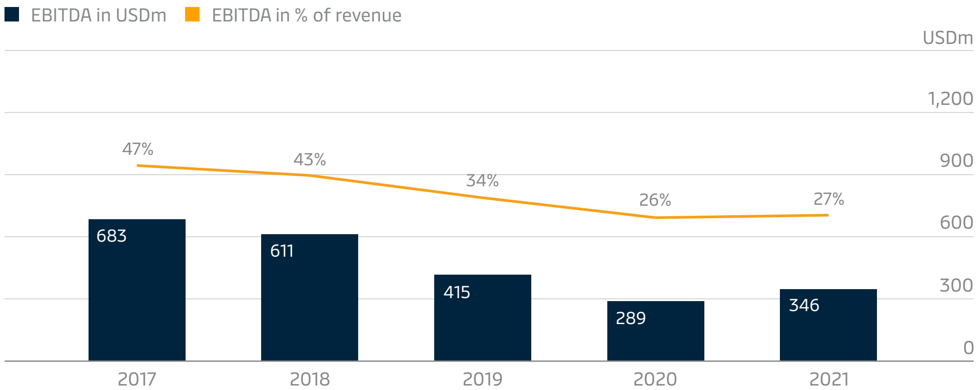
USD Million	2021	2020	2019	2018[2]	2017[2]
Income statement					
Revenue	1,267	1,096	1,222	1,429	1,439
Costs	-921	-807	-807	-818	-756
Profit before depreciation and amortisation, impairment losses and special items (EBITDA before special items)	**346**	**289**	**415**	**611**	**683**
Special items	-21	-42	-16	-16	2
EBITDA	**325**	**247**	**399**	**595**	**685**
Depreciation and amortisation	-213	-286	-387	-403	-468
Impairment losses/reversals, net	11	-1,580	-34	810	-1,769
Gain/loss on sale of non-current assets	256	-2	8	-	-
Share of results in joint ventures	-1	-1	-2	-1	-
Profit/loss before financial items (EBIT)	**378**	**-1,622**	**-16**	**1,001**	**-1,552**
Financial items, net	-61	-72	-68	-12	-19
Profit/loss before tax	**317**	**-1,694**	**-84**	**989**	**-1,571**
Tax	-26	41	-29	-48	49
Profit/loss for the year	**291**	**-1,653**	**-113**	**941**	**-1,522**
Balance sheet					
Total assets	3,782	3,719	5,517	5,718	8,256
Total equity	2,320	2,017	3,680	3,814	6,213
Net debt/(receivable)	505	1,059	1,099	1,097	-1,809
Investments in Property, Plant & Equipment	92	158	309	182	518
Cash flow statement					
Cash flow from operating activities	315	267	420	593	652
Cash flow from/used for investing activities	301	-150	-303	-136	-448
Free cash flow[1]	157	17	32	441	561

USD Million	2021	2020	2019	2018	2017
Financial ratios[1]					
EBITDA margin before special items	27%	26%	34%	43%	47%
Return on equity	13%	-58%	-3%	19%	-20%
Cash conversion	97%	108%	105%	100%	95%
Asset turnover	43%	28%	25%	31%	28%
Equity ratio	61%	54%	67%	67%	75%
Leverage	1.5	3.7	2.6	1.8	-2.6
Performance drivers[1]					
No. of rigs at year end	19	22	22	23	24
Contracted days	5,615	5,208	6,310	6,024	5,553
Available days	7,493	8,018	8,204	8,695	8,460
Utilisation	75%	65%	77%	69%	66%
Average day rate (USDk)	226	210	194	237	258
Financial uptime	97.6%	98.9%	98.9%	99.1%	98.5%
ESG ratios[3]					
Carbon intensity[4]:					
Tonnes CO_2 eq. per USDm revenue	359.8	374.4	371.1	293.7	-
Tonnes CO_2 eq. per contracted day	76.1	62.9	59.3	59.2	-
Tonnes CO_2 eq. per drilled meter	2.06	1.61	1.37	1.70	-
Women in leadership (onshore)	28%	25%	23%	24%	-
Lost Time Injury frequency	0.53	0.44	0.75	0.92	0.53
Total recordable case frequency	1.45	2.63[5]	2.49	2.75	2.66

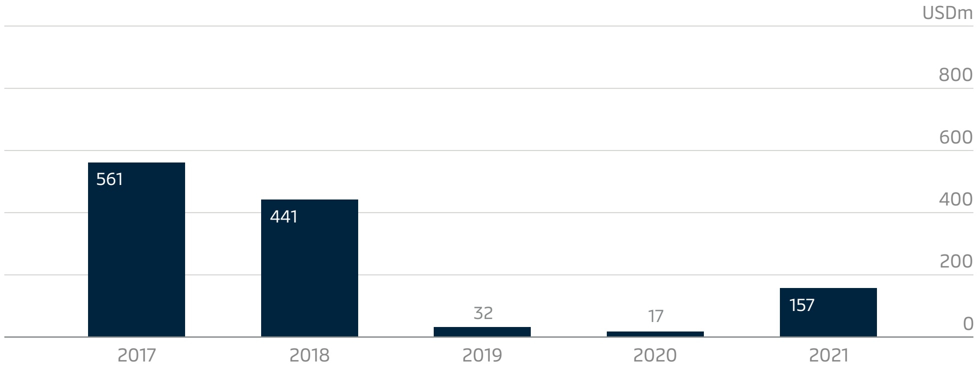
1 See definitions of financial ratios, performance drivers and non-IFRS financial measures on page 100.
2 The 2017–2018 financial figures are prepared based on the consolidated financial statements for 2018 of Maersk Drilling Holding A/S, adjusted to reflect the activities comparable with those in this Annual Report.
3 For definition of ESG ratios, reference is made to Maersk Drilling's 2021 Sustainability report which can be found online at https://www.maerskdrilling.com/who-we-are/sustainability .
4 The carbon intensity ratios for 2018- 2020 from the 2020 Annual Report have been recalculated due to the addition of fugitive emissions and more complete data.
5 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.

Five-year summary

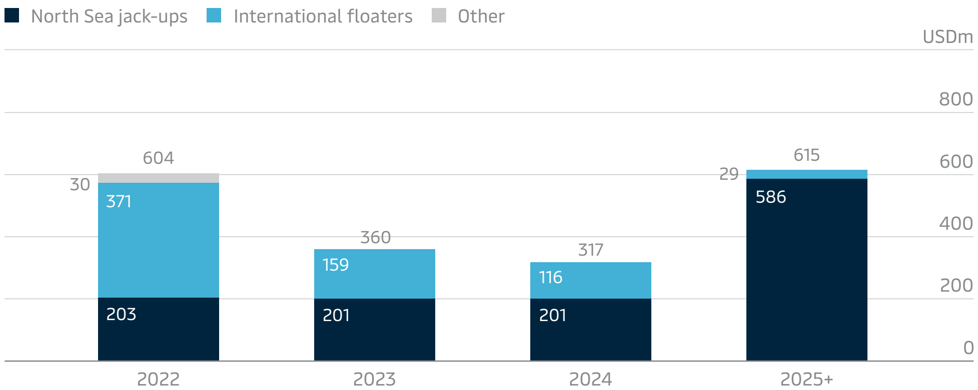
EBITDA[1]



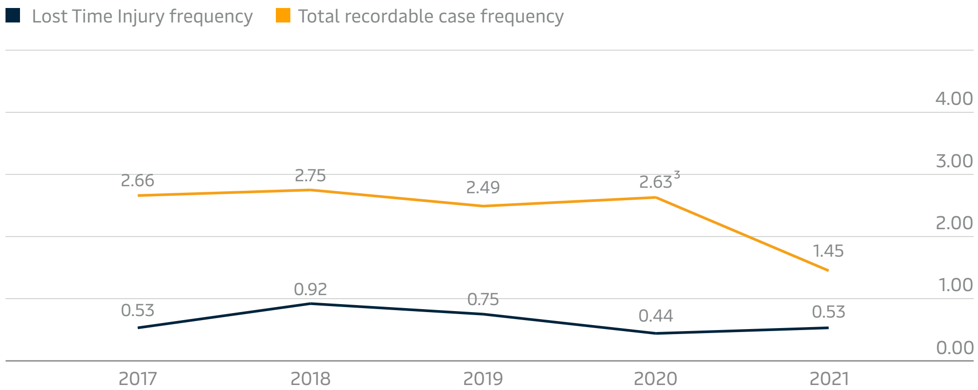
Free cash flow[2]



Revenue backlog



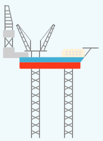
Safety performance



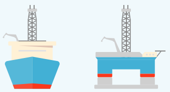
1 EBITDA before special items
2 Free Cash Flow defined as cash flow from operating activities less cash flow from/used for investing activities, adjusted for newbuild cash flow and proceeds from the divestment of assets or activities, and less net interest payments.

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.

Segment overview



● Jack-ups



● Floaters

As per rigs' location at year end 2021

Segment overview: North Sea Jack-ups

During 2021, the North Sea division added a total of USD 1.2bn in backlog through the signing of 18 contracts and/or contract extensions.

Notably, in December Maersk Drilling and AkerBP agreed to renew and extend our existing Framework Agreement for an additional five years. This comes with an expected contract value of approximately USD 1bn covering two XLE-rigs. The agreement is a milestone and proof of concept of the values created by working as strategic partners, while along the way producing remarkable efficiency gains and adding significant value for all parties involved. This long-term commitment will include the flexibility to change operational modes depending on the need. In extension, Aker BP and Maersk Drilling have further committed to invest in hybrid, low-emission upgrades on Maersk Invincible that are similar to those previously installed on Maersk Intrepid and Maersk Integrator.

In Norway, Mærsk Inspirer was moved to an offshore standby location at the Yme oil field at the end of 2020 after a three-year upgrade of the rig. Subsequently, in May, the rig was agreed to be divested to Havila Sirius in an all-cash based transaction with pre-tax proceeds of USD 373m. The transaction closed on 27 October, 2021, and was in line with Maersk Drilling's strategic priority of aligning its fleet to its core business. The sale significantly deleveraged Maersk Drilling's balance sheet, and triggered a simultaneous loan repayment of USD 80m (per the terms of Maersk Drilling's loan agreement). Maersk Drilling will continue supplying crew and drilling management services to Inspirer throughout 2022 in exchange for a management fee that is not included in the proceeds of the sale.

In addition to Mærsk Inspirer, Maersk Guardian and Mærsk Gallant were also divested in an all-cash based transaction and delivered to their new owner, New Fortress Energy ("NFE"), in May and June 2021, respectively. Pre-tax proceeds were USD 31m and – per the terms of Maersk Drilling's loan agreement – the sale triggered a simultaneous loan repayment of USD 13m. The rigs will be utilised for non-drilling purposes as part of NFE's groundbreaking Fast LNG

During 2021 the North Sea division signed 18 contracts or contract extensions, equivalent to a backlog addition of USD 1.2bn.

solution, effectively contributing to the necessary rationalisation of the global drilling rig fleet. Fast LNG will produce low cost LNG in a record development timeline, helping customers transition to cleaner, more affordable and reliable energy.

Also in Norway, Maersk Intrepid spent the entire year working for Equinor at the Martin Linge field, delivering drilling and well intervention services with a very high level of efficiency. Maersk Invincible spent the entire year operating for AkerBP at the Valhall field, offshore Norway, and Maersk Integrator worked for MOL, OMV and Aker BP during 2021. The program for OMV was based on a fixed price scheme and was a successful collaboration resulting in the well being completed ahead of time.

Finally, Maersk Reacher was reactivated during the second and third quarters to commence a nine-month well intervention program with Aker BP.

In the southern part of the North Sea, Maersk Highlander concluded its five-year contract with TotalEnergies in the Danish sector in December with a very high level of efficiency. While customer dialogues for the rig are ongoing, the decision was taken to warm-stack Maersk Highlander and postpone its upcoming SPS until a positive business case materialises.

Throughout the year, Maersk Drilling's expertise enabled numerous successful rig mobilisations. Maersk Resolve and Maersk Resolute were efficiently reactivated during the first quarter to commence operations for Spirit Energy and Petrogas, followed by contracts with INEOS and Dana, respectively. Additionally, Mærsk Innovator was reactivated during the fourth quarter for an eleven month contract with Harbour Energy in the United Kingdom commencing in Q1 2022.

North Sea Jack-up rigs

USD Million	**2021**	2020	2019	2018	2017
Revenue	656	608	800	840	829
EBITDA before special items	254	264	385	432	442
EBITDA margin before special items	39%	43%	48%	51%	53%
Non-current assets	1,601	1,831	2,663	2,716	2,458
Asset turnover	38%	27%	30%	32%	31%
No. of rigs at year end	10	13	13	13	14
Utilisation	68%	62%	88%	76%	72%
Average day rates (USDk)	231	208	193	218	233
Financial uptime	99.3%	99.8%	99.6%	99.2%	97.6%

Performance in the North Sea segment generated an increase in revenue of 8% from last year to USD 656m (USD 608m) driven by a higher utilisation and average day rate. Despite a better coverage of our rigs in 2021, EBITDA before special items of USD 254m (USD 264m) was slightly lower due to higher reactivation and mobilisation costs, greater costs for providing more additional services and additional costs required to run our fleet at a utilisation that was 6 percentage points higher than in 2020. Financial uptime remained high at 99.3% (99.8%).

Fastest well ever on the Norwegian Continental Shelf

On 2 December 2021, Maersk Invincible completed a record-breaking operation for Aker BP on the Hod B field, setting a new speed record for development wells drilled by a jack-up on the Norwegian Continental Shelf. Maersk Invincible performed the B-8 drilling operation at a drilling speed of 397 m per day excluding logging, thereby surpassing a previous dry hole record of 356 m per day, set by Maersk Interceptor at the Ivar Aasen well D-12 in July 2017. In fact, Maersk Invincible had already gone past this historic benchmark earlier in the campaign at Hod B.

"It does not get any better than this – literally and practically speaking! Amazing performance by the whole team!" says Mads Rødsjø, VP Drilling & Wells, Aker BP.

The new Norwegian record is further proof of the value of the focus on One Team performance and improvements made through collaboration in the Jack-up Alliance with Aker BP and Halliburton. By collaborating closely on detailed planning, identification of risks, and removal of inefficiencies, Alliance partners have built the foundation for our rigs to provide truly stellar performances.

"The synergies gained from working closely together with Aker BP and Halliburton over time are evident. Trust, transparency, inclusion and common goals – all of this makes everyone involved go the extra mile to deliver value to our fantastic customer and Alliance partner, Aker BP. We call it the Alliance mindset."

Helge Talleraas Alliance Performance Manager, Maersk Drilling

Segment overview: International Floaters

The international floater division saw a significant increase in utilisation 2021, made possible by the successful reactivation of four deepwater units with three new customers.

The international floater division saw a significant increase in utilisation in 2021 compared to 2020. All seven of Maersk Drilling's deepwater floaters were contracted for the majority of the year – a strong commercial achievement and a remarkable operational milestone. This was made possible by the successful reactivation of four deepwater units with three new customers.

Reactivating and mobilising a drilling rig to operate in a new country for a new customer is a challenging and complex project every single time. Countries have different rules and regulations, including various tax considerations, labour laws, corporate setups, legal regimes, technical requirements, and HSE safety cases. Our customers have different needs and different ways of working on every campaign – no two contracts are the same. Maersk Drilling's core competencies developed from nearly 50 years of drilling – as well as our sound rig stacking philosophy and commercial discipline – were the drivers behind the segment's year-over-year revenue and EBITDA before special items increases of USD 123m (+27%) and USD 64m (+10 percentage points), respectively.

From 10 February to 2 April 2021, four international rigs – the Mærsk Developer, Maersk Valiant, Maersk Venturer and Maersk Viking – all successfully commenced new contracts.

To start 2021, Maersk Drilling was awarded two Suriname floater contracts by TotalEnergies for deepwater floaters Mærsk Developer and Maersk Valiant. Prior to contract commencement both rigs were mobilised and Maersk Valiant was reactivated from warm stacking.

Mærsk Developer commenced operations in February and successfully completed the campaign in December. The rig has since been mobilised to Trinidad to complete a Special Periodic Survey and readiness work scopes prior to its voyage to Brazil in the second quarter of 2022 for a campaign with Karoon Energy.

Maersk Valiant commenced operations for TotalEnergies in March and continues to deliver on its campaign which includes two one-well options that could see the rig occupied in Suriname throughout 2022.

Also to commence the year, Maersk Venturer was reactivated from warm stacking and was mobilised to work for Tullow in Ghana on a contract that carries an estimated duration of approximately four years.

Additionally, Maersk Viking was reactivated from warm stacking and mobilised to work for Brunei Shell Petroleum ("BSP") in Brunei. After successfully completing two one-well contracts for BSP, the rig was mobilised to Korea to work for KNOC on a one-well contract, followed by a long mobilisation to Gabon to execute a one-well contract for Petronas which finished in December 2021. To start 2022, Maersk Viking will be mobilised to Malaysia, executing on a four-well contract for Shell that includes five additional one-well options.

Maersk Discoverer started 2021 working with BP in Trinidad until the end of the second quarter and afterwards was mobilised to Guyana to drill a one-well campaign for CGX throughout 2021. The rig will mobilise back to Trinidad and commence the contract with Shell in Q1 2022. This campaign is expected to conclude in August 2022 and will be followed by another mobilisation back to Guyana where Maersk Discoverer will deliver on a one-well option that was exercised by CGX.

Mærsk Deliverer, operating for Inpex, and Maersk Convincer, operating for BSP, are on long term contracts in Australia and Brunei, respectively.

After being selected by TotalEnergies to drill a three-well exploration campaign in Angola and Namibia, Maersk Voyager spent the entire year on contract. This included the Ondjaba-1 well which was drilled at a new world record water depth of 3,628 m. After drilling the Ondjaba-1 well in Angola, Maersk Voyager mobilised to Namibia at the end of the year to complete the last firm well in the campaign. The rig is expected to be contracted until February 2022.

Lastly, the Mærsk Explorer successfully completed its long-term contract with BP in Azerbaijan in May and was subsequently warm stacked. We are currently in customer dialogues for the rig and continue to pursue different opportunities, however since the rig is land locked in the Caspian Sea, options remain limited.

Despite numerous mobilisations in 2021, Maersk Drilling delivered a customer satisfaction score of 6.5, reflecting our commitment to the successful completion of each individual campaign. Furthermore, we were encouraged by the fact that all contract commencement mobilisations during 2021 were covered by our customers – a sign that activity levels across the industry are recovering from COVID-19 lows observed in 2020.

International Floaters

USD Million	**2021**	2020	2019	2018	2017
Revenue	583	460	395	530	541
EBITDA before special items	82	18	28	163	209
EBITDA margin before special items	14%	4%	7%	31%	39%
Non-current assets	1,143	1,162	1,998	1,997	1,678
Asset turnover	51%	29%	20%	29%	23%
No. of rigs at year end	8	8	8	8	8
Utilisation	83%	66%	65%	62%	56%
Average day rates (USDk)	242	239	220	293	333
Financial uptime	95.8%	97.9%	97.1%	98.8%	99.5%

In 2021, our International segment generated an impressive increase in revenue of 27% improving to USD 583m (USD 460m) driven mainly by a high utilisation of 83% for the year. Despite additional costs required to run our fleet at a utilisation that was 17 percentage points higher than in 2020, EBITDA before special items increased to USD 82m (USD 18m), significantly higher than the previous year. Our EBITDA margin increased from 4% in 2020 to 14% in 2021 and financial uptime remained high at 95.8% (97.9%), a slight decrease due to prolonged downtime on Mærsk Deliverer in the beginning of the year.

Maersk Voyager setting a new world record on the Ondjaba well

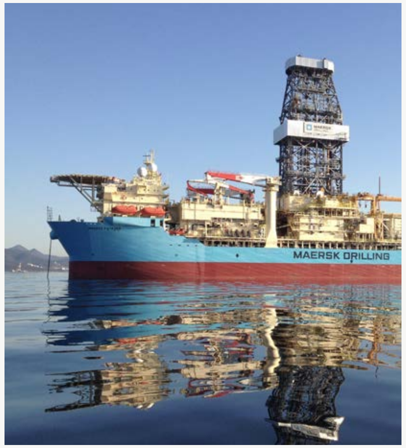
Maersk Voyager successfully drilled the Ondjaba-1 well at a new world record water depth of 3,628 m. The current world record is 3,400 m, set by Maersk Voyager's sister drillship Maersk Venturer when it drilled the Raya-1 well for TotalEnergies offshore Uruguay in 2016. Maersk Voyager afterwards relocated to Namibia for Venus-1, another ultra-deepwater well. Proving that it is feasible to drill at such depths has commercial potential, because of the potential for our customers to increase yield from existing deepwater assets.

A considerable amount of ultra-deepwater oil and gas prospects are split by the 3,600 m water depth frontier due to limitations in vessel and equipment design. But potentially, even bigger discoveries lie just across the 3,600 m demarcation line, and operators are interested in exploring how these resources can be unlocked without massive new investments. To meet this demand, Maersk Drilling has performed a thorough analysis of how to potentially use 7th generation floaters at even greater depths.

"The greatest risk factor in ultra-deepwater drilling is the risk of going outside equipment limits. You need to control the dynamic loads when deploying the BOP, and to avoid unnecessary BOP stack pulling which will set you back for a prolonged period of time. We mitigate this by preparing properly, including thorough equipment assessment, riser analysis, and an important focus on working together with the client as One Team," says Konstantin Puskarskij, Head of Technical in the International Division.

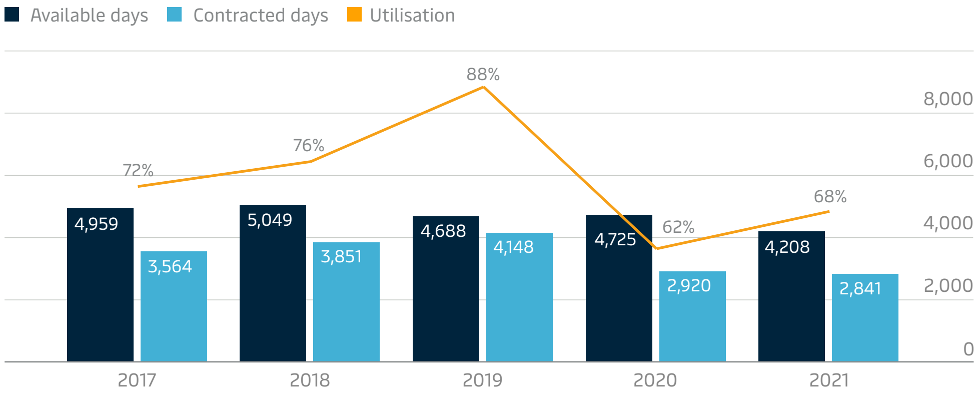
"In terms of technology, most drillships can essentially do the same, but without the right experience and mindset, something like this can clearly go wrong. Having capable people, useful experience, and proper processes in place is truly the key here."

Konstantin Puskarskij Head of Technical in the International Division

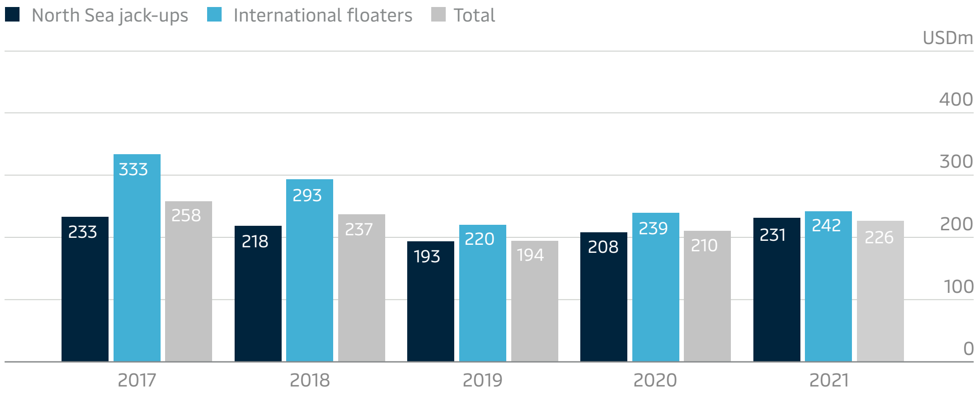


Segment overview

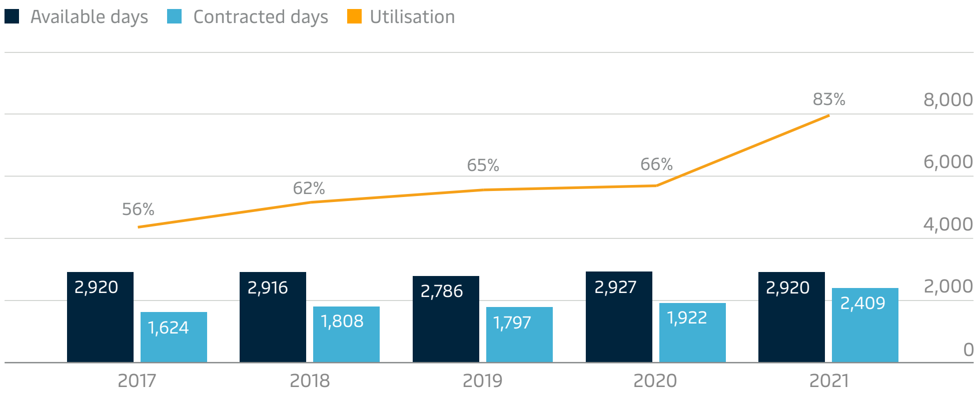
North Sea jack-ups



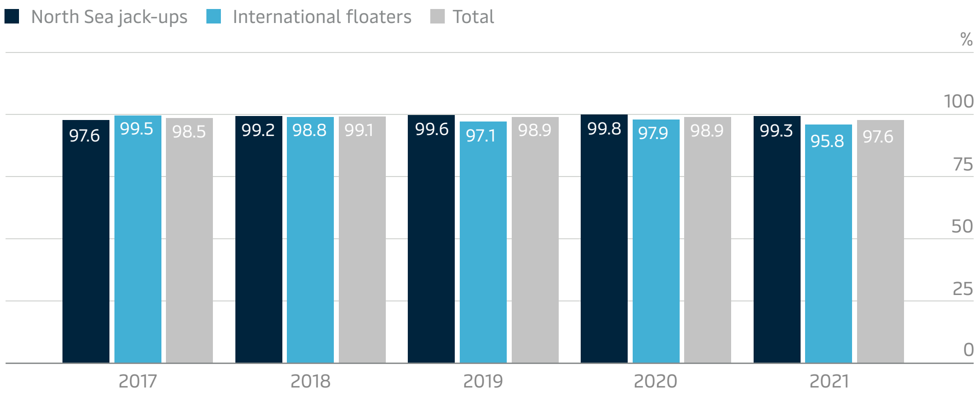
Average day rate



International floaters



Financial uptime



Revenue backlog

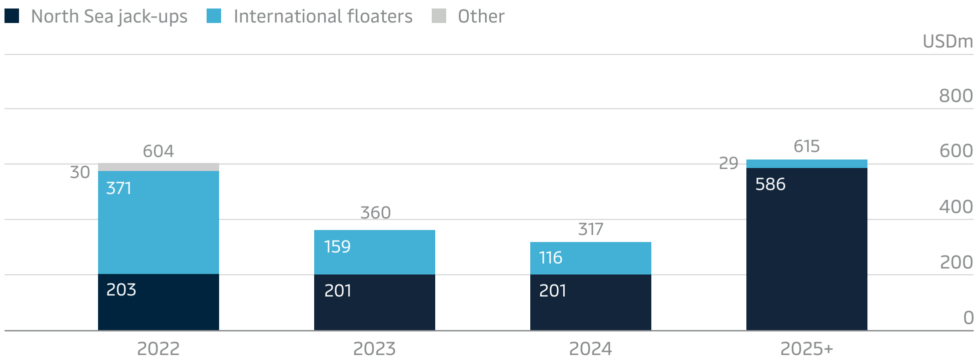
Maersk Drilling managed to secure 35 new contracts and contract extensions during 2021, adding more than USD 2bn (USD 469m) to our contract backlog. This includes approximately USD 1bn in backlog associated with the agreement to renew our frame agreement with AkerBP which was announced on 18 December 2021. The new five-year commitment from AkerBP is for two XLE rigs in the Norwegian North Sea.

At the end of 2021, our contract backlog amounted to USD 1.9bn (USD 1.3bn), of which USD 604m is for execution in 2022. In addition, since the beginning of 2022 Maersk Drilling has secured additional contracts with a total value of approximately USD 100m.

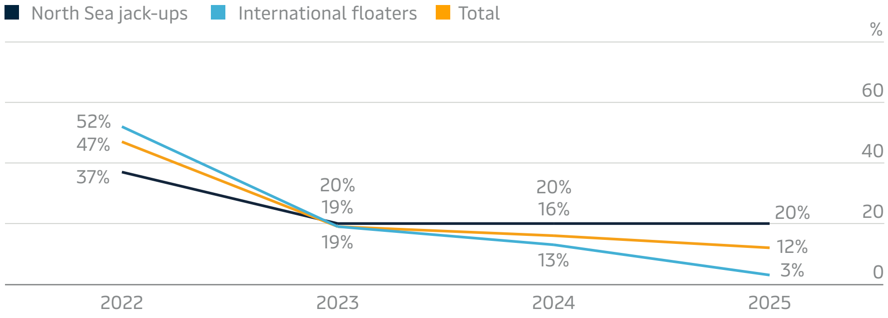
Supported by recovering oil and gas prices and based on bilateral customer dialogues, Maersk Drilling expects the demand pipeline in its key markets to build further in 2022, especially in our International floater segment.

For more details on the status of current and future contracts across our fleet please see our fleet status report dated 11 February 2022, which can be found on page 108.

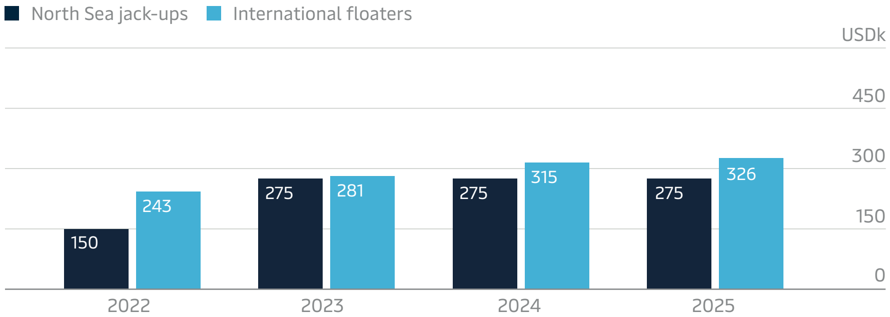
Revenue backlog



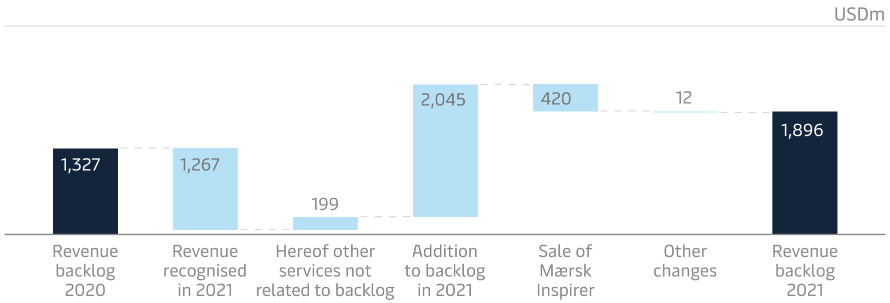
Contract coverage



Average backlog day rate



Development of revenue backlog in 2021



Outlook for 2022

In 2022, profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 210m–250m compared with USD 346m in 2021.

