## THE DRILLING COMPANY OF 1972 A/S

## CONSOLIDATED INCOME STATEMENTS

| | Notes | For the 9 months ended 30 September 2021 | 2020 |
|---|---|---|---|
| | | USD million | |
| Revenue | 1.1, 1.2 | 946 | 810 |
| Cost of sales (exclusive of depreciation and amortisation shown separately below) | | (669) | (601) |
| Special items | 1.3 | (14) | (38) |
| Depreciation and amortisation | | (167) | (231) |
| Impairment reversals (losses), net | 1.4 | 11 | (1,504) |
| Gain/(loss) on sale of non-current assets | 1.5 | 18 | (2) |
| Share of results in joint ventures | | (1) | (1) |
| **Profit/loss before financial items** | | **124** | **(1,567)** |
| Financial expenses, net | | (46) | (54) |
| **Profit/loss before tax** | | **78** | **(1,621)** |
| Tax | | (18) | 23 |
| **Profit/loss for the period** | | **60** | **(1,598)** |
| Earnings in USD per share of DKK 10 for the period | 1.6 | 1.5 | (38.6) |
| Diluted earnings in USD per share of DKK 10 for the period | 1.6 | 1.4 | (38.6) |

The accompanying notes are an integral part of these consolidated financial statements

## THE DRILLING COMPANY OF 1972 A/S

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | For the 9 months ended 30 September | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | |
| Profit/loss for the period | 60 | (1,598) |
| Cash flow hedges: | | |
| Value adjustment of hedges | (5) | (24) |
| Reclassified to income statement | 8 | 11 |
| **Total items that have or will be reclassified to the income statement** | **3** | **(13)** |
| **Other comprehensive income, net of tax** | **3** | **(13)** |
| **Total comprehensive income for the period** | **63** | **(1,611)** |

The accompanying notes are an integral part of these consolidated financial statements

## THE DRILLING COMPANY OF 1972 A/S

## CONSOLIDATED CASH FLOW STATEMENTS

| | For the 9 months ended 30 September | |
|---|---|---|
| | 2021 | 2020 |
| | USD million | |
| Profit/loss before financial items | 124 | (1,567) |
| Depreciation, amortisation and impairment reversals (losses), net | 156 | 1,735 |
| Gain/loss on sale of non-current assets | (18) | 2 |
| Change in working capital | (43) | 1 |
| Change in provisions | (11) | 12 |
| Other non-cash items | 4 | 2 |
| Taxes paid | (23) | (23) |
| **Cash flow from operating activities** | **189** | **162** |
| Purchase of intangible assets and property, plant and equipment | (61) | (154) |
| Sale of property, plant and equipment | 32 | 38 |
| Other financial investments | (1) | (1) |
| **Cash flow used for investing activities** | **(30)** | **(117)** |
| Interest received | — | 2 |
| Interest paid | (41) | (50) |
| Repayment of borrowings | (115) | (103) |
| Purchase of treasury shares | — | (5) |
| **Cash flow from financing activities** | **(156)** | **(156)** |
| **Net cash flow for the period** | **3** | **(111)** |
| Cash and bank balances 1 January | 226 | 310 |
| Currency translation effect on cash and bank balances | (2) | (1) |
| **Cash and bank balances, end of period** | **227** | **198** |

Cash and bank balances at 30 September 2021 include USD 23 million (30 September 2020: USD 15 million) 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.

The accompanying notes are an integral part of these consolidated financial statements

