Maersk Drilling Deepwater A/S

Lyngby Hovedgade 85
DK-2800 Kgs. Lyngby

CVR no. 24 21 21 14

Annual report 2021

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

21 June 2022

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Klaus Greven Kristensen
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Maersk Drilling Deepwater A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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

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

Lyngby, 21 June 2022
Executive Board:

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Morten Kelstrup
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Morten Kelstrup

Board of Directors:

DocuSigned by: Christine Brennet E47E8E5F8C11416...	DocuSigned by: Morten Kelstrup 3265996E93CA4D4...	DocuSigned by: CA48B6F839F8488...
Christine Brennet (Morris) Chairman	Morten Kelstrup	Klaus Greven Kristensen

Independent auditor's report

To the shareholders of Maersk Drilling Deepwater A/S

Opinion

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

We have audited the financial statements of Maersk Drilling Deepwater A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the addi-tional requirements applicable in Denmark. Our responsibilities under those standards and re-quirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Inter-national Ethics Standards Board for Accountants' International Code of Ethics for Professional Ac-countants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— Identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 21 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

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Thomas Wraae Holm State Authorised Public Accountant mne30141	Kim Danstrup State Authorised Public Accountant mne32201

Management's review

Company details

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

CVR no.:	24 21 21 14
Established:	15 March 1977
Registered office:	Lyngby
Financial year:	1 January – 31 December

Board of Directors

Christine Brennet (Morris), Chairman
Morten Kelstrup
Klaus Greven Kristensen

Executive Board

Morten Kelstrup

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
CVR no. 33 77 12 31

Management's review

Financial highlights

USD'000	2021	2020	2019	2018	2017
Key figures					
Revenue	15,797	32,801	17,365	32,779	11,621
Gross profit/loss	1,097	-20,595	-23,434	-14,252	-29,261
Profit/loss before financial income and expenses	-18,893	-50,277	-30,822	18,846	-242,818
Profit/loss from financial income and expenses	-3,119	-1,810	-3,069	-7,958	-9,217
Profit/loss before tax	-22,012	-52,087	-33,258	10,888	-252,035
Profit/loss for the year	-11,038	-41,324	-32,258	10,355	-201,417
Total assets	126,669	124,650	158,524	159,157	123,371
Equity	36,782	47,820	89,144	121,402	-133,953
Investment in property, plant and equipment	17,478	2,230	16,839	10,245	4,904
Ratios					
Operating margin	-120%	-153%	-177%	58%	-2,090%
Return on invested capital	-15%	-35%	-29%	17%	-224%
Current ratio	28%	27%	41%	98%	17%
Return on equity	-26%	-47%	-31%	0%	0%
Solvency ratio	29%	38%	56%	76%	-109%

The financial ratios have been calculated as follows:

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

Management's review

Operating review

Principal activities

The Company's principal activity is to lease the drilling rig Maersk Developer. The Company has leased out the semisubmersible drilling rig for operation in Suriname since February 2021. The Company has branches in Trinidad and Mexico.

Development in activities and financial position

The Company's income statement for 2021 shows a loss of USD 11,038 thousand as against a loss of USD 41,324 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 is USD 36,782 thousand as against USD 47,820 thousand at 31 December 2020

The spread of COVID-19 led to an unprecedented decline in demand for oil and gas, caused by the spread of COVID-19 that started in 2020, has resulted in a net impairment loss of USD 16,876 thousands, recognized in the result for 2021. Despite the challenging market the drilling rig Maersk Developer succeeded in securing new contracts up to March 2023. The result before tax and before net impairment loss for 2021 is improved to a loss of USD 5,136 thousands compared to a loss of USD 29,701 thousands in 2020, which is in line with management expectations.

Outlook

The result for 2022 are continued subject to risks and uncertainties as various factors, many of which are beyond the company's control, may cause the actual development and results to differ materially from expectations. The results for 2022 are primarily sensitive to the level of contracting of additional days to the current backlog and the day rates hereon. Capital expenditures are sensitive to final scheduling and scoping of rig upgrades and yard stays, which are subject to commercial and operational planning.