The profitability guidance for 2022 is partly secured through the current contract backlog. Achieving the 2022 guidance range requires that additional contracts are secured within both the North Sea and International divisions.

In 2022, capital expenditures are expected to be in the range of USD 120m–140m compared to USD 102m in 2021.

The capital expenditures guidance is linked to the assumed commercial activity providing certain flexibility in total spend and timing.

Sensitivity guidance

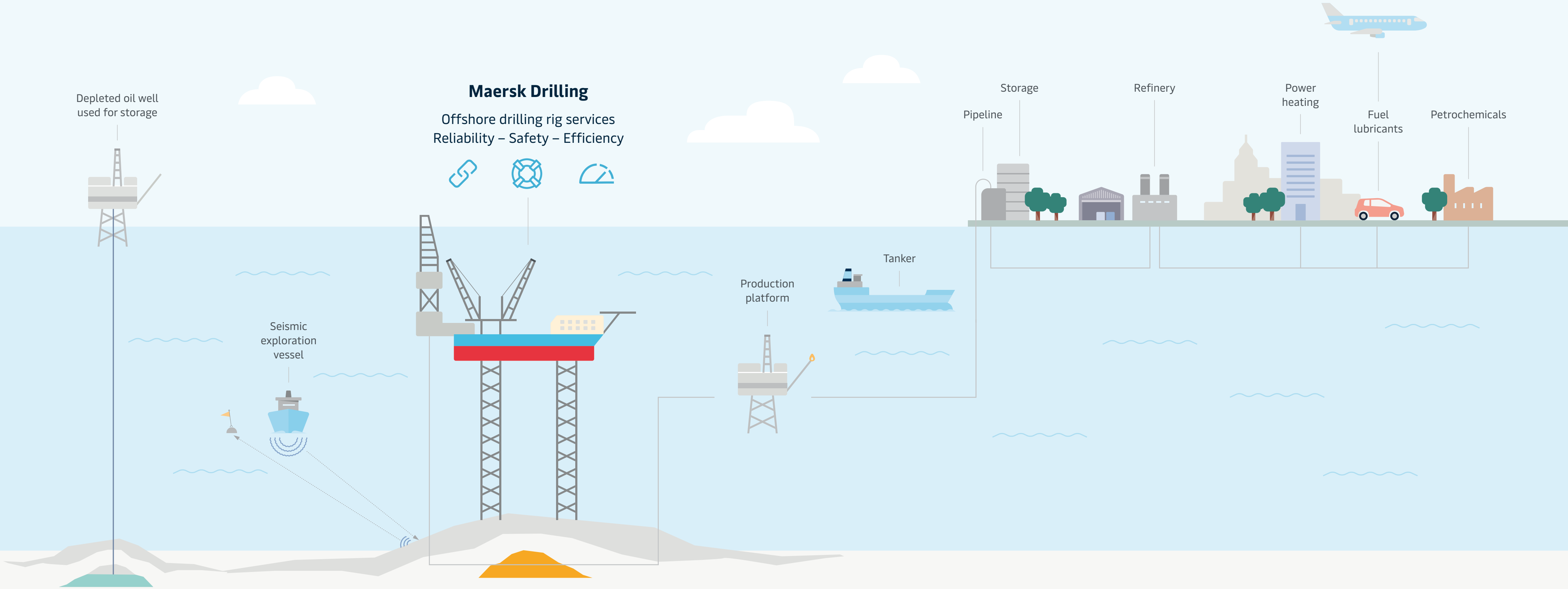
Our guidance for 2022 is subject to risks and uncertainties as various factors, many of which are beyond Maersk Drilling's control, may cause the actual development and results to differ materially from expectations. EBITDA before special items is primarily sensitive to the level of contracting of additional days to the current backlog, especially in the high margin North Sea segment, and the day rates thereon. Capital expenditures are sensitive to final scheduling and scoping of rig upgrades and yard stays, which are subject to commercial and operational planning.

The table below lists two additional sensitivities, all else being equal.

Factors	Change	Impact on EBITDA before special items
Financial uptime	+/- 1.0 percentage point	+/- USD 11m
USD/DKK exchange rate	+/- 5.0%	+/- USD 5m

Our Business

Maersk Drilling and the oil and gas industry



Carbon Capture Storage

UPSTREAM

Exploration – Finding oil and gas

Development – Drilling wells for exploration, appraisal and production

Production – Extracting oil and gas

Decommissioning the well

MIDSTREAM

Transportation and storage, moving oil and gas to shore

DOWNSTREAM

Refining, marketing and distribution as everyday products and for transportation

Market

The market landscape in 2021 was one of broad-based recovery after a challenging 2020 saw unprecedented declines in demand for oil and gas and significantly reduced demand for offshore drilling rigs. Peers emerged from Chapter 11 bankruptcy protection with rationalised fleets and balance sheets, and – amidst an improving outlook for global oil and gas demand – utilisation and dayrates saw gradual increases from COVID-19 lows. Oil and gas prices are supportive of exploration and development activities fuelling rig demand growth in 2022, especially in the global floater segment, however the pace of recovery remains constrained by continued capital discipline by operators. In a time of industry turbulence, Maersk Drilling continued to stand out from peers, preserving equity capital and generating positive free cash flow for a sixth straight year.

Market development and industry landscape in 2021

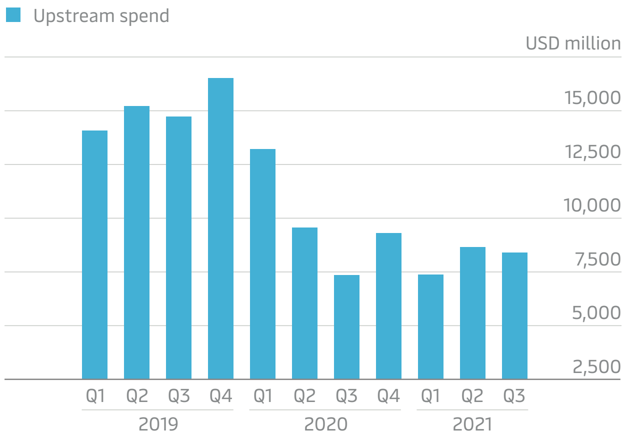
In 2020, measures to contain the spread of COVID-19 led to an unprecedented decline in demand for oil and gas. Simultaneously, intervention by OPEC+ in the form of historic production cuts were insufficient to offset the decline in oil and gas demand. As a result, Brent oil prices dropped from pre-COVID levels of USD 50-70 to USD 20-40 per barrel.

Operators were quick to manage liquidity, reducing capital expenditure budgets, and consequently, many exploration and development projects were postponed, offshore rig tenders were cancelled, and existing drilling contracts were suspended or terminated – resulting in reduced demand for offshore drilling rigs. In response, rigs were stacked and several providers of offshore drilling rig services ultimately filed for Chapter 11 bankruptcy protection to address capital structures that included unsustainable levels of debt. Maersk Drilling was one of the few who preserved equity capital and strengthened its financial position, generating positive free cash flow.

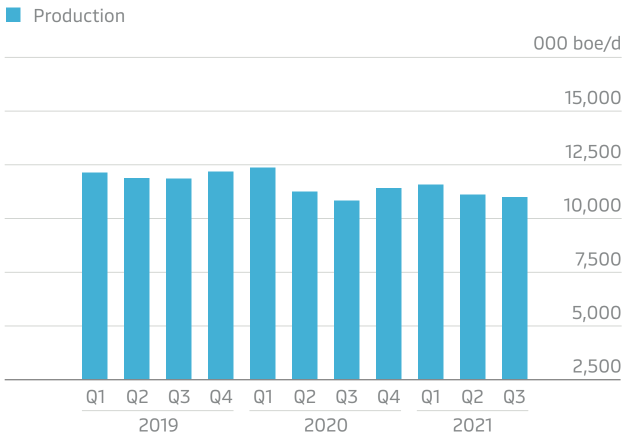
Following a challenging 2020, the beginning of 2021 saw peers emerge from Chapter 11 bankruptcy protection with rationalised fleet sizes and balance sheets. Since the beginning of 2020, a total of 96 rigs have been scrapped and more than USD 15bn of debt removed from the offshore drilling industry. Amidst an improving outlook for global oil and gas demand, Brent oil prices recovered to between USD 70-85 per barrel, the highest levels since 2014, spurring an increase in the demand for, and the utilisation of, offshore drilling rigs. This has provided support to day rates, which gradually increased throughout 2021 from COVID-19 lows. In the past, current oil prices would have likely led to increased capital spending and the emergence of longer duration contracts by operators looking to replace current production with new reserves.

However, while Brent oil prices have recovered, capital spending and the production of oil and natural gas have both lagged as major operators now must fund four key strategic objectives. These include: (1) returning capital to shareholders; (2) reducing debt burdens incurred during the pandemic; (3) funding development projects with low break-even costs; and (4) allocating a portion of capital expenditures towards building renewable energy portfolios. The result: major operators have reduced upstream capital spending, which now sits below 2019 levels, and their production of hydrocarbons has fallen over 10% since the beginning of 2019.

Super-major capital spending[1]



Super-major hydrocarbon production[1]



1 Source: Company filings. Charts reflect capital spending and hydrocarbon production for Exxon, Chevron, Royal Dutch Shell and TotalEnergies

During 2021, the number of jack-up rigs under contract in the North Sea increased from 23 at the beginning of the year to 29 at the end of the year. During the same period, the total supply of jack-up rigs in the North Sea decreased from 40 at the beginning of the year to 38 at the end of the year; while marketed supply remained unchanged at 37 units. Marketed utilisation increased from 61% to 78% by the end of the year. As of the end of 2021, the one-year forward coverage in the North Sea Jack-up market was 39% (at the end of 2020: 34%).

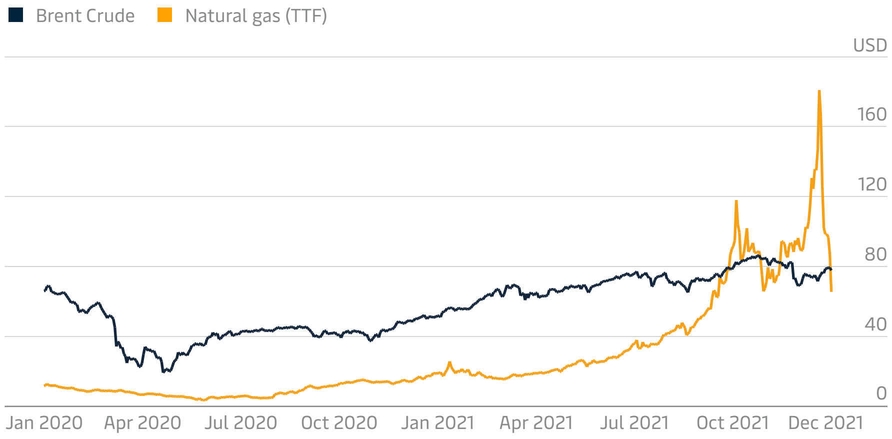
During 2021, the number of floaters under contract globally increased from 102 at the beginning of the year to 113 at the end of the year. Over the same period, the total supply of floaters was greatly reduced from 211 to 193 units; while the marketed supply remained unchanged at 167 units. As of the end of 2021, the one-year forward coverage in the global floater market was 47% (at the end of 2020: 37%).

During the year, increases in utilisation and forward coverage exerted positive pressure on dayrates, especially in the global floater segment. Given current oil and gas prices and rationalisations on the supply side, this trend is expected to continue throughout 2022.

Industry structure and supply-side dynamics

The combination of supply-side rationalisations and increased demand for offshore drilling rigs had a positive impact on utilisation and dayrates, leading to improvements in earnings and cash flow in 2021 for most offshore drillers. Freshly emerged from Chapter 11 bankruptcy protection

Brent and Natural gas front month prices[2]



2 Source: Bloomberg

Energy transition

The ongoing and accelerating energy transition from hydrocarbons to renewables poses a challenge to the oil and gas sector.

While the energy transition is likely to play out over the course of decades, the push to drastically reduce emissions – particularly those resulting from the combustion of hydrocarbons – is placing structural pressures on the future availability of oil and gas supplied by major operators who have announced transition plans, implemented company-wide reorganisations, and allocated funds as they prepare for a shift to low-carbon energy. Accelerating this transition are mounting pressures from society – including governments and institutional investors – to reduce traditional hydrocarbon investments and increase commitments to renewable energy projects.

At the same time, there continues to be a global dependence on the combustion of hydrocarbons to provide reliable and affordable energy. Oil and gas will continue to play a critical role over the coming decades to maintain and further develop the global economy and meet the needs of a growing global population.

Low-cost and low-emission barrels are still necessary to meet energy needs – both current and future – and to enable the transition to renewable energy. Natural gas will also play an important role as a transition fuel, with record gas prices set to support strong production and new investments.

Oil and gas operators will continue to look towards service companies, including offshore drillers, that truly embrace technology and lean ways of working, and which are open to exploring new operating and partnering models; all in an effort to reduce costs and emissions associated with the extraction of hydrocarbons.

with resolved liquidity situations and new owners, the offshore drilling industry is better positioned to 1) capitalise on improving market conditions and 2) create value for long term shareholders.

In 2021, industry consolidation began when Noble Corporation ("Noble") acquired Pacific Drilling in April. This was followed by the announcement that Maersk Drilling and Noble will combine businesses to create a world class offshore driller with an industry leading cost structure and a best-in-class balance sheet. The proposed business combination will create the largest offshore driller in terms of market capitalisation, with the largest active fleet in the industry, and a strong balance sheet that will position the combined company to return capital to shareholders.

Short-term and long-term demand outlook

Supported by the recovery in oil and gas prices and bilateral customer dialogues, Maersk Drilling expects the demand pipeline in key markets, particularly in the International floater segment, to further build in 2022.

In the Norwegian jack-up market, there are limited tender opportunities with commencement in 2022. Demand for jack-ups in Norway in 2022 is expected to be insufficient to maintain an acceptable level of coverage across our ultra-harsh environment fleet. Alternative deployment options for our ultra-harsh environment fleet outside of Norway are currently being considered for 2022, including work in the UK North Sea. From 2023 onwards, jack-up demand in Norway is expected to normalise given the significant pipeline of economically viable subsea development projects in shallow waters.

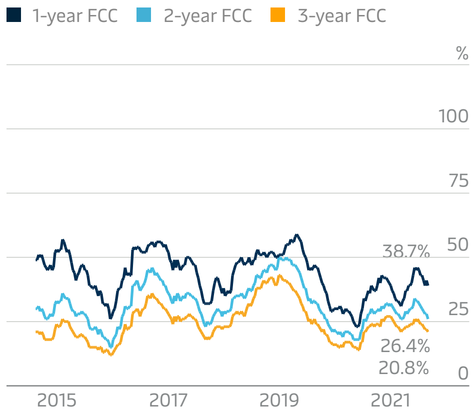
In the North Sea jack-up market outside of Norway, several new rig requirements have come to the market with commencement in 2022 with contract durations ranging from one-well to multi-year.

In the International floater market, requirements are building in Africa, Latin America and South East Asia, with contract durations ranging from one well to multi-year.

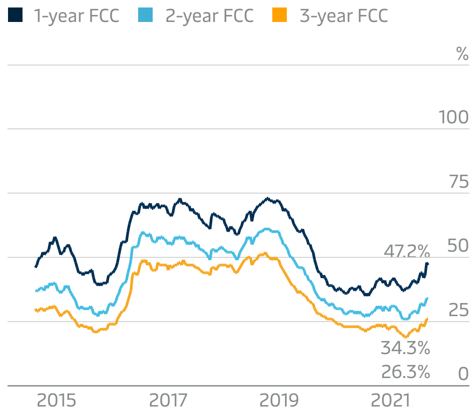
The future capital expenditures targeted for offshore, and thereby the future actual demand for offshore drilling rigs, are subject to several factors, particularly developments in the global oil and gas markets. The demand for oil and gas continues to depend on policy responses to COVID-19, while the supply side will be determined by the associated policy responses of OPEC+ and the influence of U.S. shale. The supply side of the oil and gas markets will depend on the associated policy responses of OPEC+ and the influence of U.S. shale.

Given the recent years of underinvestment in new oil and gas development projects, there remains a potential for short-term dramatic moves, such as price spikes in the oil and gas markets, which may encourage additional investments and drive demand for offshore drilling rigs.

North Sea jack-up forward contract coverage

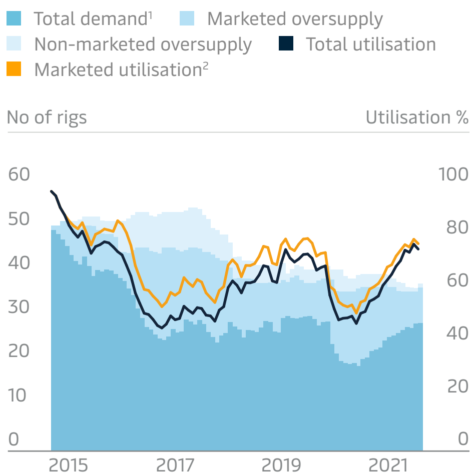


Global floater forward contract coverage

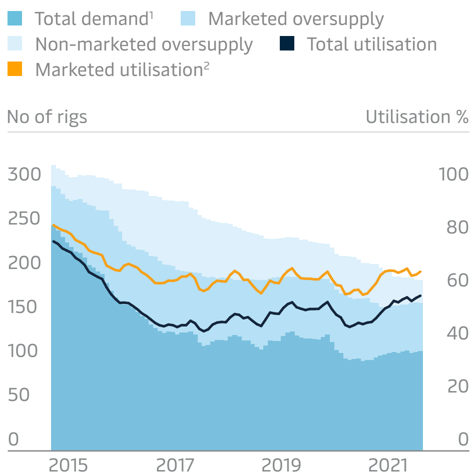


Source: IHS Rigpoint

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, defined as rigs which are actively offered for work in the near team.

Strategy

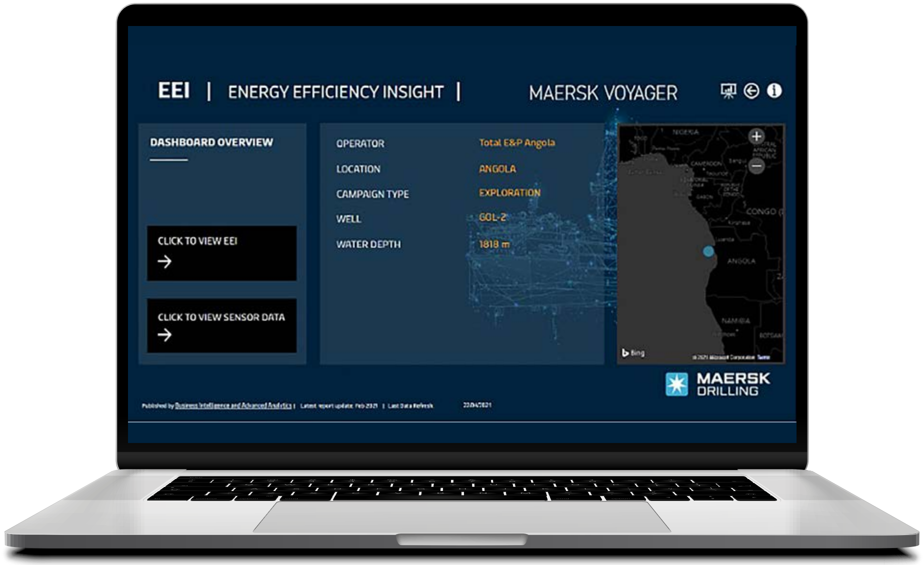
Maersk Drilling's strategy has three main pillars: 1) Smarter Drilling for Better Value; 2) Responsible Drilling; and 3) Building on our core capabilities to pursue select business opportunities adjacent to our technological and operational capabilities, as well as our commercial portfolio.

Smarter Drilling for Better Value

The well delivery process – a set of activities along a timeline set up to plan, execute, and close out a well – is acknowledged by customers to be inefficient in several areas. Maersk Drilling's response is Smarter Drilling for Better Value – a flexible customer offering that enables efficient well delivery through optimisation. Smarter Drilling for Better Value does this through four levers: Increasing Certainty; Reducing Time; Reducing Waste and Reducing Emissions.

When assessing a given campaign, Maersk Drilling aims to take on a role where we, together with our customers, determine the range of products and time frame needed to support efficient well delivery. Additionally, we offer a wide range of additional services (see page 27) that facilitate efficient well delivery while also ensuring that all parties involved are working towards the same shared goal. The result: Smarter Drilling for Better Value drives better outcomes for our customers by enabling them to maintain and build resilient, future-proof portfolios of assets in a volatile commodity price environment.

Our contracts with Aker BP and OMV in Norway are examples of its successful implementation over the past several years. The further we demonstrate our ability to deliver on Smarter Drilling for Better Value, the more additional revenue we will generate, for our customers and for Maersk Drilling.



From the implementation of a companywide Customer Engagement Model – which acts as a roadmap for attaching to the goal of servicing our customers – to our Global Business Solutions hub – a function supported by the establishment of an office in Gdansk, Poland, that is designed to drive performance – to our rapidly growing portfolio of innovative digitalised products – designed to drive efficiency and lower the cost of well delivery – Maersk Drilling has been transformed to support the strategic ambition of Smarter Drilling for Better value. The recent establishment of a subsidiary, Horizon56, and the roll-out of RigFlow – a first-of-a-kind product designed to support the digitalisation of offshore drilling processes – are both examples of how we are pushing boundaries across the offshore drilling industry.

Customer satisfaction score 2021

6.5

on a scale from one to seven (2020: 6.7)

Responsible Drilling

In addition to time and cost efficiency gains, Maersk Drilling's value proposition of providing safe, reliable and efficient offshore drilling services also addresses the greenhouse gas (GHG) emissions related to drilling campaigns. Maersk Drilling is at the forefront of working with oil and gas companies in achieving their goal of improving offshore project economics and lowering GHG emissions. We have committed to reducing our CO_2 emissions intensity by 50% by 2030 – the first offshore driller to set an emission target of such ambition level. The emissions reduction target is in line with many oil and gas companies' 2030 targets and supports the ambitions of the Paris Agreement.

In 2021, the Energy Efficiency Insight (EEI) platform was launched, a digital platform providing rig operators and onshore functions with real-time data to optimise engine operations from an energy efficiency perspective.

The EEI platform is one of the initiatives that has been implemented to reach our commitment of reducing our CO_2 emissions by 2030 by

↓50%

The reduction target places Maersk Drilling as a leader among drilling contractors, and the ambition is consistent with our focus on reducing time of drilling operations per well. Maersk Drilling estimates that about half of the target can be achieved via further efficiency gains and known technical solutions and concepts, while the other half will be facilitated by investments in innovation in this space.

During 2021, a newly formed Emissions Reduction Task Force started work establishing the optimal roadmap to reach this target. The taskforce has defined two main phases: first, energy efficiency initiatives will be prioritised to reduce the total energy intensity of our rigs. Second, opportunities for alternative energy sources such as methanol and ammonia will be explored.

A key project during 2021 was the roll out of the Energy Efficiency Insight (EEI) platform, a digital platform providing rig operators and onshore functions with real-time data to optimise engine operations from an energy efficiency perspective. Other major initiatives included installing low-emission upgrades on Maersk Intrepid and Maersk Integrator, which were in full operation from Q1 2021.

Leveraging our core capabilities for long term growth

There are numerous potential opportunities across industries that are adjacent to Maersk Drilling's technological and operational capabilities and commercial portfolio. We have dedicated resources within our innovation department that are already exploring potential opportunities with customers and partners.

Our participation in Project Greensand, Denmark's most mature carbon storage project, aiming for an annual storage capacity of 4–8 million tonnes of CO_2, is one concrete example of our support to addressing the climate challenges which our customers and the industry at large are seeking to resolve. In 2021, the project entered phase 2 and Maersk Drilling signed a contract making us the preferred contractor with a right to all drilling work involved in Project Greensand on market rate terms until the end of 2027.

Read more about Project Greensand on page 29.

Working strategically with climate scenarios

Maersk Drilling's strategic work encompasses the short-, mid- and long-term opportunities and risks relating to current and potential new markets. The climate-related aspects are an inherent part of this work, setting boundaries for the growth of our core drilling activities. These activities are closely related to the future prospects of the global oil and gas markets which we analyse closely using climate and energy scenarios from the International Energy Agency and leading private energy data providers.

The newly upgraded low-emission rigs Maersk Intrepid and Maersk Integrator were both in full operation from the first quarter. Upgrades include hybrid-battery solutions that secure higher energy efficiency of drilling operations.

Delivering efficient wells by increasing our product and service offering

Maersk Drilling is focused on increasing the number of products and services it offers to its customers as part of our strategic ambition to deliver more efficient wells through Smarter Drilling for Better Value. Our four drivers for increasing the efficiency of well delivery form the foundation of our products: Increase Certainty, Reduce Time, Reduce Waste and Reduce Emissions.

Since October 2020 Maersk Drilling has launched nine formal products in addition to continuing to respond to ad hoc customer requests to deliver additional services. Maersk Drilling has several products in its pipeline for 2022 to further enhance our customer offering.

Customers receive an enhanced service to meet their needs

Customers are increasingly requesting services to be provided in addition to the core rig scope. These services are within the expertise of Maersk Drilling to coordinate, thereby increasing customer resources to focus on overall well efficiency. These offerings enhance the customer experience, generally leading to a higher degree

Performance Optimisation

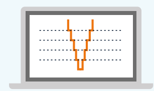
The Performance Optimisation package is designed to help the client optimise their entire drilling operation – not just Maersk Drilling's part in it. A team of Maersk Drilling experts look closely at every detail of the operation and bring their experience and insight to bear by optimising all aspects including logistics, timings, contractors and equipment. It is a proven methodology that consistently results in a more efficient, more consistent and safer operation across the board.

Key Benefits:

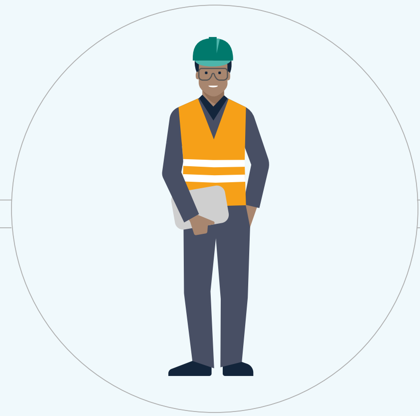
- Reduce cost
- Improve quality
- Improve safety
- Reduce burden on client's well delivery team

Performance Optimisation Products

AAR/eAAR
After Action Review workshops facilitated in person or remotely (eAAR).



DWOP/eDWOP
Drill Well On Paper workshops facilitated in person or remotely (eDWOP).



Performance Lead
Working for the customer offshore, finding and advising on operational efficiencies.

Savings could be as much as
30%
on a longer campaign

Senior Drilling Advisor
Working for the customer onshore, in their office, helping plan and execute the well.

of customer stickiness, and drive efficiencies that our customers cannot unlock on their own as they often rely on rig-specific knowledge.

Additional products and services deliver significant revenue

In 2021, the share of other revenue increased to USD 267m from USD 155m in 2020, equivalent to an increase of 72 percent. Revenue from the delivery of additional services – which is included in other revenue – increased to approximately USD 160m (13% of total revenue) in 2021 from USD 86m (8% of total revenue) in 2020.

The year-over-year increase of approximately USD 72m (85% year-over-year growth) in revenue from additional services was the result of a confluence of factors, including an uptick in activity in 2021 compared to 2020. It was also validation that our customers are willing to pay for additional services that increase efficiencies across the well delivery process and drive down the cost per well. We are encouraged by the growth exhibited by this segment and are optimistic that more customers will be drawn to Maersk Drilling's unique service offerings as they are further developed and standardised.

35% saving on customer's well plan

On a 2021 deepwater drilling contract in Africa, we delivered the performance optimisation package to our customer to optimise the overall well delivery. The customer's entire well delivery plan was analysed to include campaign planning, 'drill well on paper' exercises, pre-phase meetings and daily performance updates. The end result was a 35% saving towards our customer's P50 budget and more than 45 lessons were captured for application to other rigs and campaigns. As a result of this success, the Performance Optimisation Package has also been adopted by the rig's next customer, and already in the review phase 20 lessons have been deemed relevant with a 19 day potential reduction in drilling time for that customer on the first well alone.

Integrated Services

Maersk Drilling manages subcontractors on the clients' behalf as one seamless unit, as well as managing all Maersk Drilling's own services on the rig. It's a simpler, more integrated and streamlined way of working that delivers better resource utilisation and frees up the client to focus on their critical well activities.

Key Benefits:

- More certainty of costs
- Services work in an integrated manner
- Increase efficiencies

Delivering a well successfully

In the second quarter of 2021 Maersk Drilling delivered a one well contract for a customer in Norway. In line with our ambitions under Smarter Drilling for Better Value, this contract was provided using a 'lump sum' concept where Maersk Drilling assessed and took risk for the time to deliver the well. In order to increase certainty on well delivery we delivered several additional products and services: a Senior Drilling Advisor, Performance Leads, ROV services, casing and tubular running, slops treatment and onboard cuttings handling. This ensured that the performance dialogue and delivery between all parties was constantly focused on efficient delivery of the well. The project was a success with the well delivered 11 days ahead of the estimate, proving this business model and the performance optimisation delivery model.

From oil field to storage facility

In 2020, Maersk Drilling entered the Project Greensand consortium led by INEOS Oil & Gas Denmark and Wintershall Dea, which is maturing the most advanced carbon capture and storage project inside Danish jurisdiction.

Project Greensand targets the development of capacity to permanently store up to 8 million tonnes of CO_2 per year from 2030 in the discontinued oil and gas reservoirs beneath the Danish North Sea, thereby potentially accounting for all the CO_2 storage proposed in the Danish Climate Program as presented by the Danish government in 2020.

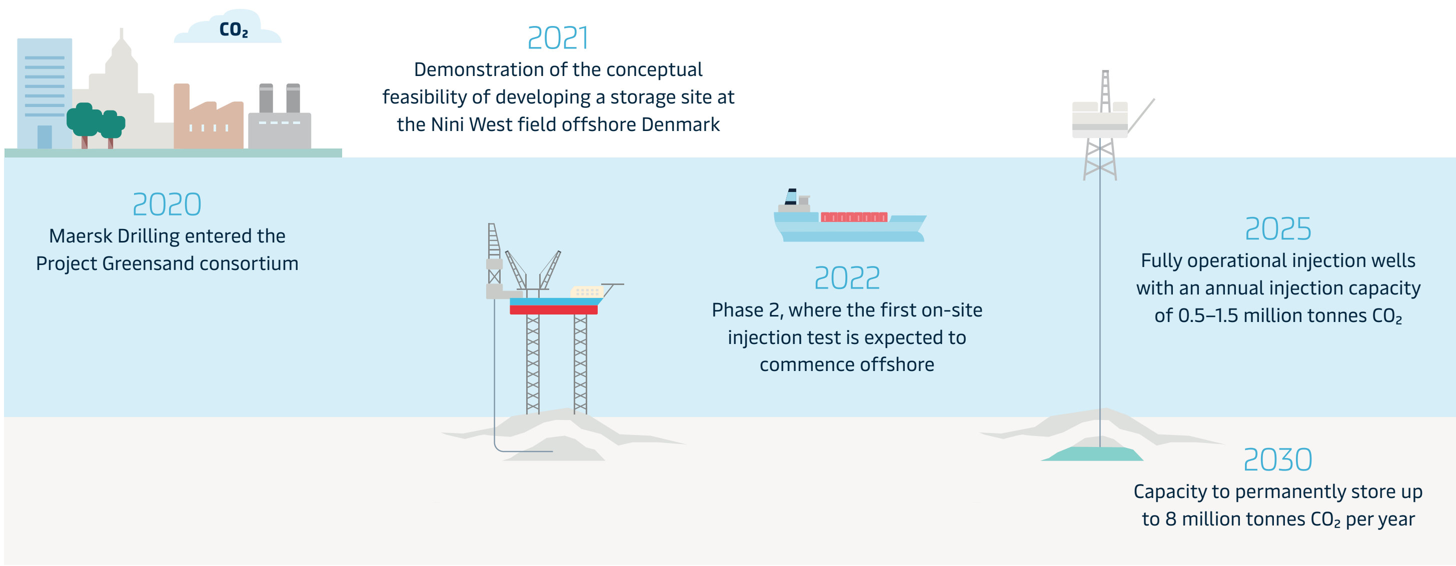
Following the successful completion of Phase 1, which included certification by DNV regarding the conceptual feasibility of the project, Greensand Phase 2 was announced in August 2021. The project now involves a consortium of 29 companies, research institutes and universities that represent all parts of the prospective carbon capture and storage value chain. During Phase 2, the project will enter the pilot phase where the first on-site injection test is expected to commence offshore in the end of 2022. The goal is to have the first fully operational injection wells with an annual injection capacity of 0.5–1.5 million tonnes of CO_2 ready in 2025.