## THE DRILLING COMPANY OF 1972 A/S

## CONSOLIDATED BALANCE SHEETS

| | Note | 30 September 2021 | 2020 |
|---|---|---|---|
| | | USD million | |
| **Assets** | | | |
| Intangible assets | | 12 | 16 |
| Property, plant and equipment | | 2,812 | 3,156 |
| Right-of-use assets | | 25 | 30 |
| Financial non-current assets | | 5 | 5 |
| Deferred tax | | 18 | 21 |
| **Total non-current assets** | | **2,872** | **3,228** |
| Trade receivables | | 260 | 224 |
| Tax receivables | | 21 | 10 |
| Other receivables | | 58 | 54 |
| Prepayments | | 59 | 85 |
| **Receivables, etc.** | | **398** | **373** |
| Cash and bank balances | | 227 | 198 |
| Assets held for sale | 1.5 | 139 | — |
| **Total current assets** | | **764** | **571** |
| **Total assets** | | **3,636** | **3,799** |
| **Equity and liabilities** | | | |
| Share capital | | 63 | 63 |
| Reserves and retained earnings | | 2,020 | 2,003 |
| **Total equity** | | **2,083** | **2,066** |
| **Borrowings, non-current** | | **1,039** | **1,180** |
| Provisions | | 5 | 2 |
| Deferred tax | | 15 | 9 |
| Derivatives | | 22 | 38 |
| **Other non-current liabilities** | | **42** | **49** |
| **Total non-current liabilities** | | **1,081** | **1,229** |
| **Borrowings, current** | | **136** | **137** |
| Provisions | | 4 | 24 |
| Trade payables | | 172 | 152 |
| Tax payables | | 68 | 74 |
| Other payables | | 54 | 56 |
| Deferred income | | 38 | 61 |
| **Other current liabilities** | | **336** | **367** |
| **Total current liabilities** | | **472** | **504** |
| **Total liabilities** | | **1,553** | **1,733** |
| **Total equity and liabilities** | | **3,636** | **3,799** |

The accompanying notes are an integral part of these consolidated financial statements

**THE DRILLING COMPANY OF 1972 A/S**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| | Share Capital | Hedge Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|
| | | USD million | | |
| Equity 1 January 2021 | 63 | (30) | 1,984 | 2,017 |
| Other comprehensive income, net of tax | — | 3 | — | 3 |
| Profit for the period | — | — | 60 | 60 |
| **Total comprehensive income for the period** | **—** | **3** | **60** | **63** |
| Value of share-based payments | — | — | 3 | 3 |
| **Total transactions with shareholders** | **—** | **—** | **3** | **3** |
| **Equity 30 September 2021** | **63** | **(27)** | **2,047** | **2,083** |
| Equity 1 January 2020 | 63 | (23) | 3,640 | 3,680 |
| Other comprehensive income, net of tax | — | (13) | — | (13) |
| Loss for the period | — | — | (1,598) | (1,598) |
| **Total comprehensive income for the period** | **—** | **(13)** | **(1,598)** | **(1,611)** |
| Value of share-based payments | — | — | 2 | 2 |
| Purchase of own shares | | | (5) | (5) |
| **Total transactions with shareholders** | **—** | **—** | **(3)** | **(3)** |
| **Equity 30 September 2020** | **63** | **(36)** | **2,039** | **2,066** |

The accompanying notes are an integral part of these consolidated financial statements

**Date of authorization for issue:**

These unaudited interim consolidated financial statements for the nine months period ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors on December 20, 2021.

**1.1 Segment Information**

| | For the 9 months ended 30 September | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | | | 2020 | | | |
| | North Sea | International | Unallocated Activities | Total | North Sea | International | Unallocated Activities | Total |
| | USD million | | | | | | | |
| Revenue | 496 | 429 | 21 | 946 | 453 | 335 | 22 | 810 |
| EBITDA before special items | 200 | 68 | — | — | 198 | 2 | — | — |
| Depreciation and amortisation | (96) | (63) | (8) | (167) | (142) | (75) | (14) | (231) |
| Impairment reversals (losses), net | 11 | — | — | 11 | (637) | (847) | (20) | (1,504) |
| Investments in non-current assets | 22 | 28 | 10 | 60 | 55 | 82 | 3 | 140 |
| Non-current assets(1) | 1,615 | 1,126 | 83 | 2,824 | 1,941 | 1,166 | 65 | 3,172 |

(1) Comprises 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 which is Executive Management. Management has organized its business around the North Sea segment which utilizes Jack-up rigs and an International segment which utilizes semi-submersible rigs and drillships. The organization is based on differences in the requirements of the drilling equipment due to geographical conditions and regulatory considerations. In general, rigs will be deployed in the operating areas for which they are designed, we therefore typically refer to them as “two different operating segments”. Jack-up rigs and floaters typically form separate segments as they are used for drilling programmes at different water depths. No operating segments have been aggregated.