Management expects the result for 2022 to be a gross profit in the range of USD 0 - 5 million.

Uncertainty regarding recognition and measurement

When preparing the annual report, management undertakes a number of accounting estimates and judgements to recognise, measure and classify the assets and liabilities. The only significant accounting estimate and judgement relates to the assessment of impairment of property, plant and equipment.

Following the revised market outlook with lower expectations as to utilisation and day rates for the coming years, Management has recognised a net impairment loss of USD 16,876 thousand.

Management assesses impairment indicators for property, plant and equipment and determines the recoverable amount generally consistent with the assumptions described in note 2 of the annual report to which reference is made.

Particular risks

Operating risks

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

Management's review

Operating review

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

The price of Brent crude oil recovered to between USD 70-85 per barrel in 2021 l, 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. Subsequent to year-end, the oil price has increased over USD 90 per barrel due to the war on Ukraine. This may lead the oil and gas companies to further increase exploration and drilling activities.

Financial risks

Currency risks

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

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

Currency exposure is considered insignificant.

Interest rate risks

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

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

Credit risks

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

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

Management's review

Operating review

Safety

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

Environmental matters

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

Financial statements 1 January – 31 December

Income statement

USD'000	Note	2021	2020
Revenue	3	15,797	32,801
Other operating income		121	0
Other external costs		-14,821	-53,396
Gross profit/loss		1,097	-20,595
Depreciation, amortisation and impairment losses		-19,990	-29,682
Loss before financial income and expenses		-18,893	-50,277
Financial income	4	26	890
Financial expenses	5	-3,145	-2,700
Loss before tax		-22,012	-52,087
Tax on profit/loss for the year	6	10,974	10,763
Loss for the year	7	-11,038	-41,324

Financial statements 1 January – 31 December

Balance sheet

USD'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Rigs		87,906	102,829
Assets under construction		13,850	1,439
		101,756	104,268
Total fixed assets		101,756	104,268
Current assets			
Inventories			
Bunker and lube oil		1,633	525
Receivables			
Trade receivables		206	1,221
Receivables from group entities		8,644	14,228
Other receivables		2,721	0
Deferred tax asset	9	5,915	2,631
Corporation tax		4,835	1,447
Prepayments	10	0	66
		22,321	19,593
Cash at bank and in hand		959	264
Total current assets		24,913	20,382
TOTAL ASSETS		126,669	124,650

Financial statements 1 January – 31 December

Balance sheet

USD'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	1,657	1,657
Retained earnings		35,125	46,163
Total equity		36,782	47,820
Liabilities			
Current liabilities			
Banks, current liabilities		55,000	20,000
Trade payables		7,800	3,185
Payables to group entities		27,085	53,600
Other payables		2	45
		89,887	76,830
Total liabilities		89,887	76,830
TOTAL EQUITY AND LIABILITIES		126,669	124,650

Financial statements 1 January – 31 December

Statement of changes in equity

USD'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	1,657	87,487	89,144
Transferred over the distribution of loss	0	-41,324	-41,324
Equity at 1 January 2021	1,657	46,163	47,820
Transferred over the distribution of loss	0	-11,038	-11,038
Equity at 31 December 2021	1,657	35,125	36,782

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Maersk Drilling Deepwater A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the consolidated cash flow statements of The Drilling Company of 1972 A/S, Lyngby Hovedgade 85, 2800 Kgs Lyngby, CVR no. 40 40 47 16.

Foreign currency translation

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

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

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

USD is used as functional currency and as presentation currency because the majority of transactions are in USD. At 31 December 2021, the exchange rate DKK/USD was 654.88 (2020: 605.76).

Income statement

Revenue

Revenue from drilling activities, which typically comprises of bare boat hire income and other revenue related to the drilling activity, is recognised under revenue for the operating period related to the financial year.

Other external costs

Other external costs comprise costs incurred during the year for repair and maintenance, catering, hired crew and administrative expenses.