In December 2021, the Danish Energy Agency announced the award of DKK 197m to Project Greensand in support of Denmark's ambition to reach a 70% CO_2 reduction in 2030. This is the biggest project grant in the history of the EUDP program.

Maersk Drilling will contribute knowhow and manpower to Project Greensand Phase 2 as well as supplying a drilling rig to assist with the pilot test. In extension of this commitment, Maersk Drilling has entered a framework agreement with the consortium leaders that confirms Maersk Drilling as the preferred contractor with a right to all drilling rig work involved in Project Greensand on market-rate terms until the end of 2027. The agreement is subject to the final investment decision.

Supporting other carbon-negative technologies

In 2020, Maersk Drilling began cooperation with the California-based company Clean Energy Systems to facilitate carbon-neutral drilling. The technology is based on using biomass waste as fuel to produce syngas, from which renewable natural gas and hydrogen are separated for sale. The net-negative carbon emissions are sold as credits, and Maersk Drilling will eventually be able to offer these as part of a carbon-neutral drilling proposal to customers.



Organisation and people

Maersk Drilling has a global footprint with offices on four continents supporting our 19 drilling rigs.

Targets for female representation in onshore leadership by end-year 2023

30% across leadership levels

25% for senior leaders

20% for the Executive Leadership Team

During 2021 Maersk Drilling's offshore and onshore organisations averaged 2,515 employees of 62 different nationalities with 1,715 working offshore and 800 working onshore. At the end of the year, Maersk Drilling had 2,481 employees, which is an increase of around 98 employees since the end of 2020. The increase in headcount reflects among others an increase in activity level offshore and the transition to Virtual Rig Teams and a Technical Hub setup in Gdansk.

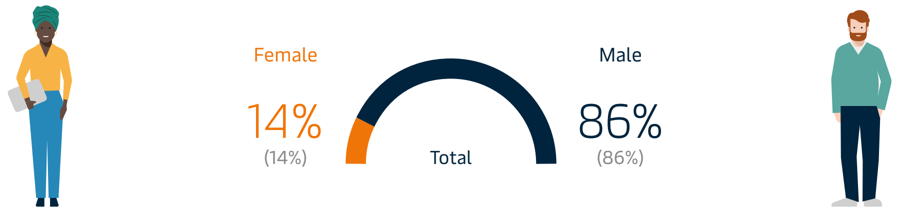
Maersk Drilling aims to ensure that employees can thrive and meaningfully contribute to the company regardless of gender, nationality, religion, sexual orientation, socioeconomic background or disability. Not only is treating employees with respect deeply aligned with Maersk Drilling's values and the way business is conducted, but our people comprise the core of Maersk Drilling's business. Mobilising diverse skillsets and perspectives is and continues to be a competitive advantage and a critical driver of the company's ongoing transformation. Building an inclusive environment is a crucial enabler of this, and therefore, Diversity and Inclusion formed one of two key focus areas of Maersk Drilling's sustainability strategy, alongside Climate Action, in 2020.

A dedicated D&I plan, comprising an ambitious onshore female leadership target as well as four intervention areas was designed to be achieved over a three-year period. These intervention areas address structural barriers surrounding HR processes and policies for attracting, recruiting, developing, retaining, and appointing diverse talent.

Maersk Drilling is addressing the industry-specific challenge of female underrepresentation through a dedicated onshore female leadership target by 2023, which is broken down across leadership levels. Additionally, to emphasise the focus on this area and drive visible progress towards 30% representation across all onshore leadership levels by 2023, a specific minimum target of 27% female representation has been integrated into Maersk Drilling's annual scorecard.

Maersk Drilling is currently seeing good progress on our targets. In 2021, the share of female employees stayed the same from 14% in 2020 to 14% in 2021. Onshore, women represent 40% of the workforce. Female leaders made up 28% of onshore leadership in 2021 compared to 25% in 2020. Offshore, women only make up 2% of the workforce.

Gender distribution in 2021 (2020)



2023 target		Female	Male
20%	Executive Leadership Team	25% (0%)	75% (100%)
25%	Senior onshore leaders	17% (13%)	83% (87%)
30%	Onshore leaders	28% (25%)	72% (75%)

	Female	Male
Onshore	40% (40%)	60% (60%)
Offshore	2% (2%)	98% (98%)
Offshore leaders	0.4% (0%)	99.6% (100%)

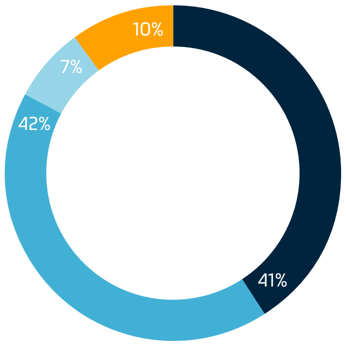
Nationality distribution 2021 – total population

Europe (outside Scandinavia) Scandinavia
Southeast Asia Other

Maersk Drilling has a highly international workforce with

62

different nationalities represented. Less than half are Scandinavians, a share which has been relatively stable in recent years.



Employee turnover

Overall, there was a minor increase in attrition for offshore during 2021 compared to 2020, but still at a healthy level of 6% throughout the year compared to 4.5% in 2020. This year's onshore voluntary attrition rate has risen significantly to 15.8% compared to 6.6% in 2020. These results are in line with global external trends for this time period. Furthermore, the onshore turnover rate has also been impacted by an increase in resignations in November and December, following Maersk Drilling's recent announcement regarding a planned merger with Noble Corporation.

15.8% onshore turnover rate

6% offshore turnover rate

Lastly, Maersk Drilling successfully exceeded the Executive Leadership Target of 20% two years ahead of deadline, reaching 25% female representation from 0% in 2020.

Organisational set-up

Following the appointment of Christine Morris as Chief Financial Officer at the beginning of the year, Maersk Drilling's Executive Leadership Team consists of Jørn Madsen (Chief Executive Officer), Christine Morris (Chief Financial Officer), Morten Kelstrup (Chief Operating Officer) and Nikolaj Svane (Chief Strategy & People Officer).

Maersk Drilling is further organised in a divisional structure with a North Sea division and an international division, which is unchanged from previous years. The head of each division reports to the Chief Operating Officer.

Maersk Drilling is supported by its Global Business Solutions function located in Gdansk, Poland, which provides several services to the global organisation.

Employee turnover

Maersk Drilling is carefully working to recalibrate as pandemic regulations have begun to change and lessen. Throughout previous and ongoing challenges, Maersk Drilling has continued to work on improving retention rates by engaging with employees and taking action based on the feedback received. A challenge that the onshore organisation has faced in 2021, is tackling high turnover rates as the pandemic eased down. This challenge mirrors that of companies and industries across the world, and is founded in the widespread global trend of a moving workforce, which has been characteristic of the year. Furthermore, the onshore turnover rate has also been impacted by Maersk Drilling's recent announcement regarding a planned merger with Noble Corporation.

Please refer to our Sustainability Report for more information around our approach towards diversity and people development. The report can be found online at https://www.maerskdrilling.com/who-we-are/sustainability

Gdansk establishment and expansion over time

The Maersk Drilling office in Gdansk, Poland, was established in May 2019 with the ambition to further strengthen the Global Business Solutions function by enabling consolidation and centralisation of service deliverables and to support the successful execution of Maersk Drilling's global operations.

Initially, only operational HR and supply chain management services were included in the Gdansk setup, but during 2020 operational finance functions as well as select IT services were also established at the location.

The Gdansk office quickly became a very well-functioning Maersk Drilling location, and to leverage this success, the Gdansk location was further expanded in 2021 by adding operational and technical functions as well as HSSE.

The Gdansk office has now grown into an integrated Maersk Drilling location with more than 250 employees which constitutes more than 30% of the onshore Maersk Drilling employee population. The employee population in Gdansk represent a diverse workforce with an almost equal gender split (55% female, 45% male) with 14 different nationalities represented. The largest functions are HR, Finance and Supply Chain Management, closely followed by operational functions.

Benefits of consolidation into a central location in Gdansk
The consolidation of services and competencies into a central office has enabled a number of benefits that include:

- Significantly improved standardisation of business processes
- Easier best practice sharing and continuous improvement of processes and ways of working
- Improved cross-functional knowledge sharing and cross-functional collaboration
- Improved business acumen and end-to-end integration

All in all, the Gdansk setup enables an improved and more standardised service delivery, which in turn enables scalability and cost efficiency.

Enabling scalability through the Virtual Rig Team setup
The current environment with a high number of short-term contracts in the rig market requires agility and flexibility from all Maersk Drilling departments. To enable a more flexible and scalable setup, Maersk Drilling has introduced the Virtual Rig Team concept.

The Virtual Rig Team concept was succesfully piloted during 2020 and has during 2021 been formalised further and implemented on a broader scale.

The main idea of the Virtual Rig Team is to improve customer delivery by having a small core team co-located on the customer side, supported by a team working virtually out of one central location in Gdansk.

Beyond added flexibility and scalability, this centralised support setup brings improved performance, stability in the rig support and allows the teams to benefit even more from lessons learnt in previous campaigns and across the fleet. As an example, the setup makes scaling up and down to support rig mobilisations to new locations significantly easier and more efficient. Instead of mobilising and onboarding a new team in a new geographical location to handle a short-term contract, rig mobilisations and continuous support can be handled by the central team who already possesses experience and knowledge and work in a standardised manner well-known to the rig. This creates a much more stable support for the rig throughout the contract period and ultimately helps improve the overall customer experience.

Maersk Drilling Gdansk overview

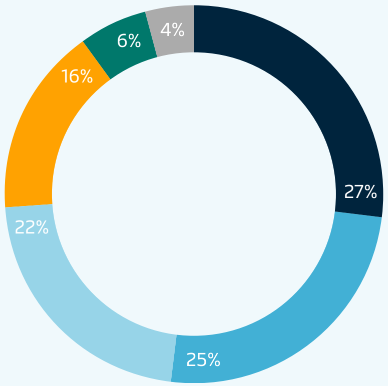
253 employees

140 females | 113 males | 14 nationalities

32% of Maersk Drilling onshore employees are in Gdansk

Job functions

HR, Financial Services, Supply Chain Services, Operations, IT, Others



Financial policy and capital allocation

The overall objective of the 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:
- Financial flexibility, including adequate liquidity reserves;
- A long-term funding view to minimise refinancing risk; and
- A robust capital structure through the business cycle.

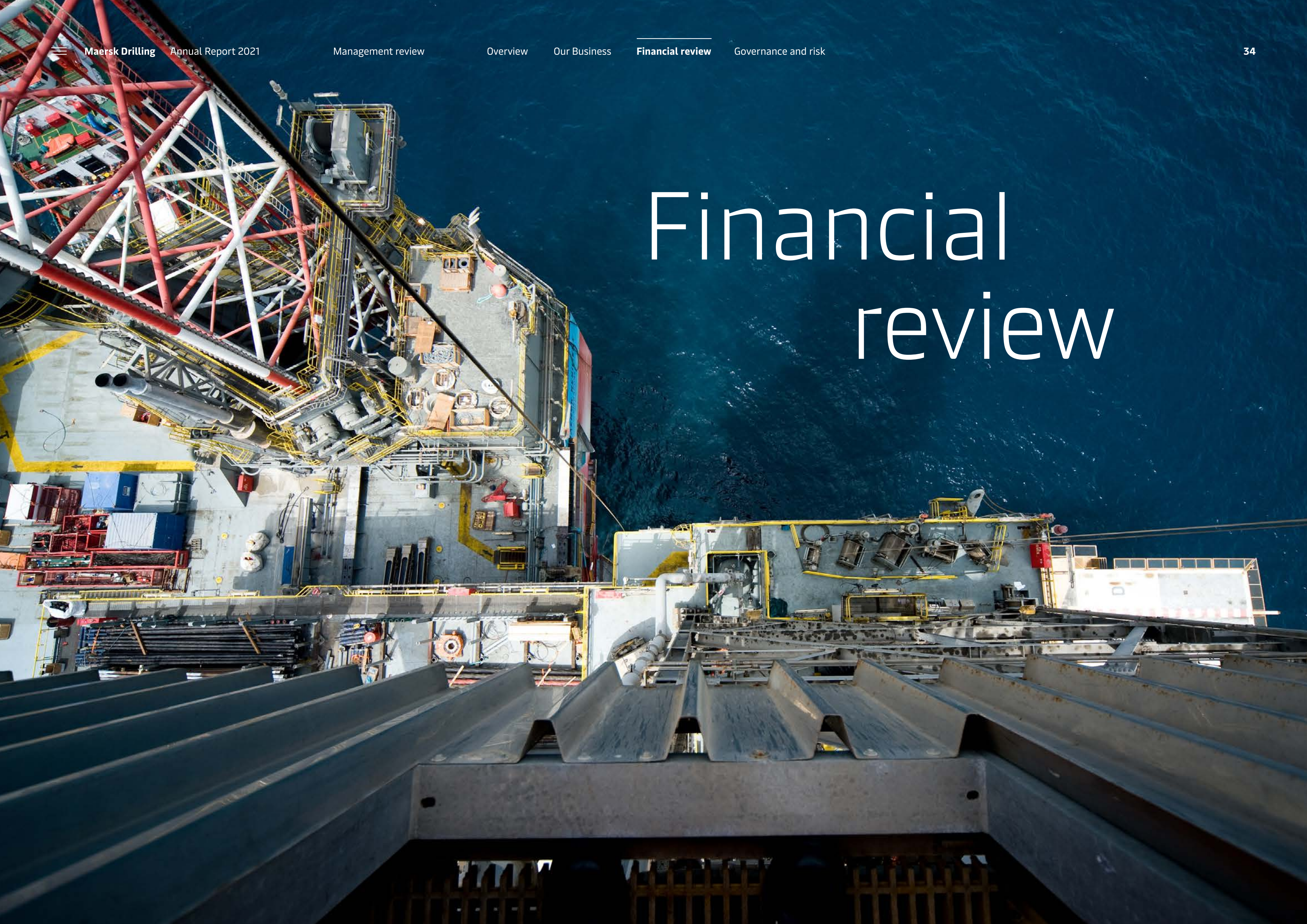
In order to meet these objectives, free cash flow is to be allocated based on the following prioritisation:
1. Maintain a robust capital structure with sufficient funding available to support the business through the cycle;
2. Pursue investment opportunities supporting long-term shareholder value creation; and
3. Return surplus capital to shareholders.

Maersk Drilling will generally work towards a leverage ratio (net debt divided by EBITDA before special items) of around 2.5x.

This means that if the leverage ratio is below 2.5x and capital is not committed towards investments, Maersk Drilling will seek to return capital to shareholders by means of dividends and/or share buy-backs.

As of 31 December 2021, the leverage ratio was 1.5x. However, in light of the contemplated business combination with Noble Corporation, Maersk Drilling will not propose any dividends based on the 2021 financial results.

Until the Annual General Meeting in 2024, the Board of Directors is authorised to acquire treasury shares of up to 10% of the share capital provided that the purchase price does not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of the acquisition.



Financial review

Financial performance in 2021

After a challenging 2020 with unprecedented declines in demand for oil and gas and for offshore drilling rigs, the market landscape showed positive signs of recovery in 2021. Utilisation and dayrates saw gradual increases from COVID-19 lows especially in the global floater segment.

While 2020 performance was impacted by several contract terminations and suspensions, performance in 2021 has exceeded expectations with EBITDA before special items guidance revised upwards three times during the year. Furthermore, in line with the strategic ambition of aligning its fleet to the core business, Maersk Drilling completed the divestment of three rigs, significantly deleveraging its balance sheet.

Maersk Drilling managed to secure 35 contracts and contract extensions, including the agreement to renew our Aker BP framework agreement during 2021, adding an impressive USD 2bn (USD 469m) to the contract backlog.

At the end of 2021, the contract backlog amounted to USD 1.9bn (USD 1.3bn), of which USD 604m is for execution in 2022. In addition, Maersk Drilling has since the beginning of 2022 secured additional contracts with a total value of approximately USD 100m.

Generally, the organisation continued to successfully navigate the increased complexity related to crew changes, supply chain and logistics and has thereby limited the impact of COVID-19 on operations.

The number of contracted days increased to 5,615 (5,208) resulting in a utilisation of 75% (65%) mainly driven by increased coverage in the International segment.

Incremental costs continued to be incurred due to COVID-19, and such costs are generally recharged to customers. COVID-19 related costs not recharged to customers amounted to USD 12m (USD 18m), which are presented under special items due to their one-off nature.

For 2021, EBITDA before special items amounted to USD 346m (USD 289m), in line with the latest guidance of EBITDA before special items of around USD 350m. EBITDA came in well above initial expectations from the beginning of the year.

Capital expenditures of USD 102m were in line with the most recent guidance of around USD 100m and below last year's level (USD 162m) due to postponed expenditures for rigs that were idle or stacked during the year. Capital expenditures in 2021 comprised one Special Periodic Survey (SPS), rig upgrades linked to contracts and general maintenance of the fleet.

Income statement

Revenue

Revenue for 2021 was USD 1,267m compared to USD 1,096m in 2020, positively impacted by higher utilisation and average day rates in both segments.

Other revenue had an impressive increase of 72% to USD 267m from USD 155m in 2020, equal to 21% (14%) of total revenues driven mainly by delivery of additional services, additional mobilisation fees for increased activity levels and increased performance-based revenue.

The average day rate was USD 226k in 2021 compared to USD 210k in 2020. Excluding one-offs such as additional other revenue for COVID-19 related costs, the average day rate was USD 221k in 2021 (USD 200k excluding additional other revenue for COVID-19 related costs and lump sum termination fees in 2020).

Costs

Operating costs increased to USD 836m from USD 725m in 2020 primarily due to additional costs to support the increased rig activity in both divisions, as well as for the delivery of additional services and due to reactivation costs for previously stacked rigs.

Incremental costs related to COVID-19 amounted to USD 36m, of which USD 24m are to be reimbursed. The residual costs of USD 12m are presented under special items due to their non-recurring nature and operating costs thus include USD 24m of COVID-19 related costs.

Sales, general and administrative expenses (SG&A) increased to USD 80m compared to USD 76m in 2020 mainly due to higher short term incentive costs related to the positive business performance during 2021.

Innovation costs of USD 5m in 2021 were slightly below the level of USD 6m in 2020 due to capitalising some of the costs.

EBITDA before special items

EBITDA before special items amounted to USD 346m (USD 289m) resulting in an EBITDA margin of 27% (26%).

Special items

Special items of USD 21m (USD 42m) comprised redundancy and merger related costs of USD 9m and COVID-19 related costs not recharged to customers of USD 12m.

Impairment losses/reversals

In connection with the sale of Mærsk Gallant in May 2021, Maersk Drilling recognised an impairment reversal of USD 11m.

In 2020, an impairment write-down of USD 1,580m was recognised following the revised market outlook with lower expectations as to utilisation and day rates for the coming years.

Gain/loss on sale of non-current assets

The sale of the jack-ups Maersk Guardian and Mærsk Gallant during the second quarter, and of the combined drilling and production unit Mærsk Inspirer during the fourth quarter, generated a gain of USD 256m with all three rigs being sold at a price higher than the rigs' carrying amount. In 2020, a loss of USD 2m was reported from disposal of other minor assets.

Financial income and expenses

The net financial expenses decreased to USD 61m (USD 72m) due to lower interest costs and currency exchange movements. Net interest expenses decreased from USD 68m to USD 65m mainly due to lower interest rates in 2021 as well as a lower debt level. The average funding costs including fees were around 5% in 2021.

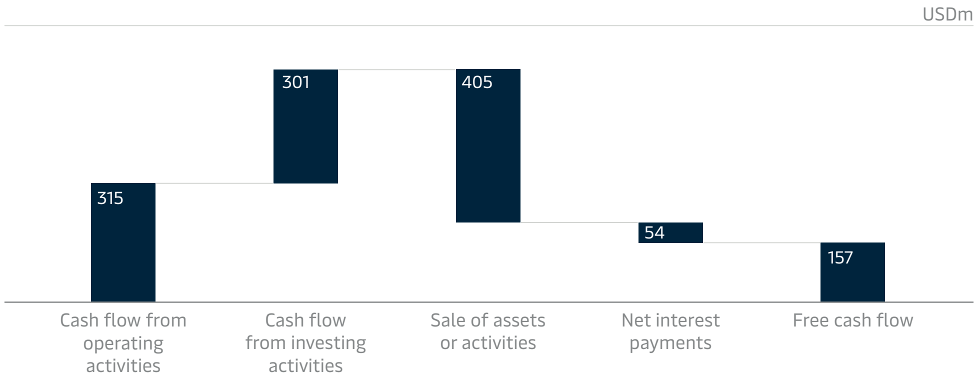
Tax

Tax for the year was an expense of USD 26m (income of USD 41m), impacted by an increase in the taxable income in 2021 while 2020 was impacted by a USD 42m deferred tax adjustment from the impairment charge recognised.
Net cash tax received during the year of USD 7m (USD 9m cash tax paid) primarily comprised taxation contributions from jointly taxed entities outside the Maersk Drilling Group, offset by income and withholding taxes paid in the countries in which Maersk Drilling operates.

EBITDA before special items

USD Million	**2021**	2020
Revenue	1,267	1,096
Costs	921	807
EBITDA before special items	346	**289**
Margin	27%	26%

Free cash flow bridge



Profit/loss for the year

The net profit for the year of USD 291m (loss of USD 1,653m) is positively impacted by increased commercial activity while the loss in 2020 was primarily impacted by the impairment loss recognised.

Cash flows

Cash flow from operating activities

Cash flow from operating activities was USD 315m (USD 267m), equal to a cash conversion of 97% (108%).

Cash flow from investing activities

In line with expectations, cash inflow from investing activities increased in 2021 to USD 301m (USD 150m cash outflow), impacted by the proceeds from the disposal of rigs of USD 405m and postponed SPS expenditure for idle or stacked rigs with only one SPS performed in 2021 (three rigs in 2020).

Cash flow used for financing activities

Cash flow used for financing activities was an outflow of USD 283m (USD 204m), comprising amortisation of borrowings including lease liabilities of USD 136m (USD 137m), extraordinary loan repayment of USD 93m due to sale of rigs and net interest payments of USD 54m (USD 62m). In 2020, USD 5m were related to the purchase of treasury shares.

Free cash flow

Excluding the USD 405m (USD 38m) proceeds from the sale of Mærsk Gallant, Maersk Guardian and Mærsk Inspirer (Maersk Completer in 2020), the free cash flow after interest payments amounted to USD 157m (USD 17m).

Capital structure and funding

Equity

At 31 December 2021, equity amounted to USD 2,320m (USD 2,017m), as a result of the profit generated for the year of USD 291m (loss of 1,653m), positive value adjustment of hedges of USD 8m and share-based payments of USD 4m.

Net debt and capital structure

At 31 December 2021, the net debt amounted to USD 505m (USD 1,059m), comprising gross borrowings of USD 1,037m (USD 1,254m) and lease liabilities of USD 25m (USD 31m), offset by total cash and bank balances of USD 557m (USD 226m).

Maersk Drilling's policy is to partly hedge interest rate risk using a model under which a larger proportion of risk is hedged in the short to medium term and a smaller proportion is hedged in the longer term. As of 31 December 2021, the average fixed ratio of gross funding is 52% for the whole term with 53% and 49% fixed for 2022 and 2023, respectively.

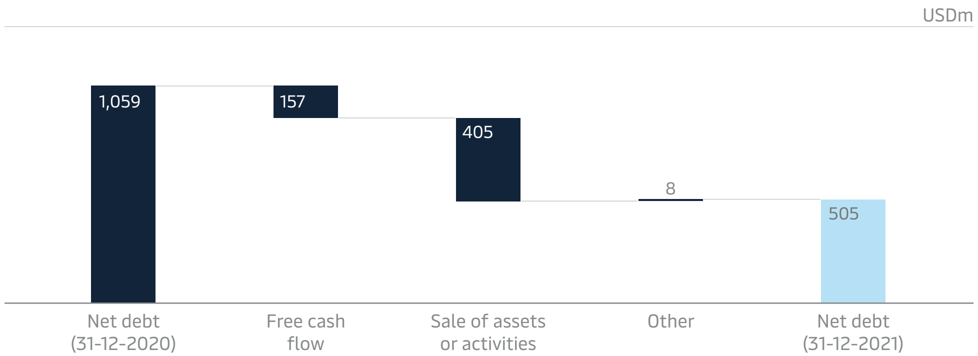
With the completion of several strategic divestments in 2021, Maersk Drilling significantly bolstered its balance sheet and enhanced financial flexibility. At 31 December 2021, the leverage ratio (net debt to EBITDA before special items) was 1.5 (3.7), the lowest level since the company was listed, while the equity ratio was 61% (54%).

The liquidity reserves amounted to USD 957m (USD 626m), comprising cash and bank balances of USD 557m (USD 226m) and a committed but undrawn revolving credit facility of USD 400m (USD 400m).

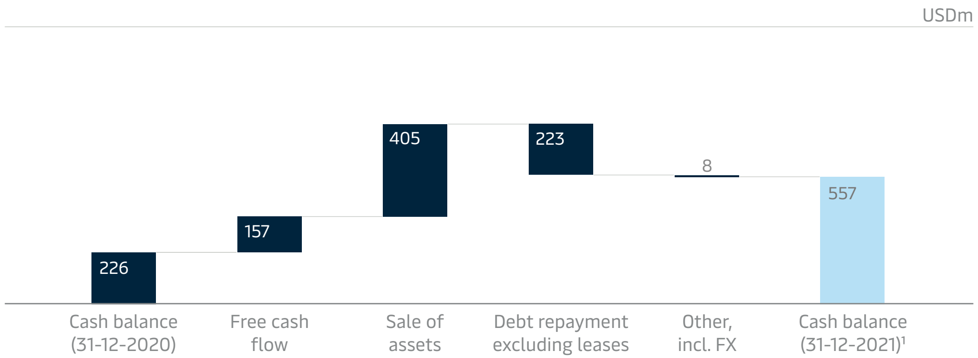
Asset base

At 31 December 2021, total assets amounted to USD 3,782m (USD 3,719m). The increase is primarily due to the increase in cash from the sale of rigs offset by the decrease in the asset base. For 2021, capital expenditures comprised additions to property, plant and equipment of USD 92m (USD 158m) and additions to intangible assets of USD 10m (USD 4m).

Development in net debt



Development in cash and bank balances



1 Includes USD 13m in restricted cash

Governance and risk

Corporate governance

Our five core values remain unchanged and have been ingrained in Maersk Drilling's way of conducting business since its founding in 1972. They remain guiding principles for the work of the Board of Directors, the Executive Management and all activities in Maersk Drilling and translate into our approach to corporate governance.

Governance structure

Shareholders and General Meeting

The governing body of Maersk Drilling is the General Meeting, at which the shareholders exercise their rights in such matters as the election of board members and the external auditor, approval of the Annual Report and deciding on proposals submitted by the shareholders. Except for resolutions to amend the articles of association, resolutions can generally be passed by a simple majority.

Board of Directors

Maersk Drilling has a two-tier management structure consisting of the Board of Directors and the Executive Management. The Board of Directors supervises the work of the Executive Management and is responsible for the overall strategic management and proper organisation of the Group's business and operations. The Executive Management handles the day-to-day management of the Group. No person may serve as a member of both corporate bodies.

In 2021, the Board of Directors consisted of six members elected by the General Meeting and two members elected among the employees. Members elected by the General Meeting are elected for a term of one year, whereas employee representatives are elected for a term of four years. Re-election of board members may take place.

The General Meeting elects a Chairman of the Board of Directors, and the Board of Directors elects a Vice Chairman among its members. The Chairman and the Vice Chairman together constitute the Chairmanship.

The Board of Directors held twelve meetings in 2021. All members attended all meetings, except that Ann-Christin Andersen attended eleven meetings.

Diversity, competencies and board evaluation

Maersk Drilling strives towards diversity in the composition of the Board of Directors, including gender as well as nationality, international experience, qualifications and competencies.

Diversity of shareholder-elected board members 2021

2 females | 4 males | 4 non-Danish citizens

Committee members:

27% Female | 73% Male

Our Values

Our five core values were far ahead of their time when they were created by the founders of the Maersk Group. Today they remain our guiding principles, calling upon us to remain conscientious as we strive to do better.

Constant Care
Take care of today, actively prepare for tomorrow.

Humbleness
Listen, learn, share and give space to others.

Uprightness
Our word is our bond.

Our Employees
The right environment for the right people.

Our Name
The sum of our values: passionately striving higher.

In terms of gender diversity, Maersk Drilling will continue to aim to have an equal gender distribution among the board members elected by the General Meeting. Additionally, it is Maersk Drilling's intention that at least 1/3 of its board members are non-Danish citizens.

At 31 December 2021, two shareholder-elected board members were female and four were male, while four shareholder-elected board members were non-Danish citizens and two were Danish citizens.

Annually, the Board of Directors conducts an evaluation of its composition considering the competencies needed to perform its tasks, and of the cooperation between the Board of Directors and the Executive Management. The key competencies and areas of experience and expertise required by the Board of Directors are currently defined as: Capital markets, offshore oil & gas operations and industry, executive leadership and financial acumen, corporate transformations and ESG, including health & safety.

Every third year the evaluation is facilitated by external consultants. In 2021, the evaluation was facilitated internally and included, among other things, the Board of Directors' general competencies and overall effectiveness and value contribution, transparency and openness of information and discussions, cooperation with the Executive Management, the Chairman's role, the work and the structure of the Board committees and a "time-spent analysis" of the Board meetings.

All members of the Board of Directors and the Executive Management participated in the evaluation and provided their detailed input via a questionnaire and individual interviews between the Chairman and each of the Directors of the Board. The findings and conclusions were discussed by the Board of Directors in December 2021.

The evaluation was generally positive and concluded that the overall performance of the Board was good and that the cooperation between the Board and Executive Management worked well.

In 2022, the Board of Directors will focus on supporting core operations and commercial progress, overseeing and supporting integration preparations for the expected business combination with Noble Corporation, all the while aiming to support industry consolidation and ensuring a leading and highly investable company via the expected combination.

Executive Management

During 2021, the Executive Management consisted of Jørn Madsen as Chief Executive Officer (CEO) and Christine Morris as Chief Financial Officer (CFO).

The Executive Management is responsible for the day-to-day management and compliance with the procedures, instructions, guidelines and recommendations issued by the Board of Directors.

The Chairmanship and the Executive Management regularly discuss the cooperation between the Board of Directors and the Executive Management. The Board of Directors also regularly and at least annually evaluates the work and performance of the Executive Management.

Our corporate governance structure

Board committees

In order to support the Board of Directors, Maersk Drilling has established an Audit & Risk Committee, a Remuneration Committee, a Nomination Committee and a Safety & Sustainability Committee.