EBITDA before special items reconciles to the consolidated income statements as follows:

| | For the 9 months ended 30 September | |
|---|---|---|
| | 2021 | 2020 |
| | USD million | |
| Profit/Loss for the year | 60 | (1,598) |
| *Adjustments:* | | |
| Tax expenses | 18 | (23) |
| Financial expenses, net | 46 | 54 |
| Share of results in joint ventures | 1 | 1 |
| Gain (loss) on sale of non-current assets | (18) | 2 |
| Impairment reversals (losses), net | (11) | 1,504 |
| Depreciation and amortisation | 167 | 231 |
| Special items | 14 | 38 |
| EBITDA from unallocated activities | (9) | (9) |
| **EBITDA before special items** | **268** | **200** |

**1.2 Revenue**

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

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

| | For the 9 months ended 30 September 2021 | | | |
|---|---|---|---|---|
| | North Sea | International | Other | Total |
| | USD million | | | |
| **Geographical split** | | | | |
| Denmark | 7 | — | 2 | 9 |
| Norway | 372 | — | — | 372 |
| United Kingdom | 97 | — | — | 97 |
| The Netherlands | 20 | — | — | 20 |
| Angola | — | 67 | — | 67 |
| Australia | — | 75 | — | 75 |
| Azerbaijan | — | 37 | — | 37 |
| Ghana | — | 44 | — | 44 |
| Suriname | — | 97 | — | 97 |
| Trinidad | — | 49 | — | 49 |
| Other | — | 60 | 19 | 79 |
| **Total** | **496** | **429** | **21** | **946** |
| **Composition of revenue** | | | | |
| Day rate revenue | 399 | 339 | 19 | 757 |
| Other revenue | 97 | 90 | 2 | 189 |
| **Total** | **496** | **429** | **21** | **946** |
| **Type of revenue** | | | | |
| Services component | 260 | 296 | 15 | 571 |
| Lease component | 236 | 133 | 6 | 375 |
| **Total** | **496** | **429** | **21** | **946** |

| | For the 9 months ended 30 September 2020 | | | |
|---|---|---|---|---|
| | North Sea | International | Other | Total |
| | USD million | | | |
| **Geographical split** | | | | |
| Denmark | 20 | — | 2 | 22 |
| Norway | 310 | — | 1 | 311 |
| United Kingdom | 94 | — | — | 94 |
| The Netherlands | 29 | — | — | 29 |
| Angola | — | 36 | — | 36 |
| Australia | — | 46 | — | 46 |
| Egypt | — | 28 | — | 28 |
| Azerbaijan | — | 83 | — | 83 |
| Ghana | — | 59 | — | 59 |
| Suriname | — | 4 | — | 4 |
| Trinidad | — | 20 | — | 20 |
| Mexico | — | 35 | — | 35 |
| Myanmar | — | 24 | — | 24 |
| Other | — | — | 19 | 19 |
| **Total** | **453** | **335** | **22** | **810** |
| **Composition of revenue** | | | | |
| Day rate revenue | 403 | 285 | 17 | 705 |
| Other revenue | 50 | 50 | 5 | 105 |
| **Total** | **453** | **335** | **22** | **810** |
| **Type of revenue** | | | | |
| Services component | 211 | 252 | 19 | 482 |
| Lease component | 242 | 83 | 3 | 328 |
| **Total** | **453** | **335** | **22** | **810** |

### 1.3 Special items

| | For the 9 months ended 30 September | |
|---|---|---|
| | 2021 | 2020 |
| | USD million | |
| Transformation and restructuring costs | 1 | 23 |
| COVID-19 costs not recharged to customers | 13 | 15 |
| **Special items, costs** | **14** | **38** |

Special items comprise income and expenses that are not considered to be part of Maersk Drilling's ordinary operations such as 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 1 million redundancy costs in connection with the establishment of virtual rig teams and new technical hub in Gdansk and COVID-19 related costs not recharged to customers of USD 13 million. Special items incurred in 2020 comprised redundancy costs from the reduction of the offshore and the onshore organisations of USD 23 million and COVID-19 related costs not recharged to customers of USD 15 million.