The purpose of the Board committees is to report and make recommendations to the Board of Directors on the matters assigned to each committee. The committees are not authorised to make independent decisions but to examine all matters within the scope of their charters, which are available on Maersk Drilling's website at https://investor.maerskdrilling.com/governance/corporate-governance.

All members of the committees are elected by the Board of Directors from among its members, considering the optimal composition given the individual members' key competencies.

Audit & Risk Committee

In 2021, the Audit & Risk Committee consisted of Alastair Maxwell as chair and Martin Larsen and Kristin H. Holth as members.

The overall purpose and main activities of the Audit & Risk Committee are to monitor and review the Group's financial reporting and related procedures, and to evaluate the accounting policies, estimates and judgements as well as transactions with related parties. Further, the Audit & Risk Committee is to monitor the Group's external audit, including the provision of non-audit services. Moreover, the Audit & Risk Committee oversees the Company's risk management systems that support financial reporting and related activities, including the ethics hotline, as well as the overall Enterprise Risk Management framework.

The Audit & Risk Committee held five meetings in 2021. All members attended all meetings.

Remuneration Committee

In 2021, the Remuneration Committee consisted of Claus V. Hemmingsen as chair and Alastair Maxwell and Robert M. Uggla as members.

The overall purpose and main activities of the Remuneration Committee are to maintain and oversee the Remuneration Policy and to evaluate the actual remuneration for the members of the Board of Directors and the Executive Management. Additionally, the Remuneration Committee annually reviews the compensation level for Maersk Drilling's Executive Leadership Team and the general incentive framework for other employees.

The Remuneration Committee held four meetings in 2021. All members attended all meetings, except that Robert M. Uggla attended three meetings.

Nomination Committee

In 2021, the Nomination Committee consisted of Robert M. Uggla as chair and Claus V. Hemmingsen as member.

The overall purpose and main activities of the Nomination Committee are to ensure that appropriate plans and processes are in place for nomination of candidates to the Board of Directors, the Executive Management and the Board committees. The Nomination Committee annually evaluates the composition of the Executive Management and, if requested, assists with the annual evaluation of the Board of Directors.

The Nomination Committee held two meetings in 2021. Both members attended both meetings

Safety & Sustainability Committee

In 2021, the Safety and Sustainability Committee consisted of Claus V. Hemmingsen as chair and Ann-Christin Andersen and Kristin H. Holth as members.

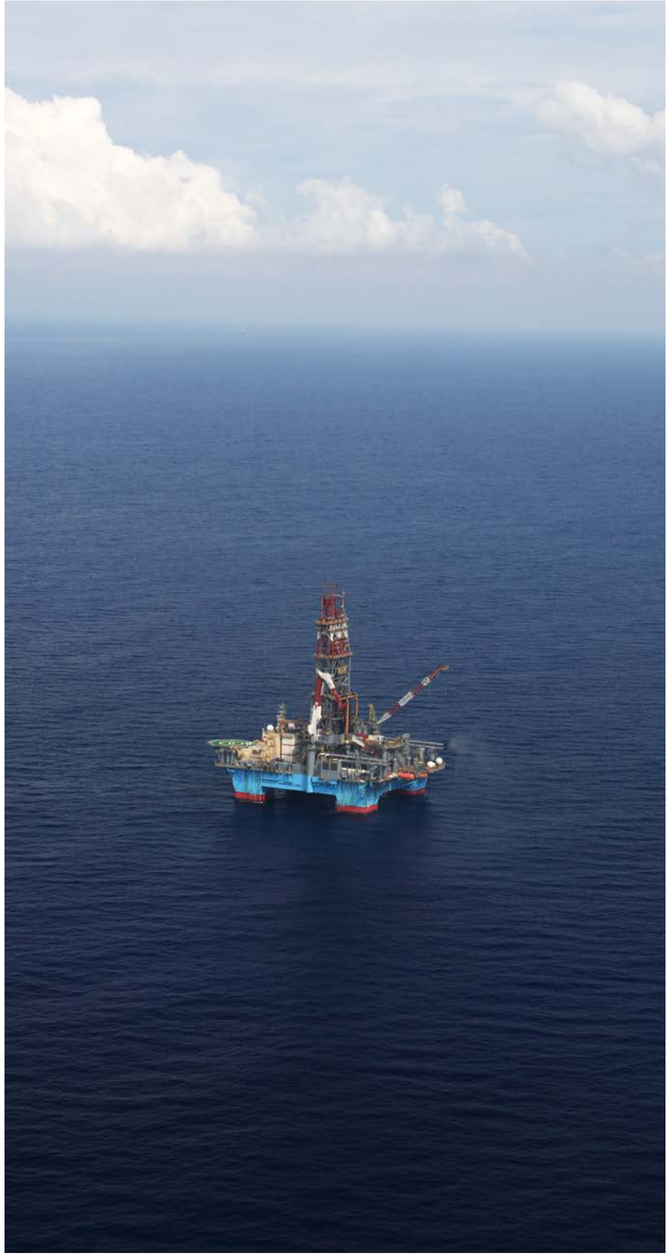
The overall purpose and main activities of the Safety & Sustainability Committee are to assist the Board of Directors with overseeing Maersk Drilling's identification, management and mitigation of risks associated with matters of health, safety, security, environment and sustainability, including the annual Sustainability Report.

The Safety and Sustainability Committee held one meeting in 2021, while the second meeting was deferred and held in January 2022. All members attended both meetings.

Overview of committee members and attendance rate for 2021

Board member	Audit & Risk Committee member	Remuneration Committee member	Nomination Committee member	Safety& Sustainability Committee member	Board Meetings Attended	Nationality	Joined the board	Election Period
Claus V. Hemmingsen (Chairman)		● (chair)	●	● (chair)	12	Danish	2019	1 year
Robert M. Uggla (Vice Chairman)		●	● (chair)		12	Swedish	2019	1 year
Ann-Christin Andersen				●	11	Norwegian	2020	1 year
Kristin H. Holth	●			●	12	Norwegian	2020	1 year
Martin Larsen	●				12	Danish	2019	1 year
Alastair Maxwell	● (chair)	●			12	British	2019	1 year
Caroline Alting (employee elected)					12	Danish	2019	4 years
Glenn Gormsen (employee elected)					12	Danish	2019	4 years

● Chair of the committee ● Member of the committee



Statutory report on corporate governance

Pursuant to section 107b of the Danish Financial Statements Act and the Rules for Issuers of Shares of Nasdaq Copenhagen A/S, listed companies must provide an annual statement on how they address the recommendations on corporate governance issued by the Danish Committee on Corporate Governance.

Maersk Drilling's adoption of the recommendations, including descriptions of internal controls and risk management systems related to financial reporting, is set out in Maersk Drilling's Statement on Corporate Governance for 2021, which is available at https://investor.maerskdrilling.com/governance/corporate-governance.

Statutory report on gender and diversity

The Sustainability Report for 2021 serves as the statutory reporting according to sections 99a, 99b and 107d of the Danish Financial Statements Act. Read the full report at: https://www.maerskdrilling.com/who-we-are/sustainability.

Statutory report on data ethics

Pursuant to section 99d of the Danish Financial Statements Act, listed companies must account for their data ethics policy and work related thereto. Maersk Drilling has, during 2021, developed a policy for data ethics encompassing seven fundamental principles around data ethics which Maersk Drilling will further strengthen and cascade throughout the organisation. These principles are summarised as follows: When working with data, Maersk Drilling strives for appropriate use through data ownership with support, control and governance mechanisms. This includes GDPR, IT security and architecture assessments and assigned data owners. Maersk Drilling evaluates accessible, externally obtained data to ensure that processing of such data complies with the Data Ethics Policy. Maersk Drilling strives to use its own data. All digital financial solutions in the IT landscape are subject to annual external IT audits to ensure compliance.

Authority to increase share capital

Until the Annual General Meeting in 2026, the Board of Directors is authorised to increase the share capital without pre-emption rights for existing shareholders by up to nominally DKK 83,064,224 at or above market price for general corporate purposes. Until the Annual General Meeting in 2024, the Board of Directors is authorised to increase the share capital without pre-emption rights for existing shareholders by up to nominally DKK 12,490,000 for executives and employees of Maersk Drilling at a subscription price determined by the Board of Directors, which may be below market price.

Disclosure regarding change of control

As part of the demerger of A.P. Møller - Mærsk A/S, Maersk Drilling entered into a branding agreement with A.P. Møller - Mærsk A/S and A.P. Møller Holding A/S regarding Maersk Drilling's future use of a number of trademarks, names, vessels and rig names and other designations including "Maersk Drilling", the Maersk blue colour and the seven-pointed star. In addition to the parties' right to terminate the branding agreement in case of breach and insolvency proceedings, the branding agreement is further subject to a number of termination provisions allowing A.P. Møller - Mærsk A/S and/ or A.P. Møller Holding A/S to terminate (generally at 12 months' notice) in case of certain events constituting a change of control under the branding agreement.

Upon termination, Maersk Drilling must cease use of the Maersk trademarks and remove any references thereto.

Maersk Drilling's debt facilities include change of control provisions, however the lenders have agreed to waive their rights in respect of the change of control provisions in relation to the contemplated merger with Noble.

Authority to acquire treasury shares

Until the Annual General Meeting in 2024, the Board of Directors is authorised to acquire treasury shares of up to 10% of the share capital provided that the purchase price does not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of the acquisition.

Board of Directors

Claus V. Hemmingsen

Chairman

Chair of Remuneration Committee and Safety & Sustainability Committee; member of Nomination Committee

Born	1962
Gender	Male
Nationality	Danish

Non-executive board member

Qualifications
Extensive international, commercial and managerial experience from the offshore oil & gas and shipping industries, including HSSE & Sustainability, M&A, capital markets and non-executive directorships.

Other management duties, etc.
DFDS A/S (Chairman; Chair of Nomination Committee and Remuneration Committee); A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal (The A.P. Moller Foundation) (board member); A.P. Møller Holding A/S (board member); Den A.P. Møllerske Støttefond (board member); Det Forenede Dampskibs- Selskabs Jubilæumsfond (board member); Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (board member); Global Maritime Forum Fonden (board member); HusCompagniet A/S (Chairman); Committee on Corporate Governance (board member); Work Wear Group A/S, Bacher Work Wear A/S and Webmore Uniformer A/S (board member); Innargi Holding A/S, Innargi A/S and Innargi Project I P/S (Chairman); CVH Consulting ApS (CEO).

Education
- A.P. Moller Maersk Certified Shipping Education (1983)
- Executive MBA (Hons) from International Institute for Management Development (IMD) (2007)
- International Directors Programme (INSEAD) (2020)

Shareholding: 5,424 shares

Not considered independent

Robert M. Uggla

Vice Chairman

Chair of Nomination Committee; member of Remuneration Committee

Born	1978
Gender	Male
Nationality	Swedish

CEO of A.P. Møller Holding A/S

Qualifications
International, commercial and managerial experience within investments, incubation, shipping and marine services, including HSSE and other ESG aspects, M&A, capital markets and non-executive directorships.

Other management duties, etc.
A.P. Møller - Mærsk A/S (board member; member of Nomination Committee and Remuneration Committee); A.P. Møller Capital P/S (Chairman); Maersk Tankers A/S (Chairman); Maersk Product Tankers A/S (Chairman); IMD (Foundation Board member); ZeroNorth A/S (board member); Agata ApS (CEO); Estemco XII ApS (CEO) and board positions in a number of controlled subsidiaries of A.P. Møller Holding A/S.

Education
- MSc in Finance and Economics from Stockholm School of Economics, including studies at Università Commerciale Luigi Bocconi
- Executive education at the Wharton School of the University of Pennsylvania, Harvard Business School, Stanford Business School and IMD

Shareholding: 4,430 shares

Not considered independent

Ann-Christin Andersen

Member of Safety & Sustainability Committee

Born	1966
Gender	Female
Nationality	Norwegian

Non-executive board member

Qualifications
More than 30 years' international and managerial experience from the oil & gas industry, with extensive experience in project execution and orchestrating transformation in areas like HSE and technology, including digital.

Other management duties, etc.
4ADA AS (strategic advisor and CEO); Quantafuel ASA (Chairman); Glitre Energi AS (Chairman); Tidetec AS (Chairman); Rotork Plc (board member; Chair of ESG Committee); Ferrexpo Plc (board member): Argeo AS (board member); Gen2Energy AS (board member).

Education
- IMD Executive MBA (Hons), Lausanne, Switzerland
- IMD programme for Executive Development (PED)
- Bachelor degree with 1st Class Honours in Offshore Electrical Engineering, Heriot Watt University, Edinburgh, UK

Shareholding: 760 shares

Considered independent

Kristin H. Holth

Member of Safety & Sustainability Committee and Audit & Risk Committee

Born	1956
Gender	Female
Nationality	Norwegian

Non-executive board member

Qualifications
Significant international, managerial and analytical insight in shipping, offshore, oil & gas and oilfield services industries, with a strong focus on ESG matters, as well as significant experience in capital markets and funding.

Other management duties, etc.
GasLog Partners LP (board member; member of Audit & Risk Committee)); Maersk Tankers A/S (board member); HitecVision AS (board member); ABP AS (board member); Equality Check AS (Chairman); BI International Advisory Board (member).

Education
- Bachelor in Economics and Business Administration, BI Norwegian Business School
- Scandinavian Executive Institute/INSEAD – Executive Management programme, Lund University, IMD Business School

Shareholding: 900 shares

Considered independent

Martin Larsen

Member of Audit & Risk Committee

Born	1979
Gender	Male
Nationality	Danish

CFO of A.P. Møller Holding A/S

Qualifications
International, managerial and financial experience within offshore supply services, shipping, energy and insurance, including M&A and capital markets experience.

Other management duties, etc.
A.P. Møller Capital P/S (board member); Maersk Tankers A/S (board member; Chair of Audit Committee); Maersk Product Tankers A/S (board member; Chair of Audit Committee); Navigare Capital Partners A/S (board member); Assuranceforeningen Skuld (Gjensidig) (Vice Chairman; Chair of Audit Committee; member of Risk Committee); MVKH ApS (CEO) and board positions in a number of controlled subsidiaries of A.P. Møller Holding A/S.

Education
- Executive MBA from London School of Economics/ Columbia University
- Master of Science, Economics and Finance from Warwick University
- Bachelor of Economics from University of Copenhagen

Shareholding: 1,169 shares

Not considered independent

Alastair Maxwell

Chair of Audit & Risk Committee; member of Remuneration Committee

Born	1964
Gender	Male
Nationality	British

CFO of Signifier Medical Technologies Limited

Qualifications
Extensive international and financial experience within energy markets, including M&A, privatisation, restructuring and equity and debt capital markets.

Other management duties, etc.
None

Education
- BA (Hons) Modern Languages (Spanish and Portuguese) from Oxford University
- London Business School Corporate Finance Evening Programme (1988/89)

Shareholding: 1,337 shares

Considered independent

Caroline Alting

Employee representative

Born	1975
Gender	Female
Nationality	Danish

Head of Integrity & Projects at Maersk Drilling

Qualifications
Technical and operational experience within the offshore oil & gas industry, including HSSE, sustainability and the competitive landscape and customer relationships.

Other management duties, etc.
Advisory board member for MCEDD Deepwater Development conference.

Education
- MSc. Chemistry
- PMD IESE Business School

Shareholding: 325 shares

Not considered independent due to employment within the Group

Glenn Gormsen

Employee representative

Born	1972
Gender	Male
Nationality	Danish

Programme Manager at Maersk Drilling

Qualifications
In-depth technical, operational and leadership experience within the offshore oil & gas operations and industry, including compliance, risk management and HSSE, as well as a deep cross-organisational understanding of Maersk Drilling.

Other management duties, etc.
None

Education
- Master Mariner
- Officer of reserves, Royal Danish Navy
- Bachelor in leadership, financial management and asset management (Blue Diploma)

Shareholding: 684 shares

Not considered independent due to employment within the Group

Executive Management

Jørn Madsen

Chief Executive Officer (CEO)

Born	1964
Gender	Male
Nationality	Danish
Year of first employment	1990
In current position since	2016

Jørn Madsen has been CEO of Maersk Drilling since November 2016. Prior to his appointment as CEO, Jørn Madsen was CEO of Maersk Supply Service A/S from 2015–2016. Prior thereto, he held various positions in Maersk Drilling amongst others as COO and Managing Director of Maersk Drilling in Norway. Jørn Madsen is currently Chairman of the Board of Directors of Maersk Decom A/S. Jørn Madsen holds an Executive MBA from IMD/University of Geneva, and a Master of Science, Mechanical Engineering from the Technical University of Denmark.

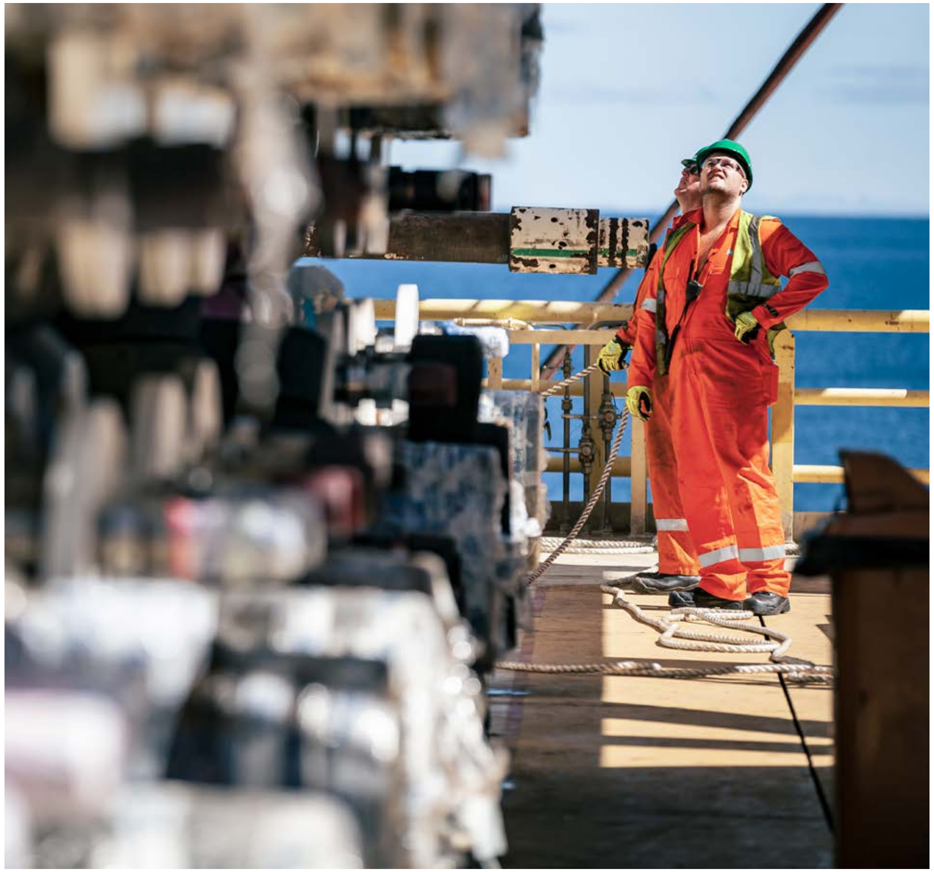
Christine Morris

Chief Financial Officer (CFO)

Born	1966
Gender	Female
Nationality	Dual Belgian and American citizenship
Year of first employment	2021
In current position since	2021

Christine Brennet (generally referred to as Christine Morris) has been CFO of Maersk Drilling since January 2021. Prior to her appointment as CFO, Christine Morris was CFO of BJ Services, a US based oilfield services company. Prior to this, Christine Morris held executive finance positions with Haliburton from 2010–2017. Christine Morris holds an MBA from the Stanford Graduate School of Business, USA and a Master in Actuarial Sciences from Université Catholique de Louvain, Belgium.

Remuneration



Remuneration Policy

The Remuneration Policy, approved in 2020, includes the overall guidelines on incentive pay for the Board of Directors and the Executive Management in accordance with sections 139 and 139a of the Danish Companies Act and based on the Corporate Governance Recommendations.

The Remuneration Policy promotes the objectives of:

- ensuring alignment of interests between the Board of Directors, the Executive Management and shareholders,
- attracting and retaining qualified members of the Board of Directors and the Executive Management, constantly maintaining the motivation of both the Board of Directors and the Executive Management for achieving the Group's strategic long- and short-term targets, and
- promoting value creation for the benefit of the shareholders.

Board of Directors

Each ordinary member of the Board of Directors will receive a fixed annual base fee, while the Chairman and the Vice Chairman receive fixed multiples of the fixed annual base fee. Participation in a board committee entitles a board member to an additional fixed annual fee based on a proportion of the fixed annual base fee. Members of the Board of Directors and the board committees do not receive any incentive or share-based pay. Fee levels are reviewed periodically taking into account independent advice (on comparisons with other large companies of similar size and complexity based in Denmark and Europe, supplemented by a perspective based on global drilling industry remuneration levels for industry specific expertise) and the time commitment required of the board members.

Executive Management

Remuneration of the Executive Management will be decided by the Board of Directors based on recommendations from the Remuneration Committee. When determining the fixed pay of the Executive Management, the Board of Directors takes into consideration:

- Maersk Drilling's policy generally to provide a total reward opportunity at around the median for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in Denmark and in Europe;
- a perspective based on global drilling industry remuneration levels for industry specific expertise.

The remuneration and benefits package for the Executive Management will consist of:

- **Fixed pay:** A fixed annual cash salary.
- **Other benefits:** Telephone, insurance coverage, annual health check, newspaper subscriptions, training/education and similar benefits.
- **Short-term incentive:** A short-term cash incentive based on the achievement of the targets established for the current year.
- **Long-term incentive:** A share-based incentive scheme is offered to incentivise long-term performance, commitment and retention of the Executive Management, as well as to promote alignment of their interests with the shareholders. All long-term incentives must have a vesting or maturity period of at least three years from the relevant date of grant. The Executive Management will not be able to sell any vested shares until five years after the grant date, i.e. an additional "holding period" of two years in addition to the three-year "vesting period". The Executive Management is also subject to a share ownership requirement of twice the annual long-term incentive grant level applicable.

- **Transition of long-term incentives:** To ensure the Executive Management had an equity interest in the Company from the date of the demerger, they were required to forfeit all unvested A.P. Møller - Mærsk A/S shares and share options as of 1 January 2019 and instead received restricted share units in Maersk Drilling.
- **Termination benefits:** The period of notice applicable to the Executive Management is 12 months for the employer and 6 months for the executive. In addition to company notice, the Executive Management is entitled to a severance payment of up to 6 months' fixed pay at the time of termination.

Remuneration Report

Maersk Drilling has published an Annual Remuneration Report pursuant to section 139b of the Danish Companies Act and based on the recommendations published by the Danish Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S. The report is available at https://investor.maerskdrilling.com/governance/corporate-governance.

Other remuneration disclosures

Further information on remuneration and share-based incentives for 2021 is set out in notes 1.3 and 4.3 to the consolidated financial statements.

Board Remuneration 2021 (USD 000s)

Board Member	Base fee	Committee fees	**Total**
Claus V. Hemmingsen (Chairman)	214.9	47.7	262.6
Robert M. Uggla (Vice Chairman)	143.3	17.9	161.2
Ann-Christin Andersen	71.6	17.9	89.5
Kristin H. Holth	71.6	35.8	107.4
Martin Larsen	71.6	23.9	95.5
Alastair Maxwell	71.6	59.7	131.3
Kathleen McAllister[1]	23.9	15.9	39.8
Caroline Alting (employee elected)	71.6	0	71.6
Glenn Gormsen (employee elected)	71.6	0	71.6
Total	811.7	218.8	1,030.5

Executive Management Remuneration 2021

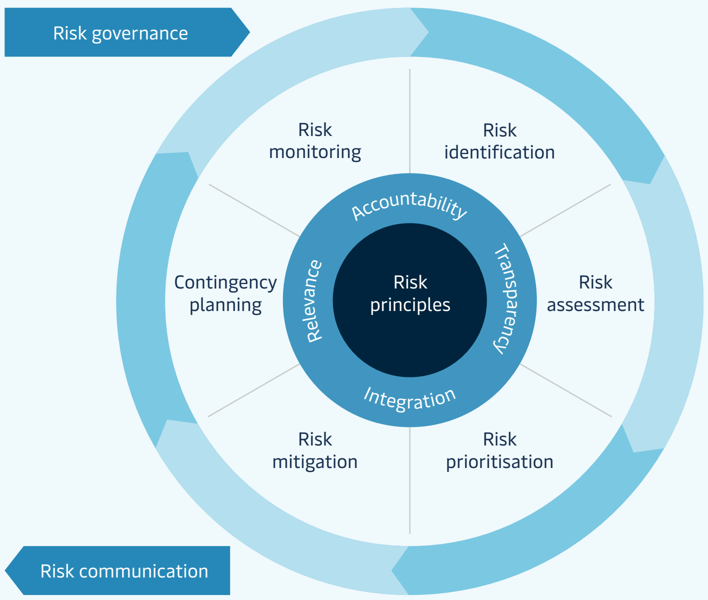
		Fixed pay and cash bonus (USD 000s)				Long-term incentive (no of restricted share units)			
		Fixed pay including benefits	Deal Completion Bonus[2]	Annual bonus[3]	**Total**	Unvested RSUs beginning of year	**Shares received in 2021**	RSUs granted in 2021[5]	Unvested RSUs end of year
Jørn Madsen	(CEO)	1,163	233	1,037	2,433	56,536	1,767[4]	31,164	85,933
Christine Morris	(CFO)[6]	730	131	460	1,321	-	-	13,967	13,967

1 Effective 8 April 2021, Kathleen McAllister resigned from the Board of Directors.
2 Executive Management (amongst other employees) are eligible to receive a cash-based bonus ("Deal Completion Bonus") subject to the completion of the merger with Noble in 2022.
3 To be paid in April 2022 and reflects the achievement of business objectives in 2021.
4 Shares received on 30 April 2021 when the share price closed at DKK 261.00 per share.
5 Shares granted on 1 March 2021 at a share price of DKK 250.00 per share. The shares will vest after three years.
6 The former CFO, Jesper Ridder Olsen, received salary in January 2021 of USD 65k.

Risk management

Risk management structure

Maersk Drilling's ERM framework is based on four elements;
Risk Principles, Risk Governance, Risk Communication and Risk Processes



The objective of Maersk Drilling's risk management is to contribute to the fulfilment of the Company's strategy by ensuring that risks are identified, assessed, reported, monitored and addressed in a way that is aligned with the business operations, objectives and risk appetite.

The processes are structured through an Enterprise Risk Management (ERM) framework, setting forth the necessary elements for having coordinated actions and alignment among the various stakeholders with regards to addressing the key risks. Climate related risks are treated in the same way as all other risks and in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Executive Management assesses risks on an ongoing basis to address mitigation and contingency planning activities. Risks are reported to and discussed with the Board of Directors on a regular basis and top risks are reported annually to external stakeholders through the Annual Report.

The 2021 risk management framework is generally unchanged from last year where it was expanded to also cover TCFD requirements. The merger related risks are addressed separately.

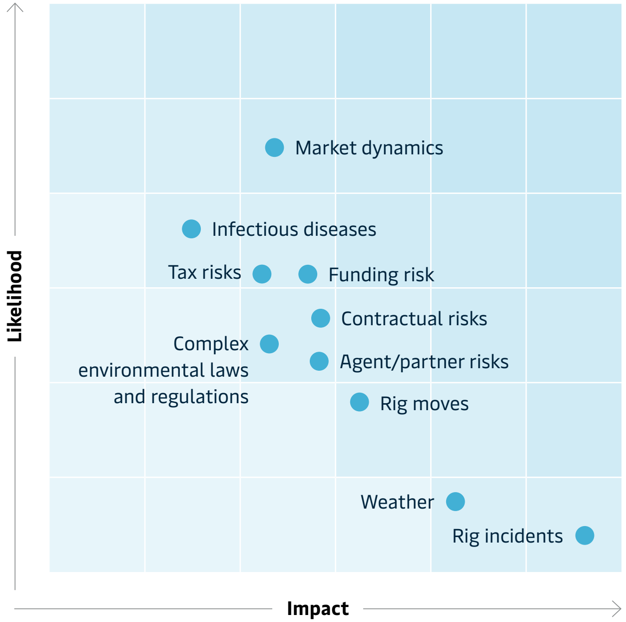
The most significant risks and their potential impact are listed on the following pages together with the appropriate mitigation activities.

Maersk Drilling and climate-related risks

Climate-related risks are identified and managed in accordance with procedures laid down in the Enterprise Risk Management system, in the same way as other risks affecting Maersk Drilling. In accordance with the framework, major risks are reviewed on a bi-annual basis. A distinction is made between risks with expected impact in the near term (12–18 months) and emerging risks with a longer-term impact.

This approach captures both **physical risks** – in the case of Maersk Drilling, the increased risk of severe weather impacting the future operations of its rigs – but more importantly, **transition risks** e.g in the form of emerging market developments, customers and access to capital, changing policy and regulatory conditions and reputational stigmatisation due to environmental concerns including access to and retention of human talent and capabilities.

Key risks in 2021



Merger with Noble Corporation

- On 10 November 2021, Maersk Drilling and Noble Corporation announced their agreement to combine the two companies. It is expected that the transaction will close in mid 2022, provided that the relevant closing conditions have been met.
- The transaction involves various risk to Maersk Drilling, including but not limited to, getting sufficient support from shareholders or approval by relevant authorities that could result in the merger not closing, as well as market dynamics impacting Maersk Drilling's commercial position, including changes in customer behavior as a consequence, as well as potential impact on staff and resources.
- The risks presented in this annual report are based on Maersk Drilling as an independent, going concern and no attempt has been made to quantify or account for risks associated with the transaction.

Rig incidents

Risk Description

Offshore drilling requires use of heavy equipment and exposure to hazardous conditions which carry inherent health and safety risks. Maersk Drilling's operations are subject to hazards inherent in drilling for oil and gas, such as blow-outs, reservoir damage, loss of production, loss of well control, punch through, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution.

Maersk Drilling's operations are also subject to hazards inherent in marine operations, such as capsizing, grounding, navigation errors, collision, oil and hazardous substance spills, extensive uncontrolled fires and marine life infestations.

Such hazards present a potential risk to the safety of people, to the environment, assets, liquidity position and reputation.

Risk Mitigation

The risks associated with operational accidents are mitigated through safety and maintenance standards, response preparedness, continuous training and rigorous monitoring. In addition to operational activity mitigations, Maersk Drilling's contracts provide for varying levels of indemnity and allocation of liabilities between its customers and the company. However, we observe that customers continued to try to advance additional liabilities to the contractors. Also, people, assets and activities remain comprehensively insured against personal injuries, physical damage and liabilities.

Weather

Risk Description

Some of Maersk Drilling's rigs are located in areas that frequently experience hurricanes and other forms of severe weather conditions which can cause damage or destruction to the drilling rigs.

Further, high winds and turbulent seas could cause suspension of operations on drilling rigs for significant periods of time and thus impact revenue. Any increasing severity and frequency of severe weather and rising sea levels is considered a climate related risk for Maersk Drilling which is likely to exacerbate the weather-related risk longer term.

Risk Mitigation

Maersk Drillings' jack-up rigs can potentially be operated with an increased safety height to cater for higher waves. Furthermore, Maersk Drilling has shut-down, moving and down-manning procedures in place in case of severe weather conditions. Additionally, in order for Maersk Drilling to ensure a high level of safety, tests of processes are conducted at regular intervals for rigs operating in risk areas.

Tax risks

Risk Description

Maersk Drilling operates worldwide, which entails an inherent tax risk with respect to regulatory tax compliance, including corporate taxes, value added taxes and excise duties, as well as withholding taxes and taxes regarding specific rig taxation.

As tax laws are complex and subject to interpretation, there is a risk that these interpretations could affect the taxes Maersk Drilling pays in various jurisdictions. Maersk Drilling's tax positions are also subject to audit by relevant tax authorities who may disagree with Maersk Drilling's interpretations or assessments of the effects of tax laws, treaties or regulations, or their applicability to its corporate structure or specific transactions that Maersk Drilling has undertaken.

Furthermore, the OECD project on Base Erosion and Profit Shifting in general, and also with respect to suggestions for taxation under Pillar I and Pillar II, in particular the proposed implementation of a global minimum tax rate of at least 15% for large multinational corporations on a jurisdiction-by-jurisdiction basis, may adversely affect the tax setup of the Maersk Drilling and result in additional cash taxes.

Risk Mitigation

As outlined in Maersk Drilling's tax policy, tax-related risks are mitigated through an upright approach, cooperation with the authorities in respect of investigations and enquiries, as well as ensuring that an efficient organisation of specialists with the necessary competencies is in place to best meet the requirements and tax regulations relevant to operations. Tax exposures are assessed before entering new commercial contracts and monitored systematically on an ongoing basis and presented to the Audit & Risk Committee.

Maersk Drilling is continuously monitoring the tax landscape and adapting to new legislative initiatives in order to preserve our cash flow.

Environmental laws and regulations

Risk Description

Maersk Drilling's operations are subject to a variety of laws, regulations and requirements in multiple jurisdictions controlling the discharge of various materials into the environment, requiring removal and clean-up of materials that may harm the environment, controlling carbon dioxide emissions, or otherwise relating to the protection of the environment such as restrictions on exploration & production licensing areas to protect sensitive marine geographies and/or to limit new oil & gas exploration as society transitions to a lower carbon economy.

In general, the laws and regulations protecting the environment are becoming increasingly numerous, stringent and complex. Failure to comply with applicable environmental laws and regulations or to obtain or maintain necessary environmental permits or approvals, or even an accidental release of oil or other hazardous substances in connection with operations, could subject Maersk Drilling to significant administrative and civil fines and penalties, criminal liability, remediation costs for natural resource damages, third-party damages and material adverse publicity, or may result in the suspension or termination of its operations.

Risk Mitigation

Maersk Drilling is committed to doing business in accordance with applicable regulatory standards and have adopted policies and procedures which are designed to promote legal and regulatory compliance.

In accordance with industry practice, Maersk Drilling's customers typically take primary responsibility for any environmental pollution resulting from the customers' use of the drilling rigs under the contracts, and Maersk Drilling typically assumes liability for pollution originating from its own equipment. Maersk Drilling has generally been able to obtain a certain degree of contractual indemnification pursuant to which its customers agree to hold harmless and indemnify Maersk Drilling against liability for pollution, well and environmental damage.

Rig moves

Risk Description

The offshore drilling market is a global market as rigs can relocate and operate in various environments. However, mobilisation of rigs is expensive and time-consuming and can be impacted by several factors, including weather and currents. When mobilising a rig, additional risks are introduced such as risk of collision, loss of tow, loss of stability/water tight integrity, mooring line failure and anchor dragging, which can cause human fatalities, damage to the rig or to other units.

Risk Mitigation

Maersk Drilling mitigates the risks associated with rig moves through timely preparation of the mobilisation, which includes extensive planning and verification processes.

Contractual risks

Risk Description

Maersk Drilling may be subject to the risk of its customers seeking to terminate or renegotiate contracts generally or in the event of our non-compliance with the terms and conditions of the contract. Moreover, Maersk Drilling is continuously being challenged by the Operators on the shared liability between Operator and Contractor as a consequence of the market conditions.

Risk Mitigation

Contractual risks are addressed during the negotiation of new contracts or re-negotiation of existing contracts, where significant efforts are undertaken to ensure that contracts leave minimal opportunity for termination or that the impact from the termination will not result in a significant financial loss, and that shared liabilities are balanced in the contract.

Market dynamics

Risk Description

The offshore drilling industry is highly competitive, and profitability is strongly impacted by developments in rig supply and drilling demands. In addition, the industry is volatile and cyclical, which is largely the result of changes in oil and gas prices and their impact on exploration and production company expenditures. In addition, the long-term transition to a lower carbon economy is likely to impact long term offshore exploration & production activity levels with the risk of longer periods of rig over-supply.

Periods of low drilling demand and excess rig supply intensify competition in the industry and may result in rigs being idle or earning substantially lower day rates than the historical average for long periods of time. Additionally, general contractual terms and conditions are under pressure during periods of low industry activity, potentially further reducing the commercial value of available rig contracts.

Risk Mitigation

Maersk Drilling mitigates the risks associated with low demand through a high focus on customers and their requirements, a continuous strong operational delivery and maintaining a fleet of modern and technologically advanced drilling rigs. Maersk Drilling is also focused on co-developing new compensation and business models with customers, focusing on reducing waste and costs related to drilling a well. Further, Maersk Drilling has adopted a warm stacking strategy for its fleet, enabling shorter time for reactivation and lower risks in reactivation to meet customer demands and keep utilisation high.

Funding

Risk Description

Maersk Drilling is funded through a combination of shareholders' equity and borrowings. Access to near-term funding is not considered a major risk however, as society transitions to a lower carbon economy, funding for the oil and gas industry may become more scarce reducing the overall debt financing available for the offshore drilling industry.

Risk Mitigation

By maintaining its position as a top tier contractor in the industry known for reliable, safe and responsible drilling with best-in-class financial results and robustness, Maersk Drilling should be best possibly positioned to retain its access to funding sources. Maersk Drilling's current funding arrangements provide a solid capital structure and a high degree of financial flexibility, with adequate funding in place, including ample liquid funds after the divestment of the Mærsk Inspirer rig. Through the strategic sustainability agenda, putting Maersk Drilling at the forefront of the industry with ambitious carbon reduction targets and participation on carbon capture and storage projects, Maersk Drilling may be able to tap into funding sources which would otherwise not be accessible to companies within our industry.

Agent / partner risks

Risk Description

Maersk Drilling relies on third-party suppliers to provide parts, crew and equipment. The reliance on third-party suppliers, manufacturers and service providers used in the drilling operations exposes Maersk Drilling to the risk of these partners not adhering to company values and/or corporate policies and exposes Maersk Drilling to volatility in the quality, price and availability of such items, especially where the number of suppliers is limited.

Risk Mitigation

Maersk Drilling seeks to mitigate the risks associated with partners not adhering to company values and/or corporate policies through due diligence procedures, including termination clauses in contracts and assigning clear roles and responsibilities with partners. Additionally, continuous monitoring of partners and education in Maersk Drilling's values and corporate policies mitigate these risks. Maersk Drilling also seeks to ensure that it has good working relationships with multiple suppliers to reduce the risks of over-reliance on single suppliers.

Infectious diseases

Risk Description

Maersk Drilling is an international offshore drilling company with global operations and therefore exposed to the risk that a global pandemic disease will impact Maersk Drilling negatively, and with varied levels of impact in different countries. Mobilising rigs, changing crews and supplying rigs on an ongoing basis exposes Maersk Drilling staff, subcontractors and customers to the risk of infection in the event of a global pandemic. If authorities worldwide respond by implementing travel restrictions, lockdowns, workplace hazard controls, and facility closures etc, thereby causing disruption to the global economy, demand for Maersk Drilling's rigs and operations could be significantly impacted.

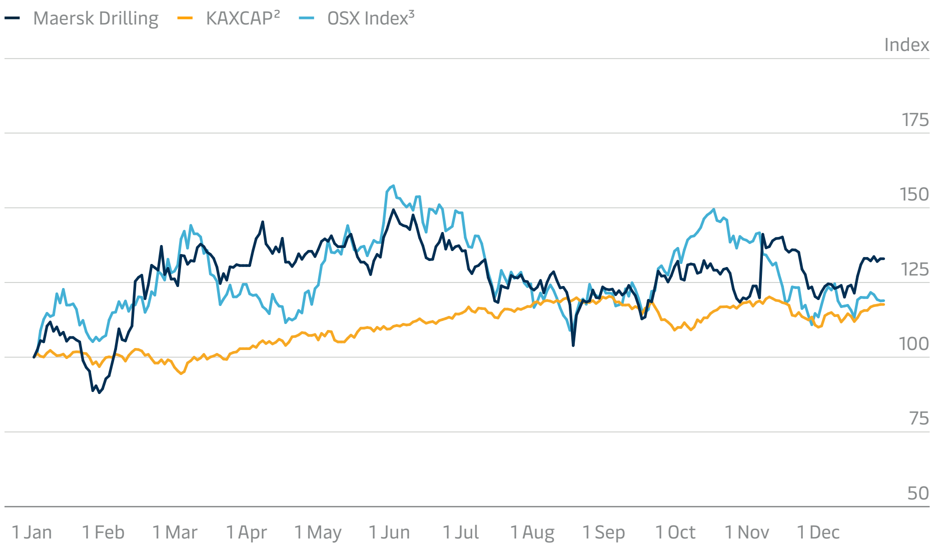
Risk Mitigation

Maersk Drilling mitigates the risk by implementing official recommendations during a pandemic such as social distancing, working from home, private jet charter for crew changes, testing, isolation and quarantine procedures etc. in combination with contractual terms with customers and subcontractors. In general, mitigations will put further emphasis on the use of IT solutions and additional safety focus. During peak infection periods, suspension of operations may be necessary.

Shareholder information

The shares in The Drilling Company of 1972 A/S ("Maersk Drilling") have been listed on the Nasdaq Copenhagen stock exchange since 4 April 2019 and trade under the ticker symbol, DRLCO.

Share price development 2021[1]



1 DRLCO and KAXCAP rebased at index 100 on 1 January 2021.
2 KAXCAP is a capitalisation-weighted index of all the stocks traded on the Copenhagen Stock Exchange.
3 Philadelphia Oil Service Sector Index ("OSX") is a price-weighted index composed of companies involved in the oil services sector.

Share price development and trading volume

To begin the year, Maersk Drilling shares started trading at a price of DKK 195.1 and closed the year at DKK 256.2, equivalent to an increase of 31%. The year's highest price of DKK 293.6 was on 4 June. The year's lowest price of DKK 161.8 was on 28 January.

Over the same period, the Danish KAXCAP index, a market capitalisation-weighted index of all of the stocks traded on Nasdaq Copenhagen, increased by 17%, while the Philadelphia Oil Service Sector Index ("OSX"), a price-weighted index composed of companies involved in the oil services sector, increased by 17%.

In 2021, a total of 28 million of the Company's shares were traded on Nasdaq Copenhagen. The average daily traded volume was approximately 113,000 shares corresponding to approximately 0.6% of the free float. The average daily traded value of the Company's shares was approximately DKK 28 million, and the volume-weighted average price for the full year 2021 was DKK 244.0.

Share capital

Maersk Drilling's share capital of DKK 415,321,120 is divided into 41,532,112 shares with a nominal value of DKK 10 each, enjoying the same voting and representation rights. The Company's share capital remained unchanged in 2021.

Shareholder composition

As of 31 December 2021, Maersk Drilling had more than 58,000 registered shareholders.

Major shareholders owning more than 5% of the share capital and votes were APMH Invest A/S, a subsidiary of A.P. Møller Holding A/S (41.6%), and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (8.9%). When excluding major shareholders and certain other related shareholdings, the free float of Maersk Drilling's outstanding shares is estimated to be around 48%.

The majority (74%) of share capital is held by Danish investors. The United States, the United Kingdom and Spain are other key markets, with 8%, 8%, and 5% of the share capital, respectively.

Share price and volume development after Noble Corporation and Maersk Drilling announced agreement to combine

On 9 November 2021, Maersk Drilling shares closed at a price of DKK 231. At 7:01am Central European Time (CET) on 10 November 2021, Noble Corporation and Maersk Drilling announced the agreement to combine entities. Upon market open at 9:00am CET, Maersk Drilling shares opened and closed at DKK 250 and DKK 272, respectively. Daily traded volumes were approximately 115,000 and 1,125,000 shares, for each day respectively, compared to an average daily traded volume for 2021 of 113,000 shares. Maersk Drilling shares ended the year at a price of DKK 256, equivalent to an increase of approximately 11 percent since the business combination was announced.

Major shareholders

Shareholder	Size of holding
APMH Invest A/S	41.6%
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond	8.9%

Global institutional shareholders own approximately 25% of the share capital, of which the United States, United Kingdom and Spain make up the largest groups.

Approximately 13% of Maersk Drilling's shares are held by retail investors, nearly all of which reside in Denmark.

Due to nominee shareholding structures and different ownership disclosure rules across jurisdictions, there is no complete record of all shareholders. This means that the beneficial owners of approximately 1.2% of the issued capital remain unidentified.

Treasury shares

On 31 December 2021, Maersk Drilling held a total of 241,397 treasury shares, corresponding to 0.6% of the share capital, which will be used to cover long-term incentive awards.

Investor Relations

To ensure that capital market participants, including current and prospective shareholders, are able to make well-informed investment decisions, the Company seeks to ensure a high level of openness and stability in its financial communication. The Executive Management team and the Investor Relations team engage in regular dialogues with investors and equity analysts. The dialogues take the form of quarterly conference calls, roadshows, conferences, capital markets days and regular meetings with individuals or groups of investors and analysts. The dialogues are subject to certain restrictions prior to the publication of Maersk Drilling's financial reporting.

Maersk Drilling is currently covered by 14 sell-side analysts, including analysts from large international banks, who regularly publish equity research reports about Maersk Drilling. A full list of analysts covering Maersk Drilling and their recommendations can be found at Maersk Drilling's Investor Relations website https://investor.maerskdrilling.com. The site also contains financial reports and presentations, historical financials, and current and historical share price data.

Treasury shares

At 1 January 2021	243,164
Delivered under long-term incentive programmes	-1,767
Treasury shares at 31 December 2021	**241,397**

Maersk Drilling share data

No. of shares
41,532,112

Share classes
1

Listing
Nasdaq Copenhagen

Trading symbol
DRLCO

Financial calendar for 2022

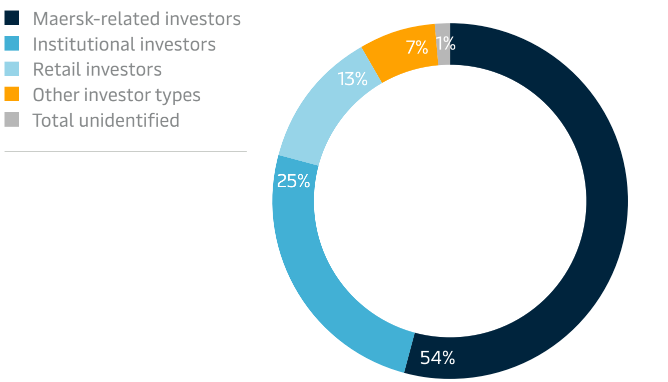
6 April 2022
Annual General Meeting

12 May 2022
Q1 Trading Statement

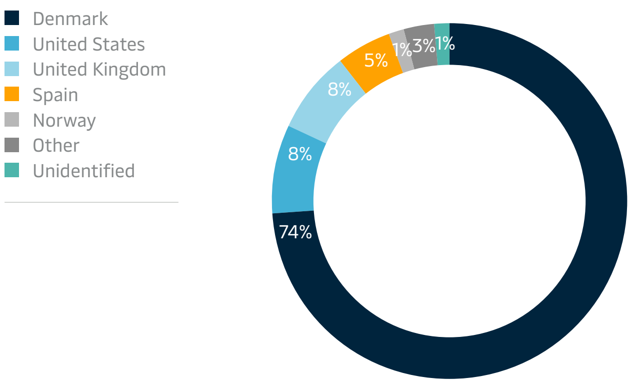
19 August 2022
H1 Interim Financial Report

3 November 2022
Q3 Trading Statement

Investor type



Geographical shareholder distribution



Financials

Consolidated financial statements 2021

Consolidated income statement

USD Million	Note	**2021**	2020
Revenue	1.1, 1.2	1,267	1,096
Costs	1.3	-921	-807
Profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items)		**346**	**289**
Special items	1.4	-21	-42
Profit before depreciation and amortisation and impairment losses/reversals (EBITDA)		**325**	**247**
Depreciation and amortisation	2.1, 2.2, 2.3	-213	-286
Impairment losses/reversals	2.4	11	-1,580
Gain/loss on sale of non-current assets	1.7	256	-2
Share of results in joint ventures		-1	-1
Profit/loss before financial items		**378**	**-1,622**
Financial income	1.5	14	15
Financial expenses	1.5	-75	-87
Profit/loss before tax		**317**	**-1,694**
Tax	1.6	-26	41
Profit/loss for the year		**291**	**-1,653**
Earnings in USD per share of DKK 10 for the year	4.1	7.0	-39.9
Diluted earnings in USD per share of DKK 10 for the year	4.1	7.0	-39.9

Consolidated statement of comprehensive income

USD Million	Note	**2021**	2020
Profit/loss for the year		**291**	**-1,653**
Cash flow hedges:			
Value adjustment of hedges for the year	3.5	-3	-20
Reclassified to income statement		11	13
Total items that have or will be reclassified to the income statement		**8**	**-7**
Other comprehensive income, net of tax		**8**	**-7**
Total comprehensive income for the year		**299**	**-1,660**

Consolidated cash flow statement

USD Million	Note	**2021**	2020
Profit/loss before financial items		378	-1,622
Depreciation, amortisation and impairment losses/reversals, net	2.1, 2.2, 2.3, 2.4	202	1,866
Gain/Loss on sale of non-current assets, etc., net	1.7	-256	2
Change in working capital	2.11	-8	27
Change in provisions, etc.		-14	5
Other non-cash items		6	-2
Taxes paid, net		7	-9
Cash flow from operating activities		**315**	**267**
Purchase of intangible assets and property, plant and equipment	2.11	-101	-186
Sale of property, plant and equipment	1.7	405	38
Other financial investments, net		-3	-2
Cash flow from/used for investing activities		**301**	**-150**
Interest received		-	2
Interest paid		-54	-64
Repayment of borrowings	3.3	-229	-137
Purchase of treasury shares		-	-5
Cash flow used for financing activities		**-283**	**-204**
Net cash flow for the year		**333**	**-87**
Cash and bank balances 1 January		226	310
Currency translation effect on cash and bank balances		-2	3
Cash and bank balances 31 December		**557**	**226**
Free cash flow			
Cash flow from operating activities		315	267
Cash flow from/used for investing activities		301	-150
Sale of assets or activities		-405	-38
Net interest payments		-54	-62
Free cash flow		**157**	**17**

Cash and bank balances comprise cash on hand and short-term deposits which are readily convertible to cash.

Cash and bank balances at 31 December 2021 include USD 13m (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 at 31 December

USD Million	Note	**2021**	2020
Intangible assets	2.1	14	15
Property, plant and equipment	2.2, 2.4	2,813	3,053
Right-of-use assets	2.3	23	28
Financial non-current assets, etc.		6	6
Deferred tax	2.5	17	15
Total non-current assets		**2,873**	**3,117**
Trade receivables	3.4	238	210
Tax receivables		4	14
Other receivables	2.6	54	76
Prepayments	2.7	56	76
Receivables, etc.		**352**	**376**
Cash and bank balances		557	226
Total current assets		**909**	**602**
Total assets		**3,782**	**3,719**

USD Million	Note	**2021**	2020
Share capital		63	63
Reserves and retained earnings		2,257	1,954
Total equity		**2,320**	**2,017**
Borrowings, non-current	2.3, 3.3	**926**	**1,149**
Provisions	2.8	9	5
Deferred tax	2.5	27	12
Derivatives	3.5	16	33
Other non-current liabilities		**52**	**50**
Total non-current liabilities		**978**	**1,199**
Borrowings, current	2.3, 3.3	**136**	**136**
Provisions	2.8	2	15
Trade payables		164	167
Tax payables		77	65
Other payables	2.9	65	58
Deferred income	2.10	40	62
Other current liabilities		**348**	**367**
Total current liabilities		**484**	**503**
Total liabilities		**1,462**	**1,702**
Total equity and liabilities		**3,782**	**3,719**

Consolidated statement of changes in equity

USD Million	Share capital	Reserve for hedges	Retained earnings	**Total equity**
Equity 1 January 2020	**63**	**-23**	**3,640**	**3,680**
Other comprehensive income, net of tax	-	-7	-	-7
Profit/loss for the year	-	-	-1,653	-1,653
Total comprehensive income for the year	**-**	**-7**	**-1,653**	**-1,660**
Value of share based payments	-	-	2	2
Purchase of own shares	-	-	-5	-5
Total transactions with shareholders	**-**	**-**	**-3**	**-3**
Equity 31 December 2020	**63**	**-30**	**1,984**	**2,017**
2021				
Other comprehensive income, net of tax	-	8	-	8
Profit/loss for the year	-	-	291	291
Total comprehensive income for the year	**-**	**8**	**291**	**299**
Value of share based payments	-	-	4	4
Total transactions with shareholders	**-**	**-**	**4**	**4**
Equity 31 December 2021	**63**	**-22**	**2,279**	**2,320**

Equity
At 31 December 2021, equity amounted to USD 2,320m (2020: USD 2,017m), impacted by the profit for the year of USD 291m (2020: loss of USD 1,653m) and positive value adjustment of hedges of USD 8m (2020: USD -7m). In 2020 share buybacks of USD 5m were completed during the year.

Reserves
The reserve for hedges is the only reserve presented in the consolidated statement of changes in equity. The reserve for hedges represents the accumulated fair value of hedging instruments qualifying for cash flow hedge accounting, net of tax. The reserve is transferred to the income statement when the hedged transaction is settled.

The Group does not have a translation reserve as all material subsidiaries have the United States Dollar (USD) as their functional currency.

Other comprehensive income
Other comprehensive income consists of income and costs not recognised in the income statement as well as cash flow hedges, etc. Other comprehensive income includes current and deferred income tax to the extent that the items recognised in other comprehensive income are taxable or deductible.

Notes

Basis of preparation

Basis of preparation
This Annual Report reflects the consolidated figures for The Drilling Company of 1972 A/S (the "Company") and its subsidiaries (the "Group" or "Maersk Drilling"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

All amounts in the Annual Report are stated in United States Dollars (USD) and rounded to the nearest million. The accounting policies described have been applied consistently for the financial year and for the comparative figures.

Consolidation
Consolidation is performed by summarising the financial statements of the entities within the Group. Internal income and expenses, shareholdings, dividends, balances and gains on internal transactions within the Group are eliminated. Certain entities in which Maersk Drilling has an ownership share of less than 100% but holds the full right to govern and receive dividends through shareholder agreements etc. are considered subsidiaries and consolidated without any non-controlling interest.

Foreign currency translation
The consolidated financial statements are presented in USD, which is also the functional currency of most material companies within the Group.

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing at the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as at the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

Cash flow statement
Cash flow from operating activities includes all cash transactions other than cash flows arisen from investments and divestments, principal payments of loans, instalments on finance lease liabilities, financial income received, financial expenses paid and equity transactions. Capitalisation of borrowing costs are considered as non-cash items, and the actual payments of those are included in cash flow used for financing activities.

New reporting requirements
The accounting policies described have been applied consistently for the financial year and for the comparative figures for 2020 and new standards and amendments effective for the financial year 2021 have not had any material impact on the accounting policies applied. Maersk Drilling expects no material impact of endorsed but not yet implemented amendments or interpretations of IFRS standards.

Management's judgements and estimates
The preparation of consolidated financial statements requires management, on an ongoing basis, to make judgements and estimates and form assumptions that affect the reported amounts. Management forms its judgements and estimates based on historical experience, independent advisors and external data points as well as in-house specialists and on other factors believed to be reasonable under the circumstances.

In certain areas, the outcome of business plans, including ongoing negotiations with external parties to execute those plans or to settle claims that are raised against Maersk Drilling, is highly uncertain. Therefore, assumptions may change or the outcome may differ in the coming years, which could require a material upward or downward adjustment to the carrying amounts of assets and liabilities.

The most significant accounting judgments and estimates are described in the following notes to the consolidated financial statements:

Significant judgements/estimates	Note	Potential impact from estimates and judgements on company value
Useful lives and residual values of drilling rigs	2.2 Property, plant and equipment	
Valuation of non-current assets (impairment testing)	2.4 Impairment test	
Measurement of deferred tax assets and uncertain tax positions	2.5 Deferred tax	
Measurement of provisions	2.8 Provisions	

European Single Electronic Format (ESEF)
As a group with securities listed on a regulated market within the EU, Maersk Drilling is required to prepare its official Annual Report in the XHTML format and to tag the main consolidated financial statements using inline eXtensible Business Reporting Language (iXBRL) applying a specific ESEF taxonomy. As such, the Annual Report is therefore both human- and machine-readable. A separate assurance report on the iXBRL tagging of the consolidated financial statements is issued by Maersk Drilling's independent auditors and included on page 105. For general use, a PDF version of the Annual Report is published in line with previous years.

Note 1.1 Segment information

USD Million				**2021**
	North Sea Jack-up rigs	International Floaters	Unallocated activities	Total
Revenue	656	583	28	1,267
EBITDA before special items	254	82	10	346
EBITDA margin before special items	39%	14%	36%	27%
Depreciation and amortisation	-119	-83	-11	-213
Total impairment losses/reversals	11	-	-	11
Investments in non-current assets[1]	36	56	10	102
Non-current assets[1]	1,601	1,143	83	2,827

USD Million				2020
	North Sea Jack-up rigs	International Floaters	Unallocated activities	Total
Revenue	608	460	28	1,096
EBITDA before special items	264	18	7	289
EBITDA margin before special items	43%	4%	25%	26%
Depreciation and amortisation	-177	-91	-18	-286
Total impairment losses/reversals	-714	-846	-20	-1,580
Investments in non-current assets[1]	59	99	4	162
Non-current assets[1]	1,831	1,162	75	3,068

1 Comprise intangible assets and property, plant and equipment.

The allocation of business activities into segments is in line with the internal management reporting provided to the chief operating decision maker. The reportable segments are as follows:

North Sea segment
Jack-up rigs operating in depths up to 500 ft and comprise the aggregated operating segments ultra-harsh environment jack-up rigs and harsh environment jack-up rigs.

International segment
Semi-submersible rigs and drillships designed to operate in benign mid- and deepwater environments in depths up to 12,000 ft.

The benign jack-up rig Maersk Convincer is not included in either segment and is reported under unallocated activities based on its different nature and limited materiality.

Segment profit/loss (defined as profit/loss before depreciation and amortisation, impairment losses/reversals and special items) comprise items directly related to or which can be allocated to segments. Costs in group functions are allocated to reportable segments if they can be allocated to segments. Financial assets, liabilities, income and expenses from these items, and tax are not attributed to reportable segments.

Total revenue, total EBITDA before special items, total depreciation and amortisation and total impairment losses/reversals reconcile directly to the income statement and further reconciliations are therefore not included.

Total investments in non-current assets and total non-current assets comprise intangible assets and property, plant and equipment.

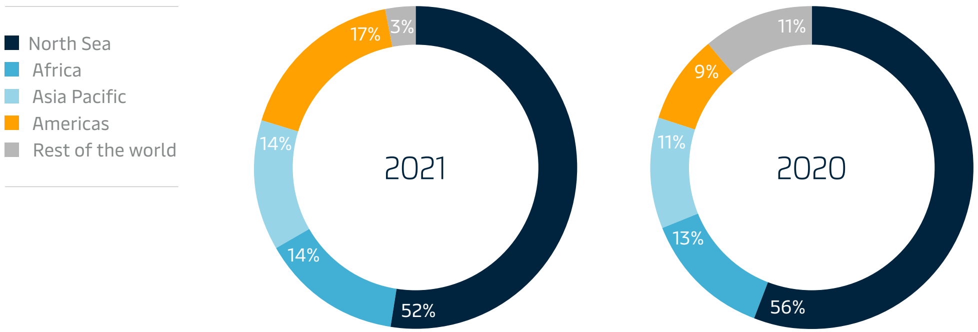
Note 1.1 Segment information – continued

Revenue and non-current assets

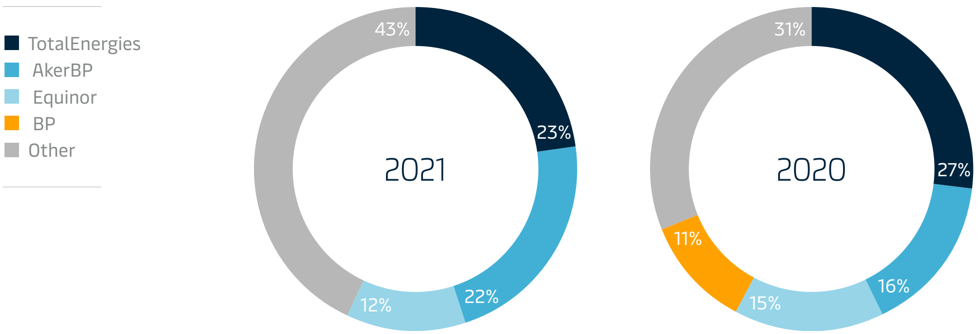
USD Million	Revenue		Non-current assets[1]	
	2021	2020	**2021**	2020
Geographical split				
Denmark	8	34	496	748
Norway	503	424	954	1,054
United Kingdom	122	118	198	63
The Netherlands	25	35	76	212
Angola	79	62	-	134
Australia	103	76	157	163
Egypt	-	28	-	-
Azerbaijan	37	110	105	118
Ghana	71	55	123	-
Suriname	131	19	128	135
Trinidad	52	28	145	176
Mexico	-	54	-	-
Myanmar	-	24	-	-
Brunei	47	26	58	61
Guyana	37	-	162	-
Other	52	3	248	232
Total	**1,267**	**1,096**	**2,850**	**3,096**

1 Comprise intangible assets and property, plant and equipment and right-of-use assets.

Geographical presence by revenue



Revenue by customer



Geographical information
Information on revenue is based on geographical location. For non-current assets, such as drilling rigs, the geographical location is where the assets are located as per 31 December. For all other assets, geographical location is based on the legal ownership.

Significant customers
Revenue from three international oil companies that individually amount to more than 10% of revenue represent 57% of the Group's revenue in 2021. The three international oil companies accounted for USD 293m, 281m and 145m, respectively, and approximately 25%, 100% and 100%, respectively, of these revenues were in the North Sea jack-up segment, with the remaining in the international floaters segment.

In 2020, the four international oil companies that individually amount to more than 10% of revenue represent 69% of the Group's revenue. The four international oil companies accounted for USD 299m, 169m, 164m and 121m, respectively, and approximately 100%, 100%, 0% and 100%, respectively, of these revenues were in the North Sea jack-up segment, with the remaining in the international floaters segment.

Note 1.2 Revenue

USD Million	2021				2020			
	North Sea Jack-ups	Interna-tional Floaters	Other	Total	North Sea Jack-ups	Interna-tional Floaters	Other	Total
Composition of revenue								
Day rate revenue	522	453	25	1,000	533	385	23	941
Other revenue	134	130	3	267	75	75	5	155
Total	**656**	**583**	**28**	**1,267**	**608**	**460**	**28**	**1,096**
Type of revenue								
Service component	363	431	22	816	293	344	25	662
Lease component	293	152	6	451	315	116	3	434
Total	**656**	**583**	**28**	**1,267**	**608**	**460**	**28**	**1,096**

Revenue from drilling activities typically comprises 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.

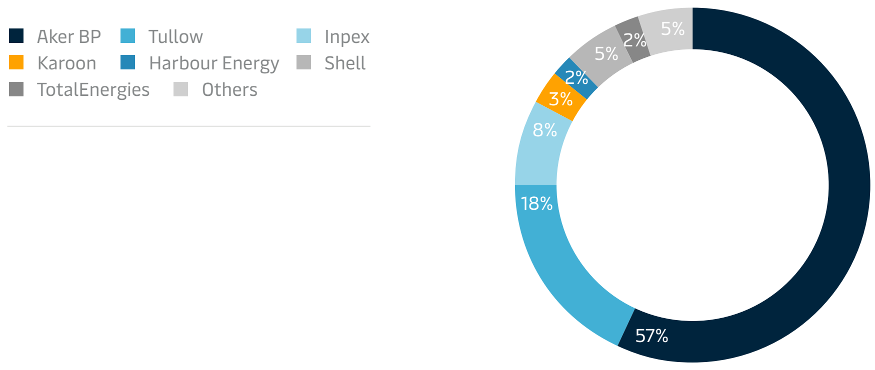
Revenue from drilling activities was recognised in accordance with the agreed rates for the work performed to date. The rates include both a lease component and a service component.