Of total Special items costs in 2021, USD 4 million related to staff costs (2020: USD 31 million) and USD 10 million to other extrenal costs (2020: USD 7 million). If these costs had not been classified as Special items in 2021, USD 14 million would have been classified as Operating costs (2020: USD 26 million) and USD nil as Sales, general and administrative costs (2020: USD 12 million).

### 1.4 Impairment test

#### 2021

In connection with the sale of Maersk Gallant in May 2021, an impairment loss of USD 11 million has been reversed.

In connection with the valuation of the Company in a contemplated business combination, Maersk Drilling's net assets were assessed by the accounting acquirer as part of this transaction at values below their carrying amounts as at September 30, 2021 and Management concluded that an impairment test needed to be performed.

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 recognized impairments.

#### 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 1,504 million for the nine months ended 30 September 2020. The impairment losses relate to both jack-ups and floaters.

| | For the 9 months ended 30 September 2020 | |
|---|---|---|
| | Impairment losses | Recoverable amount |
| | USD million | |
| **Cash generating units** | | |
| North-sea | 637 | 1,961 |
| International | 847 | 1,202 |
| Benign jack-ups | 20 | 68 |
| **Total** | **1,504** | |

#### *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 (2019: four CGUs). One unit is now forming a CGU on its own which has triggered an impairment reversal for the unit of USD 16 million. One additional unit, which forms a CGU on its own, has not been impaired and is excluded from the overview. There were three CGUs operating in the International floaters segment (2019: one CGU).

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 recognized within the North Sea and International segments, as well as Unallocated.

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 is set out sensitivity analysis for certain key assumptions applied in the expected future cash flows.

The discount rate applied in the value-in-use calculation is 10.0% (2019: 10%) p.a. after tax. 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.

***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 (1,105) million and USD (1,856) million with a -/+ 1 percentage point change in the discount rate, keeping all other assumptions unchanged.
- USD (1,303) million and USD (1,689) million with a +/- 1 percentage point change in the growth rate after the 5-year forecast period, keeping all other assumptions unchanged.
- USD (692) million and USD (2,180) million with a +/- 5 percentage point change in EBITDA margin after the 5-year forecast period, keeping all other assumptions unchanged.
- USD (1,057) million and USD (1,951) million with a +/- 5 percentage point change in utilisation after the 5-year forecast, keeping all other assumptions unchanged.

## 1.5 Sale of non-current assets

| | For the 9 months ended 30 September | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | |
| Gains | 18 | — |
| Losses | — | 2 |
| **Gain/loss on sale of non-current assets, net** | **18** | **(2)** |
| Carrying amount of non-current assets | 14 | 40 |
| Gain/loss on sale of non-current asset | 18 | (2) |
| **Cash flow from sale of non-current assets** | **32** | **38** |
| **Carrying amount of assets held for sale** | **139** | **—** |

During the second quarter of 2021, Maersk Drilling completed the divestment of the jack-up rigs Maersk Guardian (now named Guardian) and Mærsk Gallant (now named Gallant) to New Fortress Energy. The total sales price for the two rigs was USD 31 million in all-cash transactions. The new owner will use the rigs for non-drilling purposes as part of their planned "Fast LNG" project. Additionally, USD 2 million were collected from the sale of spare parts owned by Mærsk Gallant. Total costs relating to the two sales were around USD 1 million.

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 373 million 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 finalized on 27 October 2021 as described in note 1.8 Subsequent events.

### 1.6 Share capital and earnings per share

The share capital comprises 41,532,112 shares of DKK 10. At 30 September 2021, the Company holds 241,397 treasury shares (30 September 2020: 243,164) and the average number of shares in circulation during the first 9 months of 2021 was 41,289,832 (41,410,530).