Revenue backlog

Maersk Drilling managed to secure 35 new contracts and contract extensions during 2021, adding more than USD 2bn (2020: USD 469m) to our contract backlog. This includes approximately USD 1bn in backlog associated with the renewal of our frame agreement with AkerBP which was announced on 18 December 2021. The new five-year commitment from AkerBP is for two XLE rigs in the Norwegian North Sea.

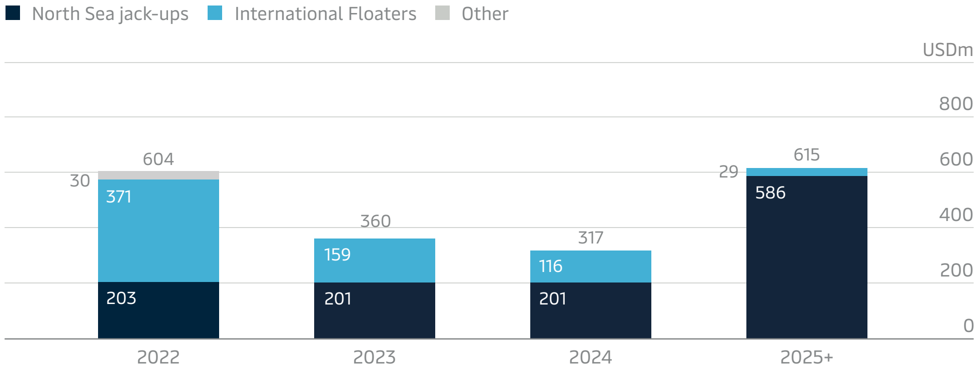
At the end of 2021, the contract backlog amounted to USD 1.9bn (2020: USD 1.3bn), of which USD 604m is for execution in 2022. In addition, since the beginning of 2022 Maersk Drilling has secured additional contracts with a total value of approximately USD 100m.

Backlog composition per customer

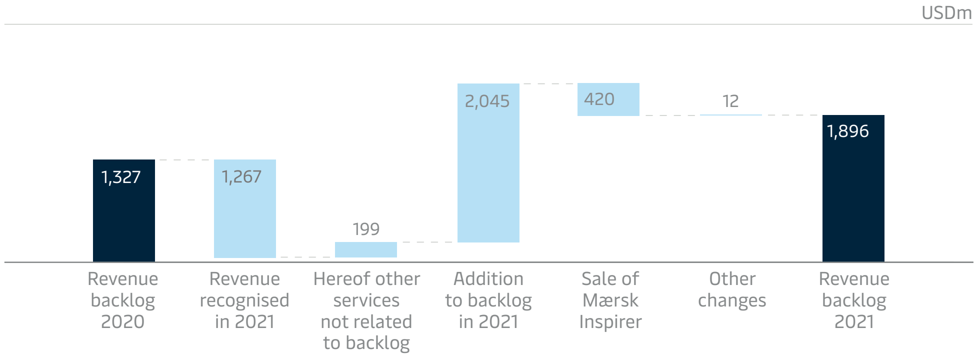


Revenue backlog – continued

Revenue backlog



Development of revenue backlog in 2021



Operating leases as lessor
Property, plant and equipment include jack-up rigs and floaters which are leased out as part of the Group's activities. Future minimum lease payments are set out below.

Performance obligations in contracts
Amounts allocated to performance obligations that are to be completed under existing customer contracts are set out as service elements below.

Jointly the two elements amount to Maersk Drilling's revenue backlog.

USD Million			**2021**
	Future minimum lease payments	Performance obligations	Total backlog
Within one year	231	373	604
Between one and two years	170	190	360
Between two and three years	163	154	317
Between three and four years	122	108	230
Between four and five years	108	93	201
After five years	99	85	184
Total	**893**	**1,003**	**1,896**

USD Million			2020
	Future minimum lease payments	Performance obligations	Total backlog
Within one year	324	341	665
Between one and two years	159	131	290
Between two and three years	74	71	145
Between three and four years	49	32	81
Between four and five years	49	32	81
After five years	40	25	65
Total	**695**	**632**	**1,327**

Note 1.3 Costs

USD Million	**2021**	2020
Operating costs	836	725
Innovation	5	6
Sales, general and administrative costs	80	76
Total costs	**921**	**807**
Other external costs	**542**	**468**
Of which:		
Included in Operating costs	500	425
Included in Innovation	1	3
Included in Sales, general and administrative costs	26	32
Included in Special items	15	8
Staff costs		
Wages and salaries	369	330
Severance payments	3	26
Share based remuneration	4	2
Pension costs	26	30
Other social security costs	6	11
Total Staff costs	**408**	**399**
Of which:		
Included in Operating costs	336	300
Included in Innovation	4	3
Included in Sales, general and administrative costs	54	44
Included in Special items	6	34
Recognised in the cost of assets	8	18
Average number of employees	2,515	2,678

Operating costs comprise costs incurred in generating revenue for the year, including costs for crew, repair and maintenance but exclude Innovation costs and Sales, general and administrative costs, which are presented separately.

USD Million	**2021**	2020
Fees to the statutory auditors		
Statutory audit	1.1	1.6
Other assurance services	0.8	-
Tax and VAT advisory services	0.1	0.1
Other services	0.2	0.1
Total fees	**2.2**	**1.8**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to USD 0.8m in 2021 (0.2m in 2020). The non-audit services in 2021 mainly consisted of financial data review for merger purposes, general advisory services on a system implementation, and payroll tax computation.

Remuneration of the Board of Directors, Executive Management and Key Employees

Board of Directors
The Board of Directors receives a fixed annual base fee, while the Chairman and Vice Chairman receive fixed multiples of the fixed annual base fee. Participation in a Board Committee entitles a member of the Board of Directors to an additional fixed annual fee based on a proportion of the fixed annual base fee.
Effective 8 April 2021, Kathleen McAllister resigned from the Board of Directors.

Executive Management
During 2021, the Executive Management consisted of Jørn Madsen as Chief Executive Officer (CEO) and Christine Morris as Chief Financial Officer (CFO).

Under the short-term incentive plan, the target annual cash-based bonus payable can constitute an amount of up to 50% of the member of the Executive Management's fixed pay at the end of the performance period of earning the cash incentive. The maximum bonus is 200% of the individual target.

Under the long-term incentive programme, the Executive Management was awarded an annual grant of restricted share units with a three year vesting period and a further two year holding period amounting to 100% (CEO) and 80% (CFO) of fixed pay. In addition, a transition award in lieu of unvested A.P. Møller - Mærsk A/S' shares and options of twice the annual grant level was awarded.

For additional information about share-based remuneration, reference is made to note 4.3.

Note 1.3 Costs – continued

USD Million	CEO	CFO	**Total**
Remuneration of Executive Management			
2021			
Fixed pay[1]	1.2	0.8	2.0
Short-term incentive[2]	1.2	0.6	1.8
Long-term share based incentive[3]	1.4	0.1	1.5
Total remuneration	**3.8**	**1.5**	**5.3**
2020			
Fixed pay	1.1	0.8	1.9
Short-term incentive	0.3	0.1	0.4
Long-term share based incentive[4]	1.0	-0.3	0.7
Total remuneration	**2.4**	**0.6**	**3.0**

1 The former CFO, Jesper Ridder Olsen, received salary in January 2021 of USD 0.1m.
2 The cash bonus is composed of USD 0.2m (CEO) and USD 0.1m (CFO) for the expected completion of the merger with Noble and USD 1.0m (CEO) and USD 0.5m (CFO) for the short-term incentive plan for Executive Management.
3 Executive Management is party to agreements that will provide for enhanced severance terms in the event of termination following the merger. The enhanced severance terms provide that any unvested Maersk Drilling RSU Awards outstanding under the LTI programme will vest at the end of employment, subject to completion of the merger.
4 In July 2020, Maersk Drilling announced the resignation of former CFO, Jesper Ridder Olsen. As a consequence thereof, the former CFO forfeited all unvested RSUs under the LTI programme (which includes the grants in 2019 and 2020), and as a result the cost for the LTI that was expensed in 2019 was reversed.

Remuneration of Key Management Personnel
For all of 2020 and 2021, the Group's key management personnel included the Board of Directors, the Executive Management (CEO and CFO) and two other Key Employees who together with the Executive Management have the authority and responsibility for planning, directing and controlling the Group's day-to-day activities. The compensation of Other Key Employees is generally structured in a similar way as for the Executive Management.

USD Million	Board of Directors	Executive Management	Other Key Employees	**Total**
2021				
Fixed pay	1.0	2.0	1.1	4.1
Short-term cash incentive[1]		1.8	1.0	2.8
Long-term share based incentive[2]		1.5	0.8	2.3
Total remuneration	**1.0**	**5.3**	**2.9**	**9.2**
2020				
Fixed pay	1.0	1.9	1.1	4.0
Short-term cash incentive		0.4	0.3	0.7
Long-term share based incentive		0.7	0.5	1.2
Total remuneration	**1.0**	**3.0**	**1.9**	**5.9**

1 The cash bonus to Other Key Employees is composed of USD 0.2m for the expected completion of the merger with Noble and USD 0.8m for the short-term incentive plan for Senior Leaders.
2 Executive Management and two other Key Employees are party to agreements that will provide for enhanced severance terms in the event of termination following the merger. The enhanced severance terms provide that any unvested Maersk Drilling RSU Awards outstanding under the LTI programme will vest at the end of employment, subject to completion of the merger.

The termination notice period applicable to the Executive Management is twelve months for the Company and six months for the members of the Executive Management. In addition to the Company's termination notice, Executive Management are entitled to a severance payment of up to six months' fixed pay. The members of the Executive Management are subject to non-competition and non-solicitation clauses.

The termination notice period applicable to the Other Key Employees is twelve months for the Company and six months for the employee. In addition to the Company's termination notice, the Key Employees are entitled to statutory severance pay in accordance with the Danish Salaried Employees Act.

Note 1.4 Special items

USD Million	**2021**	2020
Merger related costs	8	-
Transformation and restructuring costs	1	24
COVID-19 costs not recharged to customers	12	18
Special items, costs	**21**	**42**

Special items comprise non-recurring income and expenses that are not considered to be part of Maersk Drilling's ordinary operations such as merger related costs, major restructuring projects and COVID-19 related costs.

COVID-19 related costs are defined as additional costs triggered by the COVID–19 pandemic in the form of costs incurred to comply with local travel and quarantine rules and customer requirements, additional costs incurred with procuring testing kits for crews operating rigs, additional crew change costs for quarantine hotels, charter flights, per diems as well as additional costs to reimburse subcontractors in instances where they need to comply with quarantine regulations.

Special items incurred in 2021 comprised USD 8m merger related costs (primarily advisory costs), USD 1m redundancy costs in connection with the establishment of virtual rig teams and a new technical hub in Gdansk and USD 12m of COVID-19 related costs not recharged to customers.

Special items incurred in 2020 comprised redundancy costs from the reduction of the offshore and the onshore organisations of USD 24m and COVID-19 related costs not recharged to customers of USD 18m.

Of total Special items, USD 6m related to staff costs (2020: USD 34m) and USD 15m to other external costs (2020: USD 8m). If these costs had not been classified as Special Items, USD 13m would have been classified as Operating costs (2020: USD 40m) and USD 8m as Sales, general and administrative costs (2020: USD 2m).

In the classification of Special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of Maersk Drilling are included.

Note 1.5 Financial income and expenses

USD Million	**2021**	2020
Interest expenses on liabilities	-52	-56
Of which borrowing costs capitalised on assets[1]	-	-
Interest income on loans and receivables	-	2
Realised loss on interest rate derivatives – transferred from equity	-13	-14
Net interest expenses	**-65**	**-68**
Exchange rate gains on bank balances, borrowings and working capital	12	12
Exchange rate losses on bank balances, borrowings and working capital	-9	-16
Net foreign exchange gains/losses	**3**	**-4**
Fair value gains from derivatives	2	1
Fair value losses from derivatives	-1	-1
Net fair value gains/losses	**1**	**-**
Financial expenses, net	**-61**	**-72**
Of which:		
Financial income	14	15
Financial expenses	-75	-87

1 No borrowing costs have been capitalised in 2021 or 2020.

Financial income and expenses comprise interest income and expenses including the interest element of lease payments related to leases capitalised under IFRS 16, foreign exchange gains/losses, realised and unrealised gains/losses on financial instruments, bank fees and amortisation of transaction costs related to borrowings. Financial income and expenses are recognised in the income statement on an accrual basis.

For an analysis of gains and losses from derivatives reference is made to note 3.5.

Note 1.6 Tax

USD Million	**2021**	2020
Tax recognised in the income statement		
Current tax on profit/loss for the year	-37	-27
Adjustment for current tax of prior periods	24	21
Total current tax	**-13**	**-6**
Temporary differences	-4	60
Adjustment for deferred tax of prior periods	-9	-13
Total deferred tax	**-13**	**47**
Total tax	**-26**	**41**
Tax reconciliation		
Profit/loss before tax	317	-1,694
Tax using the Danish corporation tax rate (22%)	-70	373
Impairment losses/reversals with no tax impact	-	-302
Tax rate deviations in foreign jurisdictions net of withholding tax	9	-31
Interest limitation tax rules in Denmark	-2	-6
Non-deductible expenses	-2	-
Adjustment to previous years' taxes	15	8
Unrecognised tax assets and change in tax assets not previously recognised	24	-1
Total tax	**-26**	**41**

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years for the individual entities covered by the consolidated financial statements. Income tax is tax on taxable profits and consists of corporate income tax and withholding tax paid in lieu of corporate income tax (revenue tax), etc. Tax is recognised in the income statement to the extent it arises from items recognised in the income statement.

Current tax liabilities and receivables are recognised in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account. Of the USD 77m (2020: USD 65m) of current tax liabilities it is estimated that USD 29m (2020: USD 31m) may only be settled after 12 months from the balance sheet date.

In line with the published Tax Policy, Maersk Drilling supports the development, growth and prosperity of the countries in which we operate by paying taxes in accordance with local legislation. The Tax Policy is reviewed and approved by the Board of Directors once a year.

Taxable profits are generally split between the countries of operation and the flag states of the drilling rigs, which are Denmark, United Kingdom and Singapore. Under current market conditions with limited profitability, the majority of taxes paid are paid in the countries of operation which for 2021 primarily was Angola, Norway, Gabon, Ghana, Australia and Azerbaijan.

In Denmark, Maersk Drilling is subject to a mandatory joint taxation scheme with all other Danish entities under the common control of A.P. Møller Holding A/S. To the extent Maersk Drilling incurs tax losses in Denmark or have tax losses carried forward from previous years, such losses may be utilised by other jointly taxed entities. In such events, Maersk Drilling is compensated through a joint taxation contribution.

Note 1.7 Sale of non-current assets

USD Million	2021	2020
Gains	256	-
Losses	-	2
Gain on sale of non-current assets, net	**256**	**-2**
Carrying amount of non-current assets	149	40
Gain/loss on sale of non-current asset	256	-2
Cashflow from sale of non-current assets	**405**	**38**

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 ("NFE") to be utilised as part of NFE's groundbreaking Fast LNG solution. The total sales price for the two rigs was USD 31m in an all-cash transaction. Additionally, USD 2m were collected from the sale of spare parts owned by Mærsk Gallant. Total cost related to the two sales was around USD 1m.

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. In connection with the sale announcement, Mærsk Inspirer was classified as held for sale and depreciation of the asset was ceased. The sale was finalised on 27 October and Maersk Drilling recognised a gain from the sale of USD 239m. Costs related to the sale of Mærsk Inspirer were less than USD 1m.

Note 2.1 Intangible assets

USD Million	Customer contracts	IT software	Total
2020			
Cost			
1 January 2020	67	68	135
Additions	-	4	4
31 December 2020	**67**	**72**	**139**
Amortisation and impairment losses			
1 January 2020	44	60	104
Amortisation	13	7	20
31 December 2020	**57**	**67**	**124**
Carrying amount at 31 December 2020	**10**	**5**	**15**
2021			
Cost			
1 January 2021	67	72	139
Additions	-	10	10
Disposals	-67	-	-67
31 December 2021	**-**	**82**	**82**
Amortisation and impairment losses			
1 January 2021	57	67	124
Amortisation	10	1	11
Disposals	-67	-	-67
31 December 2021	**-**	**68**	**68**
Carrying amount at 31 December 2021	**-**	**14**	**14**

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets. Customer contracts are amortised over the contract term. Estimated useful lives and residual values are reassessed on a regular basis.

Useful life (years)		**Residual value**
Customer contracts	Contract term	0%
IT Software	3–5 years	0%

Note 2.2 Property, plant and equipment

USD Million	Jack-up rigs	Floaters	Equipment and other	Construction work in progress	**Total**
2020					
Cost					
1 January 2020	5,006	4,827	162	236	10,231
Additions	-	-	-	158	158
Disposals	-53	-10	-6	-	-69
Transfers	80	131	27	-234	4
31 December 2020	**5,033**	**4,948**	**183**	**160**	**10,324**
Depreciation and impairment losses					
1 January 2020	2,476	2,968	56	-	5,500
Amortisation and depreciation	167	91	1	-	259
Impairment losses	734	846	-	-	1,580
Disposals	-53	-10	-3	-	-66
Transfers	-	-	-2	-	-2
31 December 2020	**3,324**	**3,895**	**52**	**-**	**7,271**
Carrying amount 31 December 2020	**1,709**	**1,053**	**131**	**160**	**3,053**
2021					
Cost					
1 January 2021	5,033	4,948	183	160	10,324
Additions	-	-	8	84	92
Disposals	-422	-69	-6	-	-497
Transfers	101	56	5	-154	8
Transfers to assets held for sale	-517	-	-	-	-517
31 December 2021	**4,195**	**4,935**	**190**	**90**	**9,410**
Depreciation and impairment losses					
1 January 2021	3,324	3,895	52	-	7,271
Amortisation and depreciation	110	83	2	-	195
Impairment reversals	-11	-	-	-	-11
Disposals	-408	-69	-6	-	-483
Transfers	-	-	8	-	8
Transfers to assets held for sale	-383	-	-	-	-383
31 December 2021	**2,632**	**3,909**	**56**	**-**	**6,597**
Carrying amount 31 December 2021	**1,563**	**1,026**	**134**	**90**	**2,813**

Property, plant and equipment are valued at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful lives to an estimated residual value. The cost of an asset is divided into separate components, which are depreciated separately if the useful lives of the individual components differ:

	Useful life (years)	**Residual value**
Rigs, Hull	25 years	20–30%
Rigs, Drilling Equipment/owner furnished equipment long	20 years	10%
Rigs, Drilling Equipment/owner furnished equipment short	10 years	0%
Rigs, Initial offshore inventory	10 years	0%
Rigs, Other	5 years	0%
Rigs, five-year Special Periodic Survey	5 years	0%

Estimated useful lives and residual values are reassessed on a regular basis.

The five-year special periodic survey costs are recognised in the carrying amount of rigs when incurred and depreciated over the period until the next five year special periodic survey. Costs of on-going routine maintenance of the assets are expensed as incurred.

The cost of assets constructed by Maersk Drilling includes directly attributable expenses. For assets with a long construction period, borrowing costs during the construction period from specific as well as general borrowings are capitalised.

Grants received from governments or similar institutions are recognised when there is reasonable certainty that they will be received. Grants for capital expenditures are offset against the cost of the assets to which the grants relate. During 2021, no grants were received, while grants of USD 13m had been offset against non-current assets in 2020.

Useful lives are estimated based on past experience. Management decides from time to time to revise the estimates for individual assets or groups of assets with similar characteristics due to factors such as standard of maintenance and repair, technical development and environmental requirements.

Residual values are difficult to estimate given the long lives of rigs, the uncertainty around future economic conditions and the future price of steel, which are considered to be the main determinants of the residual price. The long-term view is prioritised in order to alleviate, to the extent possible, temporary market fluctuations which may be significant.

Note 2.2 Property, plant and equipment – continued

Pledges
Property, plant and equipment with carrying amount of USD 2,673m (2020: USD 2,997m) has been pledged as security for borrowings with a carrying amount of USD 1,037m (2020: USD 1,254m).

Asset held for sale
Assets held for sale comprise assets for which the carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale when activities to carry out a sale have been initiated, when the assets are available for immediate sale in their present condition and when the assets are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale, if any, are presented separately from other liabilities.

Assets held for sale are measured at the lower of their carrying amount immediately before classification as held for sale and the fair value less costs to sell. Non-current assets are not depreciated while classified as held for sale.

No assets are classified as held for sale as of 31 December 2021 nor 31 December 2020.

Note 2.3 Leases

USD Million Right-of-use assets	Land and buildings
1 January 2020	31
Additions	6
Disposals	-2
Depreciation	-7
31 December 2020	**28**
Additions	3
Disposals	-1
Depreciation	-7
31 December 2021	**23**

Lease contracts, under which the Group is the lessee, are capitalised using an incremental borrowing rate and recognised in the balance sheet as right-of-use assets and corresponding lease liabilities. The right-of-use assets are generally depreciated over the lease term on a straight-line basis. Lease payments made are split into an interest element presented under financial expenses and amortisation of the lease liability. Both elements are included under cash flow used for financing activities in the cash flow statement.

Lease contracts with a term shorter than 12 months or for which the underlying assets are of low value are not capitalised but expensed straight-line over the lease term. Service components included in lease costs are not recognised as part of the lease liability. Such costs are recognised in the income statement as incurred.

The weighted average incremental borrowing rate applied was 3.9% (2020: 4.0%).

Note 2.3 Leases – continued

USD Million	2021	2020
Lease liabilities		
1 January	**31**	**31**
Additions	3	6
Disposals	-1	-1
Interest expenses	1	1
Lease payments	-7	-8
Foreign exchange movements	-2	2
31 December	**25**	**31**
Lease liabilities are recognised in the balance sheet as follows:		
Non-current liabilities, presented in 'Borrowings, non-current'	19	25
Current liabilities, presented in 'Borrowings, current'	6	6
Total lease liabilities	**25**	**31**
Recognised in the profit and loss statement as follows:		
Interest expenses related to lease liabilities	-1	-1
Expenses relating to short term leases, not capitalised	-9	-9
Expenses relating to leases of low-value assets, not capitalised	-1	-1
Sublease income presented in 'Other revenue'	1	1
Recognised in the cash flow statement as follows:		
Interest elements of lease payments, presented in 'Interest paid'	-1	-1
Principal elements of lease payments, presented in 'Repayment of borrowings'	-7	-7
Total cash outflow in respect of leases in the year	**-8**	**-8**

There are no significant lease commitments for leases not commenced at year-end.

Note 2.4 Impairment test

An impairment reversal of USD 11m was recognised in the first half of the year in connection with the sale of Mærsk Gallant.

In connection with the announced business combination between Maersk Drilling and Noble Corporation, Maersk Drilling's net assets were assessed by Noble Corporation as part of this transaction at values below their carrying amounts as of 30 September 2021 and Management concluded that an impairment test needed to be performed.

Outcome of impairment test
An impairment test based on a value in use calculation was therefore performed and the conclusion was that the impairment test did not lead to an impairment or reversal of previously recognised impairments.

Impairment test in 2020

Following the revised market outlook with lower expectations as to utilisation and day rates for the coming years, Maersk Drilling recognised a net impairment loss of USD 1,580m as of 31 December 2020. The impairment losses related to both jack-ups and floaters.

USD Million	Impairment losses/reversals	Recoverable amount
2020		
Cash generating unit		
North Sea jack-ups	714	1,914
International floaters	846	1,219
Benign jack-up	20	69
Total	**1,580**	

Note 2.4 Impairment test – continued

Basis for impairment test
Maersk Drilling considers rigs with similar functionality and operating environment as cash generating units due to largely interdependent cash flows. In 2020 there were five cash generating units (CGUs) operating in the North Sea jack-up segment. One unit was forming a CGU on its own which had triggered an impairment reversal of USD 16m. One additional unit, which formed a CGU on its own, had not been impaired and was excluded from the overview. There were three CGUs operating in the International floaters segment.

The CGUs are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The table above shows the impairment losses recognised within the North Sea and International segments, as well as the benign jack-up.

Impairment testing is performed at the CGU level, but the information disclosed above is provided on a segment basis, as the methodology and assumptions are similar across the CGUs.

The recoverable amount of each cash generating unit is determined based on the higher of its value in use or fair value less cost to sell. The recoverable amounts are currently based on estimated value in use, as it is considered that currently there is no basis for making a reliable estimate of the fair market value in an orderly transaction between market participants. Given the continued illiquidity of the secondary market for offshore rigs with no supportable price indications Maersk Drilling applies value in use calculations in the impairment test, and no calculation of fair value less cost to sell has been applied.

The value in use is calculated based on cash flow projections in financial budgets and business plans for the coming 5 years as approved by Management. For the period after the 5-year forecast period an expected inflation rate of 2.5% p.a. is applied. In nature, these cash flow projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. In a separate section below sensitivity analysis is set out for certain key assumptions applied in the expected future cash flows.

The discount rate applied in the value in use calculation is 10.0% p.a. after tax which is unchanged from previous impairment testing. The discount rate applied reflects the time value of money as well as the sector specific risks related to the underlying cash flows. Any uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates, except that specific assumptions relating to the future utilisation of the assets are applied. The useful lives and residual value of the assets are aligned with the accounting policies applied as set out in note 2.2.

Sensitivity analysis
The value in use calculations for the individual cash generating units are particularly sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate and EBITDA margin after the budget period are critical variables.

The sensitivity analysis shows that the impairment losses in 2020 would have been:

- USD -1,181m and USD -1,932m with a -/+ 1 percentage point change in the discount rate, keeping all other assumptions unchanged.
- USD -1,379m and USD -1,765m with a +/- 1 percentage point change in the growth rate after the 5-year forecast period, keeping all other assumptions unchanged.
- USD -768m and USD -2,256m with a +/- 5 percentage point change in EBITDA margin after the 5-year forecast period, keeping all other assumptions unchanged.
- USD -1,133m and USD -2,027m with a +/- 5 percentage point change in utilisation after the 5-year forecast, keeping all other assumptions unchanged.

Note 2.5 Deferred tax

Recognised deferred tax assets and liabilities are attributable to the following:

USD Million	**2021**			2020		
	Assets	Liabilities	Net Liabilities	Assets	Liabilities	Net Liabilities
Property, plant and equipment	17	25	8	30	29	-1
Tax loss carry-forwards	1	-	-1	-	-	-
Other	1	4	3	4	2	-2
Total	**19**	**29**	**10**	**34**	**31**	**-3**
Offsets	-2	-2	-	-19	-19	-
Total	**17**	**27**	**10**	**15**	**12**	**-3**

USD Million	**2021**	2020
Change in deferred tax, net during the year		
1 January	**-3**	**44**
Property, plant and equipment	9	-47
Tax loss carry-forwards	-1	1
Other	5	-1
Recognised in the income statement	**13**	**-47**
Recognised in other comprehensive income	-	-
31 December	**10**	**-3**

USD Million	**2021**	2020
Unrecognised deferred tax assets		
Tax loss carry-forwards	31	45
Total	**31**	**45**

The unrecognised deferred tax assets have no significant time limitations.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognised for differences on the initial recognition of assets or liabilities where at the time of the transaction neither accounting nor taxable profit/loss is affected, unless the differences arise in a business combination. In addition, no deferred tax is recognised for undistributed earnings in subsidiaries, when Maersk Drilling controls the timing of dividends, and no taxable dividends are currently expected. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Maersk Drilling is engaged in a limited number of disputes with tax authorities of various scope. In evaluating the accounting impact of uncertain tax positions, Maersk Drilling applies a two stage test in accordance with IAS 12 and IFRIC 23. If it is probable (i.e. a probability of more than 50%) that a tax authority will accept a particular uncertain tax position, then the tax position reported in these consolidated financial statements is consistent with what is or will be used in the tax returns of the entity and no further liability is recognised. However, if it is not probable that a tax authority will accept a particular uncertain tax position then the income tax accounting is adjusted generally by recognising an additional liability. The adjustment could also be a decrease in tax receivables or an adjustment to deferred tax balances, depending on the tax position. The uncertain tax position is measured using either the most likely amount or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position.

The classification as deferred or current tax is often encumbered with uncertainty due to the nature of these disputes and effects within joint taxation including calculated interest, and final assessments could impact the classifications and estimates of the disputes.

Estimation has been applied in the measurement of deferred tax assets with respect to Maersk Drilling's ability to utilise the assets. Management considers the likelihood of utilisation based on the latest business plans and recent financial performances of the individual entities.

Note 2.6 Other receivables

USD Million	2021	2020
Derivatives	-	4
Deposits	8	1
VAT and similar receivables	23	31
Costs to be reimbursed	19	37
Other	4	3
Total	**54**	**76**

Note 2.7 Prepayments

USD Million	2021	2020
Mobilisation and start-up costs (costs to fulfil contracts)	30	54
Other	26	22
Total	**56**	**76**

Prepayments comprise consumables and prepaid costs including mobilisation and start-up costs that are considered costs to fulfil contracts under IFRS 15 (contract assets). For contract assets, any need for loss provisions are estimated using the simplified approach under IFRS 9.

Note 2.8 Provisions

USD Million	Restructuring	Legal disputes, etc.	Total
1 January 2020	**12**	**3**	**15**
Provision made	24	16	40
Amount used	-34	-	-34
Amount reversed	-1	-	-1
31 December 2020	**1**	**19**	**20**
Of which:			
Classified as non-current	-	5	5
Classified as current	1	14	15
1 January 2021	**1**	**19**	**20**
Provision made	1	5	6
Amount used	-2	-1	-3
Amount reversed	-	-12	-12
31 December 2021	**-**	**11**	**11**
Of which:			
Classified as non-current	-	9	9
Classified as current	-	2	2

No provisions are expected to be realised after more than five years.

Provisions are recognised when Maersk Drilling 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 provisions for decided and publicly announced restructuring. 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.

Reversals of provisions primarily relate to settlement of contractual disagreements, which are recognised in the income statement under operating costs.

Management's estimate of the provisions in connection with legal disputes, including disputes on indirect taxes and duties, is based on the knowledge available on the actual substance of the cases and a legal assessment of these. The resolution of legal disputes, through either negotiations or litigation, can take several years to complete and the outcome is subject to considerable uncertainty.

Note 2.9 Other payables

USD Million	2021	2020
Derivatives	3	-
Interest payable	1	1
VAT, duties and similar payables	16	12
Payables to staff and management	39	38
Other	6	7
Total	**65**	**58**

At 31 December 2021, payables to staff and management amount to USD 39m (2020: USD 38m) of which USD 10m (2020: USD 10m) related to the transition period in connection with the change of Danish Holiday Act which may only be settled after 12 months from the balance sheet date.

Note 2.10 Contract balances

USD Million	Note	2021	2020
Contract assets			
Mobilisation and start-up costs (costs to fulfil contracts)	2.7	30	54
Costs to be reimbursed	2.6	19	37
Total		**49**	**91**
Contract liabilities			
Deferred income relating to mobilisation and start-up		40	62
Total		**40**	**62**

Revenue recognised in 2021 that was included in the contract liability at the beginning of each year relates to mobilisation fees and income on rechargeable projects from customers that are deferred and recognised over the contract term. The amount recognised in 2021 was USD 36m (2020: USD 14m).

Costs to fulfil contracts relate to mobilisation and start-up costs paid that are deferred and recognised over the contract term. The amount recognised in 2021 was USD 34m (2020: USD 29m).

Amounts allocated to performance obligations that are to be completed under existing contracts (the service element in contracts) are set out in note 1.2.

Note 2.11 Cash flow specifications

USD Million	2021	2020
Working capital		
Trade receivables	238	210
Other receivables excluding derivatives and capex receivables	54	62
Prepayments	56	76
Trade payables excluding capex payables	-148	-142
Other payables excluding interest accruals and derivatives	-61	-57
Deferred income	-40	-62
Net working capital	**99**	**87**
Change in working capital in balance sheet	-12	20
Non-cash movements including exchange rate adjustment	4	7
Change in working capital in cash flow statement	**-8**	**27**

USD Million	Note	2021	2020
Purchase of intangible assets and property, plant and equipment			
Additions to Intangible assets	2.1	-10	-4
Additions to Property, plant and equipment	2.2	-92	-158
Change in payables/receivables relating to capital expenditures		1	-24
Total		**-101**	**-186**

Note 3.1 Equity

Share capital
The share capital comprises 41,532,112 shares of DKK 10 each. The Company has only one share class, and all shares hold one vote. No shares hold special rights, preferences or restrictions. All shares are fully paid up.

	2021	2020
No of shares at 1 January[1]	41,532,112	41,532,112
No of shares at 31 December	**41,532,112**	**41,532,112**
Treasury shares at 1 January	243,164	-
Acquired through share buy-backs		245,000
Delivered under long-term incentive programmes	-1,767	-1,836
Treasury shares at 31 December	**241,397**	**243,164**
Average number of shares in circulation	**41,289,831**	**41,410,530**

1 The number of shares issued upon incorporation of the Company on 2 April 2019.

Reserves
The reserve for hedges is the only reserve presented in the consolidated statement of changes in equity. The reserve for hedges represents the accumulated fair value of hedging instruments qualifying for cash flow hedge accounting, net of tax. The reserve is transferred to the income statement when the hedged transaction is settled.

The Group does not have a translation reserve as all material subsidiaries have the United States Dollar (USD) as their functional currency.

Other comprehensive income
Other comprehensive income consists of income and costs not recognised in the income statement, cash flow hedges as well as actuarial gains/losses on defined benefit plans, etc. Other comprehensive income includes current and deferred income tax to the extent that the items recognised in other comprehensive income are taxable or deductible.

Note 3.2 Capital structure and capital allocation

The overall objective of the financial policy is to enable Maersk Drilling to manage through the cyclicality that characterises the offshore drilling industry with an aim to create long-term shareholder value.

The financial policy ensures:
- Financial flexibility including adequate liquidity reserves;
- A long-term funding view to minimise refinancing risk; and
- A robust capital structure through the business cycle.

In order to meet these objectives, free cash flow is to be allocated based on the following prioritisation:
1. Maintain a robust capital structure with sufficient funding available to support the business through the cycle;
2. Pursue investment opportunities supporting long-term shareholder value creation; and
3. Return surplus capital to shareholders.

Maersk Drilling will generally work towards a leverage ratio (net debt divided by EBITDA before special items) of around 2.5x.

This means that if the leverage ratio is below 2.5x and capital is not committed towards investments, Maersk Drilling will seek to return capital to shareholders by means of dividends and/or share buy-backs.

Note 3.3 Borrowings and net debt reconciliation

USD Million	**2021**	2020
Borrowings		
Term loans	1,037	1,254
Lease liabilities	25	31
Total borrowings	**1,062**	**1,285**
Of which:		
Classified as non-current	926	1,149
Classified as current	136	136

USD Million	**2021**	2020
Net debt reconciliation		
Borrowings	1,062	1,285
Total financial liabilities and assets from financing activities	**1,062**	**1,285**
Cash and bank balances	-557	-226
Net debt	**505**	**1,059**

Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities.

Note 3.3 Borrowings and net debt reconciliation – continued

USD Million	**2021**	2020
Change in financial liabilities and assets from financing activities		
1 January	1,285	1,409
Repayment of borrowings	-229	-137
Non-cash changes:		
Foreign exchange adjustments	-1	2
Discounting/amortisation	6	6
New lease obligations	2	6
Disposal of lease obligations	-1	-1
31 December	**1,062**	**1,285**

In addition to the collateral rigs set out in note 2.2, certain bank accounts and shares in the subsidiaries being owners of the collateral rigs and certain intra-group charterers in respect of the collateral rigs are pledged as security for term loans and credit facilities with a carrying amount at 31 December 2021 of USD 1,037m (2020: 1,254m). In certain circumstances, earnings in respect of drilling contracts for the collateral rigs will be assigned in favour of the lenders under the loan agreements.

Note 3.4 Financial risks

Financial risk management
The Group's operating and financing activities expose it to a variety of financial risks, comprising:

- Liquidity risk
- Interest rate risk
- Currency risk
- Credit risk

Management of these financial risks is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges each financial risk if appropriate. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risks.

Exposure from each of the financial risks, together with the Group's policies and mitigation procedures are further described below.

Note 3.4 Financial risks – continued | Liquidity risk

Liquidity risk is the risk that Maersk Drilling will encounter difficulty in meeting its obligations when they occur or ceasing to have access to adequate funding to pursue its strategic ambitions. The overall objective is to maintain adequate liquidity reserves to meet the Group's obligations and to withstand volatility in cash flow from operations.

The Group's revenue backlog provides visibility into the Group's future cash flow generation and is a key component in the Group's mitigation of the liquidity risk inherent in the Group's financial liabilities. At 31 December 2021, the Group had a revenue backlog of USD 1,896m (31 December 2020: USD 1,327m) which provides clarity of the Group's ability to meet its obligations as they fall due.

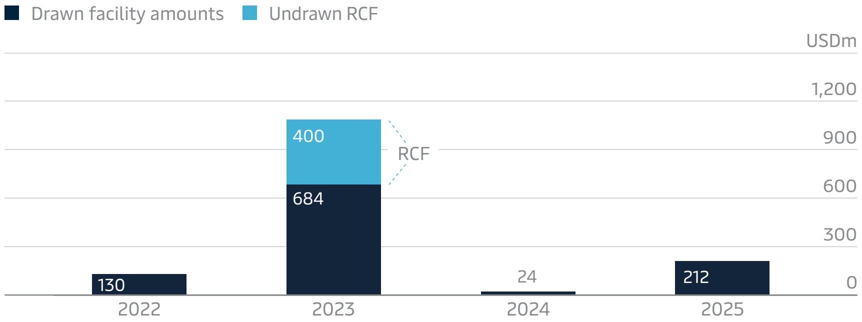
The Group has a centralised and structured approach to liquidity, capital funding and cash management, focusing on repatriating and concentrating cash. Short-term funding of subsidiaries is handled by the central treasury department, primarily through a group wide cash pool structure.

The liquidity reserve, which consists of cash and bank balances, loans receivable plus the aggregate amount of undrawn or unutilised committed credit facilities that remain committed for a period of not less than 365 days, amounts to USD 957m (2020: USD 626m).

The Group's USD 400m revolving credit facility remains undrawn. The Group's loan facilities including its revolving credit facility contain customary representations, certain covenants and undertakings (including on minimum requirements of the aggregate fair market value and insurance of the pledged rigs, customary restrictions on the flag and classification society applicable to the pledged rigs and restrictions on creating liens on the pledged rigs) and customary events of default (in each case, subject to customary agreed exceptions, materiality tests, carve-outs and grace periods). In addition, the loan facilities contain minimum free liquidity, leverage ratio and equity ratio financial covenants, with which the Group must comply throughout the tenor of the facilities. The covenants have all been complied with in 2021.

The maturities of the Group's total loan facilities, comprising term loans drawn in full and the undrawn committed revolving facility, are illustrated in the chart below.

Maturity of loan facilities



USD Million		Cash flows including interest			
Maturities of liabilities and commitments	Carrying amount	0-1 year	1-5 years	5- years	**Total**
2021					
Term loans	1,037	159	965	-	1,124
Lease liabilities	25	7	18	1	26
Trade and other payables	226	226	-	-	226
Derivatives	19	3	16	-	19
Total recognised in balance sheet	**1,307**	**395**	**999**	**1**	**1,395**
Capital commitments		38	0	-	38
Total		**433**	**999**	**1**	**1,433**
2020					
Term loans	1,254	168	1,220	-	1,388
Lease liabilities	31	8	23	4	35
Trade and other payables	225	225	-	-	225
Derivatives	33	-	33	-	33
Total recognised in balance sheet	**1,543**	**401**	**1,276**	**4**	**1,681**
Capital commitments		30	0	-	30
Total		**431**	**1,276**	**4**	**1,711**

Note 3.4 Financial risks – continued | Interest rate risk

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 exposure towards interest rates is mitigated by entering into fixed rate loans or interest rate swaps.

Maersk Drilling's policy is that a minimum of 50% of the gross debt is at fixed interest rates using a model under which a larger proportion of risk is hedged in the short to medium term and a smaller proportion is hedged in the longer term. As of 31 December 2021, the average fixed ratio of gross funding is 52% for the whole term with 53% and 49% for 2022 and 2023, respectively. As of 31 December 2020, the average fixed ratio of gross funding was 54% for the whole term with 62% and 49% for 2021 and 2022, respectively. At 31 December 2021, the weighted average duration of term loans was 0.9 years (2020: 1.5 years).

Part of Maersk Drilling's debt facilities apply the US LIBOR as reference rate. The US LIBOR reference rate will expire in June 2023. However, as Maersk Drilling plans to refinance its debt either as part of the merger with Noble or by itself before June 2023, no impact is expected from this change.

USD Million		Next interest rate fixing		
Borrowings by interest rate levels inclusive of interest rate swaps	Carrying amount	0-1 year	1-5 years	5- years
2021				
<3%	970	506	464	-
3–6%	92	2	89	1
Total	**1,062**	**508**	**553**	**1**
2020				
<3%	501	498	0	3
3–6%	784	1	775	8
Total	**1,285**	**499**	**775**	**11**

Interest rate sensitivity

An increase in interest rates by one percentage point is estimated to decrease profit for the year by USD 5m and increase other comprehensive income (and thereby equity) by USD 9m (2020: decrease profit for the year by USD 5m and increase other comprehensive income (and thereby equity) by USD 14m). This analysis is based on borrowings and loans receivable at 31 December, and assumes that all other variables remain constant. A one percentage point decrease would have a corresponding inverse effect.

Currency risk

Currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The currency exposure arises from Maersk Drilling operating in countries with different local currencies. Revenue is primarily denominated in USD, the functional currency of all material entities in the Group, while related operating expenses are incurred in both USD and local currencies. The Group's net liability is also primarily denominated in USD and only a minimum of the Group's other net liability is in other currencies such as DKK.

The exposure to changes in foreign exchange rates is mitigiated 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. Subsequently, foreign exchange forwards are used to hedge any excess exposure.

Exposure to currency risk is generally low and does not significantly affect the Group's profit or the value of financial instruments. It is the Group's policy to hedge significant net cash flows in currencies other than USD using a layered model with a 12-month horizon.

Cash kept in countries with limited access to repatriating surplus cash is subject to currency risks. As of 31 December, the Group had the equivalent of USD 13m of restricted cash (2020: USD 14m).

Currency sensitivity

Depreciation of the most material currencies in which Maersk Drilling trades (DKK, NOK, EUR, GBP, EGP, SGD, AUD, GHS, BRL and AOA) against USD by five percent is estimated to have no material impact on the profit for the year and decrease other comprehensive income (and thereby equity) by USD 3m (2020: increase profit for the year by USD 3m and decrease other comprehensive income (and thereby equity) by USD 3m). This analysis is based on financial instruments at 31 December, and assumes that all other variables remain constant. A five percentage point appreciation would have a corresponding inverse effect.

Note 3.4 Financial risks – continued | **Credit risk**

The Group has exposure to commercial and financial counterparties.

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 Group may seek protection, in form of parent company guarantees, pre-payments or other type of security.

In 2021, revenue from three major international oil companies, which individually account for more than 10% of revenue, represented 57% (2020: 69%) of the Group's revenue. The credit risks associated with these significant customers are considered limited.

For financial counterparties, the credit risk is minimised by applying credit limits and transacting with financial institutions with a strong credit rating defined as a minimum credit rating of 'A3', 'A-' and/or 'A-' for Moody's, S&P or Fitch, respectively. For derivatives, counterparties with an investment rating grade may be used. A limited number of geographies are not serviced by our relationship banks and have no operations by financial counterparties with a satisfactory credit rating.

Financial assets at amortised cost comprise loans receivable and other receivables. These are all considered to have low credit risk and thus the impairment provision calculated on the basis of 12 month expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Receivables are initially recognised at fair value, plus any direct transaction costs and subsequently measured at amortised cost using the effective interest method. The Group applies the simplified approach to providing the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Customer contracts do not include unusual payment terms or material financing components. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In accordance with IFRS 9, non-due trade receivables have also been considered for expected credit losses.

For loans receivable and other receivables than trade receivables, the initial impairment provision is calculated on the basis of 12 month expected credit losses. If a significant increase in credit risk occurs, lifetime expected credit losses are recognised.

USD Million	**2021**	2020
Maturity analysis of trade receivables		
Receivables not due	204	169
Less than 90 days overdue	28	27
More than 90 days overdue	6	14
Receivables, gross	**238**	**210**
Expected credit loss	-	-
Carrying amount	**238**	**210**

Note 3.5 Derivatives

The Group enters into derivative transactions in order to mitigate foreign exchange rate exposure related to costs incurred in local currencies and interest rate exposure on term loans. The derivative transactions comprise foreign exchange forward and swap contracts and interest rate swaps. Foreign exchange derivative contracts are used to hedge the currency risk related to recognised and unrecognised transactions, of which the majority are designated as cash flow hedges. Interest rate swaps are used to swap variable interest payments on term loans to fixed interest payments. All interest rate swaps are designated as cash flow hedges.

Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable swap curves and exchange rates.

The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognised. The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments, which do not qualify for hedge accounting, are recognised in the income statement as financial income or expenses.

Currency derivatives designated as cash flow hedges are mainly realised within one year, whereas interest rate swaps designated as cash flow hedges generally mature over two years.

The notional value of currency derivative contracts at 31 December amounts to:

USD Million	**2021**		2020	
	Foreign currency	USD	Foreign currency	USD
DKK/USD	536	84	408	63
AUD/USD	38	28	-	-

The majority of currency derivative contracts hedge future cash outflows, hence the respective foreign currencies are purchased and USD is sold.

The notional amount of interest rate swaps at 31 December 2021 amounts to USD 616m (2020: USD 652m) and all swaps are denominated in USD.

The average fixed rate of the interest rate swaps is 2.1% (2020: 2.7%), which jointly with margins and fees paid results in an average 2021 interest cost of around 4.8% (2020: 5%).

Fair value of derivative contracts are recognised as non-current derivatives at USD 16m (2020: USD 33m) and for the current part in other payables at USD 3m (2020: USD 4m in other receivables).

Note 3.5 Derivatives – continued

The gains/losses, including realised transactions, are recognised as follows:

USD Million	**2021**	2020
Hedging foreign exchange risk on operating costs	-	1
Hedging interest rate risk	-11	-14
Total reclassified from equity reserve for hedges	**-11**	**-13**
Derivatives accounted for as held for trading		
Currency derivatives recognised directly in financial income/expenses	1	-
Net gains/losses recognised directly in the income statement	**1**	**-**
Total	**-10**	**-13**

Movement in reserve for hedges can be specified as follows:

USD Million			**2021**
	Foreign exchange risk	Interest rate risk	**Total**
Reserve for hedges 1 January	3	-33	-30
Value adjustment of hedges for the year	-6	3	-3
Reclassified to income statement	-	11	11
Reserve for hedges 31 December	**-3**	**-19**	**-22**

USD Million			2020
	Foreign exchange risk	Interest rate risk	Total
Reserve for hedges 1 January	-1	-22	-23
Value adjustment of hedges for the year	5	-25	-20
Reclassified to income statement	-1	14	13
Reserve for hedges 31 December	**3**	**-33**	**-30**

Note 3.6 Financial instruments by category

USD Million		**2021**		2020
	Carrying amount	Fair value	Carrying amount	Fair value
Carried at amortised cost				
Trade receivables	238		210	
Other receivables (non-interest-bearing)	56		75	
Cash and bank balances	557		226	
Financial assets at amortised cost	**851**		**511**	
Carried at fair value				
Derivatives	-	-	4	4
Financial assets at fair value	**-**	**-**	**4**	**4**
Total financial assets	**851**		**515**	
Carried at amortised cost				
Term loans	1,037	1,100	1,254	1,276
Lease liabilities	25	25	31	31
Total borrowings	**1,062**	**1,125**	**1,285**	**1,307**
Trade payables	164		167	
Other payables	62		58	
Financial liabilities at amortised cost	**1,288**		**1,510**	
Carried at fair value				
Derivatives	19	19	33	33
Financial liabilities at fair value	**19**	**19**	**33**	**33**
Total financial liabilities	**1,307**		**1,543**	

Note 3.6 Financial instruments by category – continued

Financial instruments measured at fair value
Financial instruments carried at fair value can be divided into three levels:
Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value of derivatives fall within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period. The Group has no financial instruments within level 3.

Financial instruments carried at amortised cost
Fair value of the short-term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, however, this was deemed to be the fair value.

Fair value of the borrowing items falls within level 2 of the fair value hierarchy and is estimated on the basis of discounted future cash flows.

The fair value of loans receivable and borrowings against related parties have a floating interest rate and the fair value is assessed to be similar to the carrying amount.

Note 4.1 Earnings per share

Earnings per share amounted to USD 7.0 (2020: USD -39.9) and diluted earnings per share USD 7.0 (2020: USD -39.9). Earnings per share is equal to profit/loss for the year divided by the average number of shares in circulation or the average diluted number of shares in circulation.

	2021	2020
Total number of shares	41,532,112	41,532,112
Average number of treasury shares	242,281	121,582
Average number of shares in circulation	**41,289,831**	**41,410,530**
Average dilution effect from shares outstanding under the LTI programme	234,910	-
Diluted average number of shares in circulation	**41,524,741**	**41,410,530**

At 31 December 2021, a potential dilution effect from 293,027 shares (31 December 2020: 176,793 shares) outstanding under the long-term incentive programme (see note 4.3 below) are included in the calculation of diluted earnings per share, while in 2020 it was excluded as the inclusion would have resulted in a reduction in the loss per share.

Note 4.2 Contingent liabilities and commitments

The term loans and credit facilities set out in note 3.2 may become repayable in whole or in part on the occurrence of certain events including a change of control over the Company. Except for these and for customary agreements within the Group's activities, no material agreements have been entered into that will take effect, change or expire upon changes of the control over the Company.

The Group is also involved in legal and tax disputes in certain countries. Some of these are subject to considerable uncertainty as described in notes 2.5 and 2.8.

Through participation in a joint taxation scheme with A.P. Møller Holding A/S, the Danish companies are jointly and severally liable for taxes payable in Denmark.

Following the demerger from the A.P.Moller - Maersk group, Maersk Drilling is subject to a statutory demerger liability. In the event that A.P. Møller - Mærsk A/S defaults on its obligations, The Drilling Company of 1972 A/S will be liable for any obligations of A.P. Møller - Mærsk A/S existing at the date of publication of the demerger plan on 4 March 2019. Similarly, A.P. Møller - Mærsk A/S will be liable for any obligations assigned to The Drilling Company of 1972 A/S existing at that date. The potential liability for Maersk Drilling is capped at a maximum amount equal to the net value of the assets and liabilities contributed as part of the demerger. The risk of the statutory liability materialising will generally persist for three years from the demerger date and potentially up to thirty years for unknown claims.

Capital commitments
The Group has capital commitments relating to acquisition of non-current assets totalling USD 38m (2020: USD 30m).

Note 4.3 Share-based payments

Restricted share units in the Drilling Company of 1972 A/S
Following the listing on 4 April 2019, Maersk Drilling implemented a long-term incentive programme (the "LTI") and a one-time transition grant was awarded to certain employees. Maersk Drilling believes that providing remuneration in the form of shares to appropriate levels of management promotes sustainable long-term value creation and ensures alignment of interests with its shareholders.

Under the LTI and transition grant the Executive Management, Key Employees and certain other employees received a number of restricted share units ("RSUs"). The vesting period for the RSUs is three years from the date of grant. Except for RSUs granted as part of the exchange grant, the Executive Management will not be able to sell any shares vesting until the total period from grant (inclusive of the vesting period) is five years, i.e. a holding period of two years in addition to the three-year vesting period. Executive Management and other Key Management Personnel are also subject to a share ownership requirement of twice the annual LTI grant level applicable.

The transfer of restricted shares is contingent on the participants still being employed and not being under notice of termination and generally takes place when three years have passed from the time of grant. The participants are not entitled to any dividend during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in capital structure.

In 2021, 130,576 RSUs have been granted under the LTI (2020: 90,120 RSUs).

Note 4.3 Share-based payments – continued

	Shares in The Drilling Company of 1972 A/S		
Outstanding awards under equity-settled incentive plans	Restricted Shares Plan Key Management Personnel No.	Restricted Shares Plan Other employees No.	Total fair value[1] USD Million
1 January 2020	82,983	47,330	
Granted	38,973	51,147	2
Vested	-1,836	-	
Forfeited/cancelled	-27,709	-14,095	
Outstanding 31 December 2020	**92,411**	**84,382**	
Granted	63,304	67,272	5
Vested	-1,767		
Forfeited/cancelled	-	-12,575	
Outstanding 31 December 2021	**153,948**	**139,079**	

The fair value of restricted shares granted to four Key Management Personnel (2020: four) and to 34 Other employees (2020: 38) was USD 5m (2020: USD 2m) at the time of the grant. Total expense recognised in the income statement in 2021 for granted restricted shares was a cost of USD 4m (2020: USD 2m).

The average fair value per restricted share at the time of grant was DKK 249 / USD 40 (DKK 134 / USD 20), which is equal to the closing price of the day of the grant.

The average remaining contractual life for the restricted shares as per 31 December 2021 was 1.4 years (2020: 1.7 years).

Equity settled restricted shares allocated to employees as part of Maersk Drilling's long-term incentive programme are recognised as staff costs over the vesting period at estimated fair value at the grant date and a corresponding adjustment in equity.

At the end of each reporting period, Maersk Drilling revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and service conditions. Any impact of the revision is recognised in the income statement with a corresponding adjustment to equity.

The A.P. Moller - Maersk Group's Restricted Shares Plan

In prior years, certain Executives and employees participated in the A.P. Moller - Maersk Group's incentive programmes. The A.P. Moller - Maersk Group's Restricted Shares Plan was introduced in 2013 and grants have been awarded to employees on a yearly basis since then. The transfer of restricted shares was contingent on the employee still being employed and not being under notice of termination and took place when three years have passed from the time of granting.

To ensure that the Executive Management, other key executives and certain other employees in Maersk Drilling had an equity interest in the Company from the date of the demerger, they were required to forfeit all unvested A.P. Møller - Mærsk A/S shares and share options as of 1 January 2019. The individuals instead received restricted share units in Maersk Drilling (the "exchange grant"). A total of 1,138 restricted share units (B-shares in A.P. Møller - Mærsk A/S) were converted to restricted share units in The Drilling Company of 1972 A/S of a corresponding value. 981 of these related to Key Management Personnel and 157 related to other employees.

Note 4.4 Related parties

USD Million	Other related parties	
	2021	2020
Income statement		
Revenue	2	2
Costs	19	22
Financial income	1	1
Financial expenses	9	10
Assets		
Trade receivables	-	1
Derivatives	-	4
Cash and bank balances[1]	75	79
Liabilities		
Borrowings[1]	76	93
Trade payables	4	3
Derivatives	11	16
Other payables	-	1
Dividends declared	-	-

1 Relates to on demand bank deposits on customary terms and borrowings with Danske Bank. Refer to note 3.3 in relation to terms of the borrowings.

The following related parties have a controlling interest in The Drilling Company of 1972 A/S
The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal (Copenhagen, Denmark) and its subsidiary A.P. Møller Holding A/S (Copenhagen, Denmark) have control over APMH Invest A/S (Copenhagen, Denmark). APMH Invest A/S is considered to hold a controlling interest in The Drilling Company of 1972 A/S. There have been no material transactions with controlling parties.

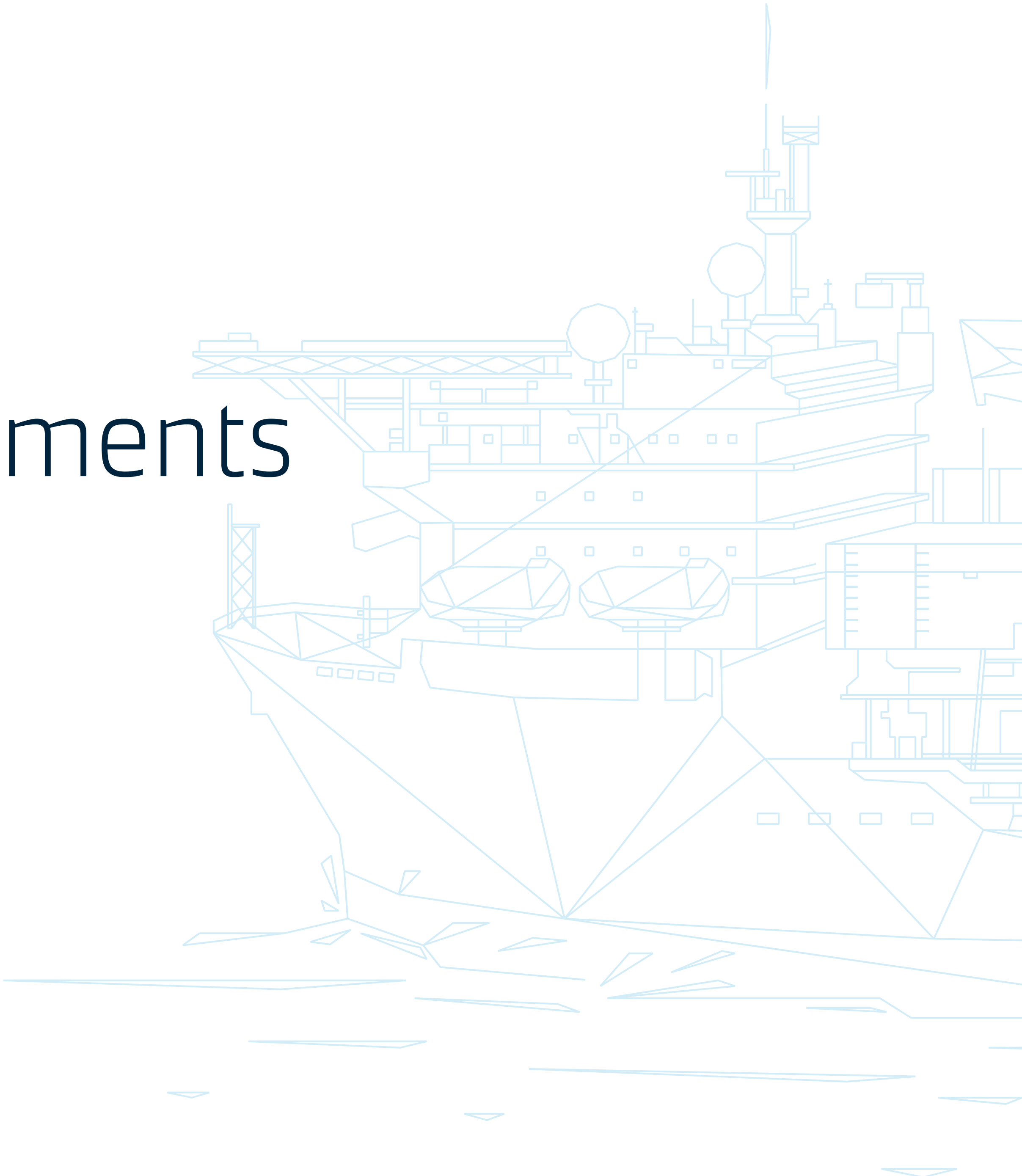
Key Management Personnel
Related parties include the Group's Key Management Personnel. There have been no transactions with Key Management Personnel other than remuneration, which is disclosed in note 1.3 and 4.3.

Other related parties
The Board of Directors and the Executive Management of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal, A.P. Møller Holding A/S, APMH Invest A/S, and their close relatives including 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.

Note 4.5 Subsequent events

No events have occurred after the balance sheet date which are expected to have a material impact on the consolidated financial statements.

Parent company financial statements 2021



The Drilling Company of 1972 A/S

Income statement

USD Million	Note	**2021**	2020
Revenue		-	-
Costs	1	-10	-7
Gross result		**-10**	**-7**
Depreciation of property, plant and equipment	3	0	0
Impairment of investments in subsidiaries	4	-	-1,719
Profit/loss before financial items		**-10**	**-1,726**
Financial income	2	25	28
Financial expenses	2	-61	-81
Profit/loss before tax		**-46**	**-1,779**
Tax		10	3
Profit/loss for the year		**-36**	**-1,776**
Appropration:			
Retained earnings		-36	-1,776
		-36	**-1,776**

The Drilling Company of 1972 A/S

Balance sheet at 31 December

USD Million	Note	**2021**	2020
Non-current assets			
Property, plant and equipment	3	4	4
Investments in subsidiaries	4	2,727	2,727
Total non-current assets		**2,731**	**2,731**
Current assets			
Receivables			
Current tax receivables, joint taxations		13	-
Current tax receivables		-	11
Derivatives, current	5	-	4
Receivables from subsidiaries and group enterprises		42	614
Prepayments, etc.		1	1
Receivables, etc.		**56**	**630**
Cash and bank balances		386	80
Total current assets		**442**	**710**
Total assets		**3,173**	**3,441**

USD Million	Note	**2021**	2020
Share capital		63	63
Retained earnings		2,039	2,075
Total equity		**2,102**	**2,138**
Non-current liabilities			
Borrowings, non-current	5	**907**	**1,124**
Derivatives, non-current	5	16	33
Other non-current liabilities		**16**	**33**
Total non-current liabilities		**923**	**1,157**
Current liabilities			
Borrowings, current	5	**130**	**130**
Provisions, current		**-**	**3**
Payables to subsidiaries and group enterprises		2	4
Current tax payables, joint taxations		-	7
Current tax payables		5	-
Derivatives, current	5	3	-
Other payables, etc., current		8	2
Other current liabilities		**18**	**13**
Total current liabilities		**148**	**146**
Total liabilities		**1,071**	**1,303**
Total equity and liabilities		**3,173**	**3,441**

The Drilling Company of 1972 A/S

Statement of changes in equity

USD Million	Share capital	Retained earnings	**Total equity**
2020			
Equity 1 January 2020	63	3,856	3,919
Profit/loss for the year		-1,776	-1,776
Purchase of own shares	-	-5	-5
Equity 31 December 2020	**63**	**2,075**	**2,138**
2021			
Profit/loss for the year	-	-36	-36
Equity 31 December 2021	**63**	**2,039**	**2,102**

The share capital comprises 41,532,112 shares of DKK 10. The Drilling Company of 1972 A/S was incorporated on 2 April 2019 in connection with the separation of the Maersk Drilling activities from the A.P. Moller - Maersk Group with financial effect from 1 January 2019.

During 2020, the Company bought back 245,000 (0.6%) of its own shares at a total consideration of USD 5m and delivered 1,836 shares (0.004%) under its long-term incentive programme without consideration.

During 2021, the Company delivered 1,767 shares (0.004%) under its long-term incentive programme without consideration. On 31 December 2021, the Company held a total of 241,397 treasury shares, corresponding to 0.6% of the share capital, which will be used to cover obligations under the long-term incentive programme.