Earnings per share amounted to USD 1.5 (USD -38.6) and diluted earnings per share USD 1.4 (USD -38.6).

Earnings per share is equal to profit/loss for the period divided by the average number of shares in circulation or the average diluted number of shares in circulation.

At 30 September 2020, the potential dilutive effect of 176,793 shares outstanding under the long-term incentive programme is excluded from the calculation of diluted earnings per share as the inclusion of such a dilutive effect would result in a reduction in the loss per share.

### 1.7 Capital commitments

At 30 September 2021, capital commitments relating to rig upgrades and special periodic surveys amounted to USD 39 million (31 December 2020: USD 30 million). Maersk Drilling does not have capital commitments related to new buildings.

### 1.8 Subsequent events

Subsequent to quarter end, on 27 October 2021, Maersk Drilling completed the previously announced divestment of the combined drilling and production unit Mærsk Inspirer (now named Inspirer) to Havila Sirius for a price of USD 373 million in an all-cash transaction. Maersk Drilling recognized a gain of USD 233 million (net of cost relating to the sale) from this sale. This transaction divests a non-core asset and significantly deleverages Maersk Drilling's balance sheet. Per the terms of Maersk Drilling's term loan agreement, the sale triggered a simultaneous loan repayment of USD 80 million.

As part of the transaction, Repsol has assumed responsibility for the day-to-day operation of the rig on the Yme field, leasing the rig from Havila Sirius on behalf of the Yme licensees. Maersk Drilling transferred 60 employees to Repsol in a transfer of undertaking and, to ensure operational continuity, Maersk Drilling will continue to provide certain systems and logistics services for up to 12 months. In addition, Maersk Drilling will provide drilling management services for a period against payment of a management fee, which is not included in the proceeds.

As per the agreement, ownership was transferred after the rig was ready to receive hydrocarbons, which was achieved on 10 October 2021. The transaction has been approved by authorities.

A claim has been settled and a previously-recognised provision of USD 9 million has been reversed in Q3 as this is a subsequent adjusting event.

On 10 November 2021, Maersk Drilling announced its agreement to combine with Noble Corporation. The business combination is subject to merger clearance and other regulatory approvals and is expected to close in mid-2022.

### 1.9 Basis of preparation

These interim consolidated financial statements reflect the consolidated figures for The Drilling Company of 1972 A/S (the "Company") and its subsidiaries (the "Group" or "Maersk Drilling"). All amounts in these interim consolidated financial statements are stated in United States Dollars (USD) and rounded to the nearest million.

#### *Accounting policies*

These interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB.

The accounting policies, areas of judgment and areas of significant estimates are consistent with those set out in the notes to Maersk Drilling's consolidated financial statements for 2020.

#### *New reporting requirements*

New standards and amendments effective for the financial years 2021 and 2020 have not had any material impact on the accounting policies applied.

New standards, amendments and interpretations adopted in 2021 include:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR reform, phase 2. A number of amendments which provide relief from modification accounting arising from changes in contractual cash flows on debt instruments and lease contracts and redesignation of designated hedge relationships as a consequence of the IBOR reform.

New standards, amendments and interpretations adopted in 2020 include:

- IFRS 9, Financial Instruments: IBOR reform, phase 1. As the IBOR reform is expected to imply the replacement of EU interbank rates by other interest rates, the IASB has issued an amendment to IFRS 9 concerning the treatment of hedge accounting for the period up to the effective date of the IBOR reform. Basically, the amendments should not impact hedge accounting if the contracts are effective today.
- IAS 1, Presentation of Financial Statements and IAS 8, Accounting policies, Changes in Accounting Estimates and Errors: The definition of "material" is amended ensuring consistency across all IFRS standards. The definition now also comprises obscuring information together with omitting and misstating information. The definition moreover tightens the assumption of when an annual report is affected and includes more stringent wording when specifying who the users of the financial statements are.
- IFRS 16, Leases: The amendment clarifies that modifications as a consequence of COVID-19 should not be treated as modifications for accounting purposes even though they meet the definition of a modification of a lease according to the standard.