The Drilling Company of 1972 A/S

Notes

The Drilling Company of 1972 A/S

Note 1 Costs

Except for the Executive Management, The Drilling Company of 1972 A/S did not have other employees in 2021, as all personnel are employed in affiliated companies. For remuneration of the Board of Directors and Executive Management, reference is made to notes 1.3 and 4.3 in the consolidated financial statements.

2021 costs include USD 8m merger related costs, reference is made to note 1.4 in the consolidated financial statement.

USD Million	**2021**	2020
Fees to the statutory auditors		
Statutory audit	0.3	0.2
Other assurance services	0.8	-
Tax and VAT advisory services	-	-
Other services	-	-
Total fees	**1.1**	**0.2**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to USD 0.8m in 2021 (nil in 2020). The other non-audit services in 2021 mainly consisted of financial data review for merger purposes.

Note 2 Financial income and expenses

USD Million	**2021**	2020
Interest income	-	1
Interest income from group enterprises	19	25
Exchange rate gains on bank balances, borrowings and working capital	1	2
Gains on currency derivatives	1	-
Gain on interest rate derivatives	4	-
Financial income	**25**	**28**
Interest expenses	-46	-54
Interest expenses to group enterprises	-5	-
Loss on interest rate derivatives	-	-26
Exchange rate losses on bank balances, borrowings and working capital	-10	-1
Financial expenses	**-61**	**-81**
Financial expenses, net	**-36**	**-53**

Note 3 Property, plant and equipment

USD Million	Land & Buildings	**Total**
Cost		
1 January 2021	4	4
Additions	-	-
31 December 2021	**4**	**4**
Depreciation and impairment losses		
1 January 2021	0	0
Depreciation	0	0
31 December 2021	**0**	**0**
Carrying amount		
31 December 2021	**4**	**4**

The Drilling Company of 1972 A/S

Note 4 Investments in subsidiaries

USD Million	Investments in subsidiaries
Cost	
1 January 2021	4,446
Additions	-
31 December 2021	4,446
Impairment losses	
1 January 2021	1,719
Impairment losses	-
31 December 2021	1,719
Carrying amount	
31 December 2021	**2,727**

Valuation of Investment in subsidiaries
At 31 December 2021, the carrying amount of the investment in subsidiaries was considered for impairment. No impairment was recognised as the carrying amount of the investment does not exceed the carrying amounts in the consolidated financial statements of the investee's net assets.

At 30 December 2020, an impairment of USD 1,719m was recognised, primarily due to impairment of assets in subsidiaries. The impairment was presented separately in the income statement and considered a special item due to its nature.

Reference is made to note 2.4 in the consolidated financial statements for a description of the key assumptions applied in the impairment test.

List of subsidiaries
Reference is made to page 99 for a list of subsidiaries. Maersk Drilling Holding A/S, which was the only direct subsidiary of the Company, was merged in 2021 into Maersk Drilling A/S, which now became the only direct subsidiary of the Company.

Note 5 Borrowings

At 31 December 2021, notional borrowings amounting to USD 1,050m had a carrying amount of USD 1,037m, none of which mature after more than five years.

Interest rate risk
Interest rate risk comprises 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 exposure towards interest rates is mitigated by entering into fixed rate loans or interest rate swaps.

The Company enters into interest rate swaps in order to mitigate interest rate exposure on term loans. Interest rate swaps are used to swap variable interest payments on term loans to fixed interest payments. The interest rate swaps mature over up to five years. The Company does not apply hedge accounting and changes in the fair values of derivative financial instruments are recognised in the income statement as financial income or expenses.

The notional amount of interest rate swaps at 31 December 2021 amounts to USD 616m (2020: USD 652m) and all swaps are denominated in USD.

The average fixed rate of the interest rate swaps is 2.1% (2020: 2.7%), which jointly with margins and fees paid results in an average 2021 interest cost of around 4.8% (2020: 5%).

The Drilling Company of 1972 A/S

Note 6 Contingent liabilities

Shares in the subsidiary Maersk Drilling A/S are pledged as security for borrowings with a carrying amount at 31 December 2021 of USD 1,037m and undrawn credit facilities of USD 400m.

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.

Following the demerger from the A.P. Moller - Maersk Group, The Drilling Company of 1972 A/S is subject to a statutory demerger liability. In the event that A.P. Møller - Mærsk A/S defaults on its obligations, The Drilling Company of 1972 A/S will be liable for any obligations of A.P. Møller - Mærsk A/S existing at the date of publication of the demerger plan on 4 March 2019. Similarly, A.P. Møller - Mærsk A/S will be liable for any obligations assigned to The Drilling Company of 1972 A/S existing at that date. The potential liability for The Drilling Company of 1972 A/S is capped at a maximum amount equal to the net value of the assets and liabilities contributed as part of the demerger. The risk of the statutory liability materialising will persist for three years from the demerger date, and potentially up to thirty years for unknown claims.

The company and its subsidiaries are involved in a number of legal disputes. The company and its subsidiaries are also involved in tax disputes in certain countries. Some of these involve significant amounts and are subject to considerable uncertainty.

Note 7 Related parties

The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal (Copenhagen, Denmark) and its subsidiary A.P. Møller Holding A/S (Copenhagen, Denmark) have control over APMH Invest A/S (Copenhagen, Denmark). APMH Invest A/S is considered to hold a controlling interest in The Drilling Company of 1972 A/S. A.P. Møller Holding A/S is the ultimate parent company preparing consolidated financial statements. These can be obtained by contacting this company or at its website www.apmoller.com.

Related parties include the Company's Board of Directors and Executive Management. Remuneration hereof is disclosed in note 1.3 in the consolidated financial statements.

Other related parties
The Board of Directors and the Executive Management of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal, A.P. Møller Holding A/S, APMH Invest A/S and their close relatives including 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.

All transactions with related parties have been conducted at arm’s length.

The Drilling Company of 1972 A/S

Note 8 Significant accounting policies

The Financial Statements of The Drilling Company of 1972 A/S for 2021 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class D entities.

Basis of preparation
The Drilling Company of 1972 A/S was incorporated on 2 April 2019 in connection with the separation of the Maersk Drilling activities from the A.P. Moller - Maersk Group with financial effect from 1 January 2019.

Cash flow statement
With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Revenue
Revenue comprises income earned during the year from the operation of the property recognised under property, plant and equipment

Costs
Costs comprise expenses incurred during the year.

Derivatives
Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable swap curves and exchange rates. The Company does not apply hedge accounting and changes in the fair values of derivative financial instruments are recognised in the income statement as financial income or expenses.

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 provisions for decided and publicly announced restructuring. 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.

Dividends from subsidiaries
Dividends from subsidiaries are recognised as income at the time of declaration.

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

Tax on result for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the result for the year is recognised in the income statement, whereas the tax attributable to equity transactions 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 concerning tax losses).

Balance sheet

Property, plant and equipment
Property, plant and equipment comprise land and buildings contributed as part of the demerger. Land and buildings are valued at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful lives to an estimated residual value. Useful lives are estimated at 25-40 years.

Investments in subsidiaries
Investments in subsidiaries are measured at cost or at lower recoverable amount.

If indications of impairments are identified, an impairment test as described in the accounting policies for the consolidated financial statements is prepared. If the recoverable amount is lower than the carrying amount, the asset is written down to its lower recoverable amount. Indicators of impairment could be if dividends declared from the subsidiary exceed total comprehensive income for the year of the subsidiary, or if the carrying amount of the subsidiary exceeds the carrying amount of the net assets in the subsidiary.

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

The Drilling Company of 1972 A/S

Note 8 Significant accounting policies – continued

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

Current tax receivables and liabilities
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income adjusted for tax on prior years' taxable income and paid on account taxes.

Financial debt
Other debts are recognised at amortised cost, which, essentially corresponds to the nominal value.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

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

USD is used as presentation currency because the majority of transactions are in U.S. dollars. At 31 December 2021, the exchange rate DKK/USD was 656.38.

Note 9 Significant accounting estimates and judgements

When preparing the financial statements of the Company, management undertakes a number of accounting estimates and judgements to recognise, measure and classify the Company's assets and liabilities. The only significant accounting estimate and judgement relates to the assessment of impairment of investments in subsidiaries.

Management assesses impairment indicators for investments in subsidiaries and determines the recoverable amount generally consistent with the assumptions described in note 2.4 of the Consolidated financial statements to which reference is made.

Note 10 Subsequent events

No events have occurred after the balance sheet date which are expected to have a material impact on the parent company financial statements.

Company overview

Maersk Drilling comprises the companies listed below.

Company	Country of incorporation	Ownership share
The Drilling Company of 1972 A/S	Denmark	100%
Maersk Drilling A/S	Denmark	100%
Maersk Drilling Services A/S	Denmark	100%
Maersk Drilling UK Limited	UK	100%
Maersk Drilling do Brasil Serviços de Petróleo Ltda.	Brazil	100%
Maersk Drilling International A/S	Denmark	100%
Maersk Offshore Crew Management (Guernsey) Ltd.	Guernsey	100%
Maersk Drilling Deepwater A/S	Denmark	100%
Maersk Drilling Services LLC	Azerbaijan	100%
Maersk Drilling Labuan Ltd	Malaysia	100%
Maersk Inspirer Operations AS	Norway	100%
Maersk Reacher Operations AS	Norway	100%
Maersk Intrepid Operations AS	Norway	100%
Maersk Integrator Operations AS	Norway	100%
Maersk Drilling Norge AS	Norway	100%
Maersk Invincible Norge A/S	Denmark	100%
Maersk Intrepid Norge A/S	Denmark	100%
Maersk Interceptor Norge A/S	Denmark	100%
Maersk Integrator Norge A/S	Denmark	100%
Mærsk Innovator Norge A/S	Denmark	100%
Mærsk Inspirer Norge A/S	Denmark	100%
Maersk Reacher Norge A/S	Denmark	100%
Mærsk Gallant Norge A/S	Denmark	100%
Maersk Drilling DS A/S	Denmark	100%
Maersk Drilling Americas A/S	Denmark	100%
Maersk Drilling USA Inc	USA	100%
Maersk Drilling Brasil Serviços de Perfuração Marítimos Ltda.	Brazil	100%
Maersk Drilling Mexico S.A. de C.V.	Mexico	100%
Maersk Drilling Services S.A. de C.V.	Mexico	100%

Company	Country of incorporation	Ownership share
Maersk Drilling Australia Pty Ltd.	Australia	100%
Maersk Drilling Holdings Singapore Pte Ltd.	Singapore	100%
Maersk Highlander UK Ltd	UK	100%
Maersk Drillship I Singapore Pte.Ltd.	Singapore	100%
Maersk Drillship II Singapore Pte.Ltd.	Singapore	100%
Maersk Drillship III Singapore Pte Ltd.	Singapore	100%
Maersk Drillship IV Singapore Pte Ltd.	Singapore	100%
Maersk Drilling Nigeria Holdings Pte. Ltd.	Singapore	100%
Maersk Drilling Nigeria Operations Limited	Nigeria	100%
Maersk Drilling Services Singapore Pte. Ltd.	Singapore	100%
Maersk Drilling Deepwater Egypt LLC	Egypt	100%
Maersk Drilling North Sea A/S	Denmark	100%
Maersk Drilling Poland sp. z o.o (8 April 2019)	Poland	100%
Maersk Drilling Netherlands BV	Netherlands	100%
Maersk Drilling Ghana Ltd	Ghana	100%
MD Viking Company Limited	Myanmar	100%
Horizon56 A/S	Denmark	100%
Maersk Drilling Abu Dhabi Ltd. (W.L.L.)[1]	Abu Dhabi	33%
Maersk Drilling JS-Services Lda Angola JV[1]	Angola	49%
Maersk Drilling Malaysia SDN[1]	Malaysia	49%
Maersk Rigworld Ghana Limited[1]	Ghana	65%
Maersk Drilling Nigeria JVCO Limited[1]	Nigeria	49%
Maersk Decom A/S[2]	Denmark	50%
PMD Viking Ghana Ltd[2]	Ghana	50%

1 Certain entities in which Maersk Drilling has an ownership share of less than 100% but holds the full right to govern and receive dividends through shareholder agreements etc. are considered subsidiaries and consolidated without any non-controlling interest
2 Joint venture

Definitions

Financial ratios and non-IFRS financial measures

Maersk Drilling uses certain financial ratios and measures to provide management, investors and analysts with additional measures to evaluate and analyse the Group's performance. These non-IFRS financial measures are defined and calculated by the Group and may vary significantly from financial measures applied by other companies even if similar naming is applied.

Asset turnover
Revenue as a percentage of average non-current assets.

Available days
Available days are the aggregate number of calendar days in the period less yard stays if not paid by customer. For new rigs entering the fleet, available days is from when the rig is ready to operate.

Average day rate
Average day rates equal average daily revenue and are calculated by dividing revenue by the number of contracted days. Revenue includes the contractual rates for when the rig is in operation 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 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. Income and expenses attributable to reimbursable expenses are generally recognised net and therefore excluded in the calculation of average day rates.

Average backlog day rate
Revenue backlog divided by the number of contracted days in the contract period.

CAPEX
Investments in intangible assets and property, plant and equipment, including additions from business combinations.

CAPEX can be derived as additions to intangible assets and property, plant and equipment as specified in notes 2.1 and 2.2 to the consolidated financial statements respectively.

Cash conversion
Cash flow from operating activities as a percentage of EBITDA.

Contracted days
Contracted days are days covered by the contract with a customer, including mobilisation or yard stays if paid by customer.

Deepwater
Water depths greater than 5,000 ft.

Drillship
A vessel that has been fitted with drilling equipment, mainly used for deepwater drilling.

EBIT
Profit/loss before financial items and income taxes.

EBIT can be derived directly from the consolidated income statement.

EBITDA
Profit/loss before depreciation, amortisation and impairment losses, financial items and income taxes.

EBITDA can be derived directly from the consolidated income statement.

EBITDA before special items
Profit/loss before depreciation and amortisation, impairment losses and special items, financial items and income taxes.

EBITDA before special items can be derived directly from the consolidated income statement.

EBITDA margin before special items
EBITDA before special items as a percentage of revenue.

Equity ratio
Equity as a percentage of total assets.

Financial uptime
Hours that can be invoiced for as a percentage of total hours in the period under contract with the customer.

Forward contract coverage
Percentage indicating the part of rig days that are contracted for a specific period.

Free cash flow
Cash flow from operating activities less cash flow from/used for investing activities, adjusted for newbuild cash flow and proceeds from the divestment of assets or activities, and less net interest payments.

Free cash flow is specified below the consolidated cash flow statement.

Jack-up rig
A mobile drilling platform that stands on the seabed by means of three steel legs and a self-elevating system that adjusts the platform height to the water depth during the drilling operation, typically used for shallow water drilling.

Leverage
Net debt divided by EBITDA before special items.

Midwater
Water depths 401–5,000 ft.

Net debt
Equals interest-bearing debt less cash and bank balances and other interest-bearing assets.

Net debt is specified in note 3.3 to the consolidated financial statements.

Return on equity
Profit/loss for the year divided by the average equity.

Revenue backlog
Future contract commitments for a rig, for a particular point in time at which revenues are expected to be realised. Calculated by multiplying contract rates by the contract period, excluding any optional extension periods.

Semi-submersible
A mobile vessel that is partially submerged in water during the drilling operation and positioned by means of a conventional mooring system and/or a computerised dynamic positioning system, typically used for midwater and deepwater drilling.

Shallow water
Water depths up to 400 ft.

Special items
Special items comprise non-recurring income and expenses that are not considered to be part of Maersk Drilling's ordinary operations such as merger related costs, major restructuring costs and COVID-19 related costs. Special items are specified in note 1.4 to the consolidated financial statements.

Ultra deepwater
Water depths greater than 7,500 ft.

Utilisation
Utilisation is the number of contracted days, divided by the number of available days.

Working capital
Equals trade receivables and other current assets less trade payables and other current payables.

Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of The Drilling Company of 1972 A/S for 2021.

The consolidated financial statements of The Drilling Company of 1972 A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act, and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. The Management's review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Company's assets and liabilities, financial position at 31 December 2021 and of the results of the Group's and the Company's operations and the Group's cash flows for the financial year 2021.

In our opinion, the Management review includes a fair review of the development in the Group's and the Company's operations and financial conditions, the results for the year, financial position and the Group's cash flows as well as a description of the most significant risks and uncertainty factors that the Group and the Company face.

In our opinion, the Annual Report of The Drilling Company of 1972 A/S for the financial year 1 January to 31 December 2021 identified as with the file name DRLCO-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report will be approved at the Annual General Meeting.

Copenhagen, 11 February 2022

Executive Management

Jørn Madsen
CEO

Christine Brennet (Morris)
CFO

Board of Directors

Claus V. Hemmingsen
Chairman

Robert M. Uggla
Vice Chairman

Martin Larsen

Alastair Maxwell

Ann-Christin Andersen

Kristin H. Holth

Caroline Alting

Glenn Gormsen

Independent Auditor's Reports

To the shareholders of The Drilling Company of 1972 A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit & Risk Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of The Drilling Company of 1972 A/S for the financial year 1 January to 31 December 2021 (pages 55-88 and pages 99-105), comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of The Drilling Company of 1972 A/S for the financial year 1 January to 31 December 2021 (pages 89-98 and pages 99-105), comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of shares of The Drilling Company of 1972 A/S for the listing on Nasdaq Copenhagen, we were first appointed auditors of The Drilling Company of 1972 A/S on 2 April 2020.

We have been reappointed annually by shareholder resolution for a total uninterrupted period of engagement of 2 years, including the financial year 2021.

Key audit matter	How our audit addressed the key audit matter
Valuation of non-current assets The carrying amount of the drilling rigs is significant to the Consolidated Financial Statements. Management monitors the carrying value of the above-mentioned assets based on defined CGU's and performs an impairment test, if any indication of impairment or reversal of previous impairments exists. The indications assessed by Management comprise amongst others development in day rates, margins, utilization, market capitalisation, etc. Management's assessment of the recoverability of the carrying amount of drilling rigs is based on the value-in-use calculations, including determination of the key assumptions and data applied. Bearing in mind the generally long-lived nature of the assets, the significant assumptions in estimating the future cash flows in the value-in-use calculations are Management's long-term outlook for day-rates, margins and utilization as well as determining the discount rates and growth rates. We focused on this area as the amounts involved are significant and because Management is required to exercise considerable estimates and judgement and because of the inherent complexity in estimating the values-in-use. Reference is made to note 2.4 in the Consolidated Financial Statements.	We discussed with Management and evaluated the methodology by which Management monitors indicators of impairment of drilling rigs. Further, in addressing the risk, we considered the appropriateness of Management defined CGUs. We examined the methodology used by Management to assess the carrying amount of drilling rigs assigned to CGUs, and the process for identifying CGUs that required impairment testing to determine compliance with IFRS as adopted by the EU. We performed detailed testing for the drilling rigs where a need for an impairment test was identified. We assessed the reasonableness of key assumptions in relation to the ongoing operation of the assets. We corroborated Management's estimate of future cash flows and challenged whether these were appropriate in light of the significant assumptions being day-rates, margins, utilization, the discount rates and growth rates. We used our internal valuation experts to independently calculate the discount rate. In calculating the discount rate, the key inputs used were independently sourced from market data, and we assessed the methodology applied. We compared the discount rate used by Management to our calculated rate. We tested the mathematical accuracy of the relevant value-in-use models prepared by Management. Finally, we assessed Management's disclosure of these matters in the Consolidated Financial Statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Statement on Management's Review

Management is responsible for Management's Review (pages 3-54 and pages 106-110).

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 in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company 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 Group's and the Parent 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 unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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 Group's and the Parent 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of The Drilling Company of 1972 A/S for the financial year 1 January to 31 December 2021 with the filename DRLCO-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL-tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of The Drilling Company of 1972 A/S for the financial year 1 January to 31 December 2021 with the file name DRLCO-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

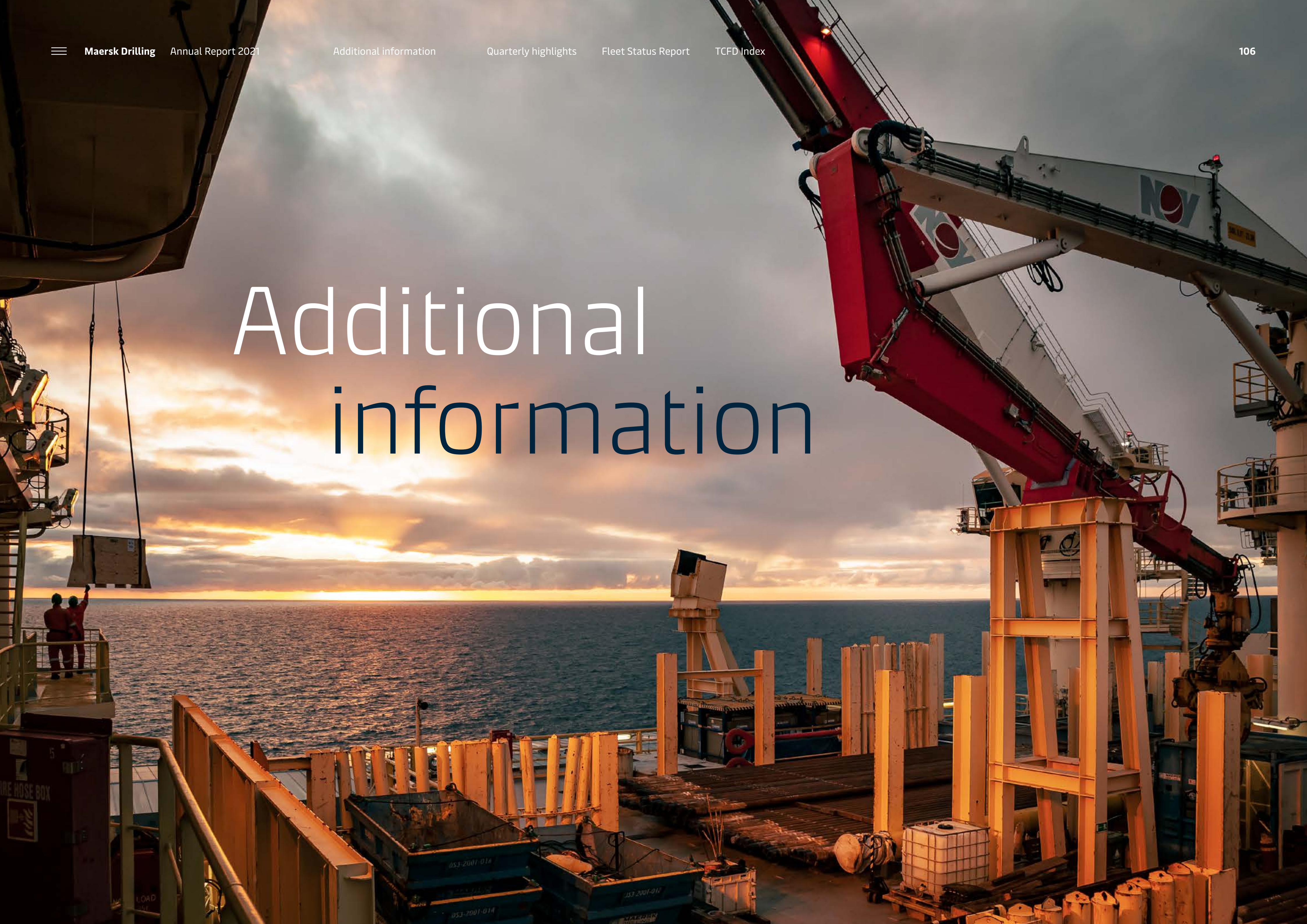
Copenhagen, 11 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33771231

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

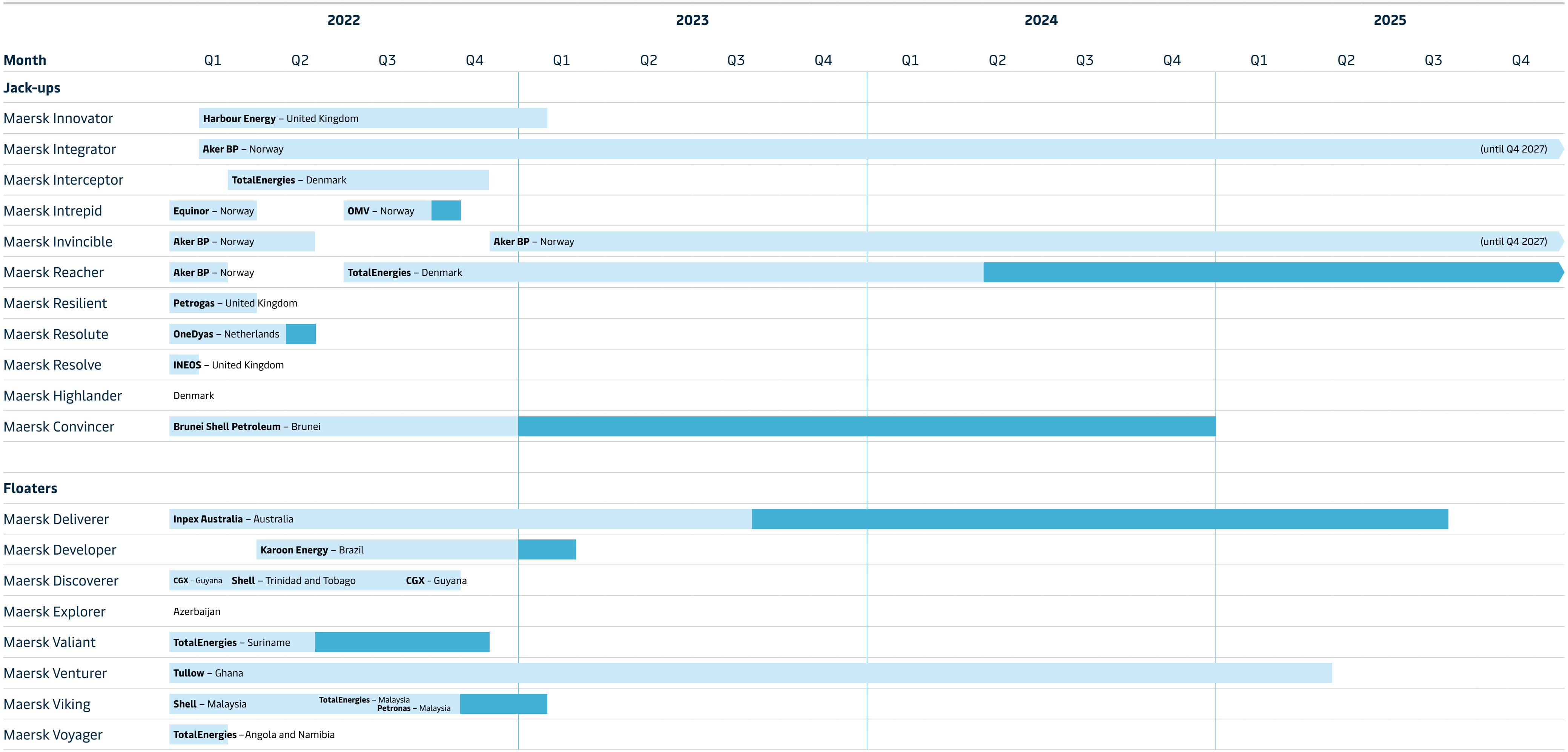
Additional information



Quarterly highlights – segments

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	**FY 2021**	FY 2020
Consolidated						
No. of rigs at period end	22	20	20	19	19	22
Revenue	264	350	333	320	1,267	1,096
Contracted days	1,204	1,515	1,520	1,376	5,615	5,208
Available days	1,980	1,898	1,840	1,775	7,493	8,018
Utilisation	61%	80%	83%	78%	75%	65%
Average day rate (USDk)	219	231	219	233	226	210
Financial uptime	93.5%	99.8%	99.2%	96.9%	97.6%	98.9%
Revenue backlog at the end of the period (USDm)	1,804	1,649	1,042	1,896	1,896	1,327
Segment information – North Sea						
No. of rigs at period end	13	11	11	10	10	13
Revenue	151	175	171	159	656	608
Contracted days	647	744	784	666	2,841	2,920
Available days	1,170	1,079	1,012	947	4,208	4,725
Utilisation	55%	69%	77%	70%	68%	62%
Average day rate (USDk)	233	235	218	240	231	208
Financial uptime	98.0%	99.8%	99.4%	99.9%	99.3%	99.8%
Revenue backlog at the end of the period (USDm)	857	754	228	1,191	1,191	898
Segment information – International						
No. of rigs at period end	8	8	8	8	8	8
Revenue	106	168	155	154	583	460
Contracted days	467	680	644	618	2,409	1,922
Available days	720	728	736	736	2,920	2,927
Utilisation	65%	93%	88%	84%	83%	66%
Average day rate (USDk)	227	247	241	248	242	239
Financial uptime	88.5%	99.8%	99.0%	93.8%	95.8%	97.9%
Revenue backlog at the end of the period (USDm)	897	851	777	675	675	373

Fleet Status Report



Contract(s) Options Available

Task Force on Climate-related Financial Disclosures

The following index provides links to Maersk Drilling's disclosures on climate-related risks and opportunities as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

TCFD Topic Area	TCFD Recommendation	Location of disclosure
Governance – Disclose the organisation's governance around climate-related risks and opportunities	Describe the Board's oversight of climate-related risks and opportunities.	• Annual Report p. 39: Corporate Governance • Sustainability Report p. 28: A solid governance framework for sustainability progress
	Describe management's role in assessing and managing climate-related risks and opportunities.	• Annual Report p. 39: Corporate Governance • Sustainability Report p. 28: A solid governance framework for sustainability progress
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	• Sustainability Report p. 9: Climate and Energy • Sustainability Report p. 12: Managing climate risks • Annual Report p. 21–26: Market and Strategy • Annual Report p. 49: Risk management
	Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Sustainability Report p. 9: Climate and Energy • Sustainability Report p. 12: Managing climate risks • Annual Report p. 21–26: Market and Strategy • Annual Report p. 49: Risk management
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Sustainability Report p. 12: Managing climate risks • Annual Report p. 21–26: Market and Strategy • Annual Report p. 49: Risk management
Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks.	• Annual Report p. 49: Risk Management • Sustainability Report p. 28: A solid governance framework for sustainability progress • Sustainability Report p. 12: Managing climate risks
	Describe the organization's processes for managing climate-related risks.	As above
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	As above
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	• Annual Report p. 9: Five-year summary • Sustainability Report p. 11: 2021 climate performance • Sustainability Report p. 32-34: ESG performance data
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• Annual Report p. 21–26: Market and Strategy • Annual Report p. 49: Risk Management • Sustainability Report p. 11: 2021 climate performance • Sustainability Report p. 32-34: ESG performance data
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Annual Report p. 21–26: Market and Strategy • Annual Report p. 49: Risk Management • Sustainability Report p. 10-11: Our climate plan; 2021 climate performance

Important notice

Forward-looking statements

This Annual Report 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 The Drilling Company of 1972 A/S and its subsidiaries and affiliated companies. 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 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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ESEF data

Domicile of entity	Denmark
Description of nature of entity's operations and principal activities	Offshore drilling services
Country of incorporation	Denmark
Principal place of business	Global
Legal form of entity	A/S
Name of reporting entity or other means of identification	The Drilling Company of 1972 A/S
Address of entity's registered office	Lyngby Hovedgade 85 2800 Kgs. Lyngby Denmark
Registration no.	40404716

The Drilling Company of 1972
Lyngby Hovedgade 85
DK-2800 Kgs. Lyngby

Registration no. 40404716

Board of Directors
Claus V. Hemmingsen, Chairman
Robert M. Uggla, Vice Chairman
Martin Larsen
Alastair Maxwell
Ann-Christin Andersen
Kristin H. Holth
Caroline Alting
Glenn Gormsen

Executive Management
Jørn Madsen (CEO)
Christine Morris (CFO)

Auditor
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Editor
Petruta Stefanescu

Design and layout
Extrasmallagency

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