Financial income and expenses

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

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

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

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

Rigs	25 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Cost of yard stays for rigs is recognised when incurred in the value of the rigs, etc. and depreciated over the period until the next yard stay.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

Inventories

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

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

Corporation tax and deferred tax

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

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

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

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

Prepayments

Prepayments comprise prepayment of costs incurred, concerning rent, insurance premiums, subscriptions and interest as well as the deferral of mobilisation costs and other start-up costs relating to subsequent financial years.

Liabilities other than provisions

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

Segment information

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

Financial statements 1 January – 31 December

Notes

2 Uncertainty regarding recognition and measurement

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.

Following a challenging 2020, an improving outlook for global oil and gas demand caused Brent oil prices to recover 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, mainly in the global floater segment. But 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 governmental responses to COVID-19, which the supply side will be determined by the associated governmental responses of OPEC+ and the influence of U.S. shale.

Following a revised market outlook with adjusted expectations as to utilisation and day rates for the coming years, Management has recognised a net impairment loss of USD 16,876 thousand, as a result of estimated lower recoverable amount of property, plant and equipment.

The recoverable amount is determined based on the higher of its value-in-use or fair value less cost to sell. Given the continued illiquidity of the secondary market for offshore rigs with no supportable price indications management applies value-in-use calculations in the impairment test. 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.

The assessment of indications of impairment of property, plant and equipment is based on the expectations for future profitability, contract coverage, etc applicable as of 31 December 2021, which may be different from the expectations for future profitability, contract coverage, etc applicable as of the approval of this annual report as set out in the Outlook section of the Management's review. As a result, the Company may face adjustments to the recognized impairment of property, plant and equipment in future reporting periods.

Financial statements 1 January – 31 December

Notes

USD'000	2021	2020
3 Revenue		
Revenue, Trinidad	0	16,568
Revenue, Mexico	0	10,844
Revenue, Suriname	15,797	5,389
	15,797	32,801
4 Financial income		
Interest income from group entities	0	13
Other financial income	4	28
Exchange gains from group entities	22	849
	26	890
5 Financial expenses		
Interest expense to group entities	2,696	2,596
Other financial costs	10	27
Exchange losses to group entities	439	77
	3,145	2,700
6 Tax on profit/loss for the year		
Current tax for the year	-1,581	-1,447
WHT paid in trinidad - no tax credit relief	0	3
Deferred tax for the year	-3,284	-6,356
Adjustment of tax concerning previous years	-2,855	-2,963
Adjustment of tax concerning previous years, tax losses used by APMM	-3,254	0
	-10,974	-10,763
7 Proposed distribution of loss		
Retained earnings	-11,038	-41,324

Financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

USD'000	Rigs	Assets under construction	Total
Cost at 1 January 2021	564,991	1,439	566,430
Additions for the year	0	17,478	17,478
Disposals for the year	-12,926	0	-12,926
Transfers for the year	5,067	-5,067	0
Cost at 31 December 2021	557,132	13,850	570,982
Depreciation and impairment at 1 January 2021	-462,162	0	-462,162
Depreciation for the year	-3,114	0	-3,114
Impairment losses	-16,876	0	-16,876
Reversed depreciation and impairment losses on assets sold	12,926	0	12,926
Depreciation and impairments at 31 December 2021	-469,226	0	-469,226
Carrying amount at 31 December 2021	87,906	13,850	101,756

9 Deferred tax assets

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

USD'000	31/12 2021	31/12 2020
Deferred tax at 1 January	-2,631	3,725
Deferred tax adjustment for the year in the income statement	-3,284	-6,356
	-5,915	-2,631

10 Prepayments

As at 31 December 2021 there were no prepayments. The balance of USD 66 thousand as at 31 December 2020 mainly related to insurance.

11 Contributed capital

Contributed capital consists of 8,096.5 shares of a nominal value of DKK 1,000 each.

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

12 Contractual obligations, contingencies, etc.

Contingent liabilities

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

Financial statements 1 January – 31 December

Notes

13 Mortgages and collateral

Jointly with other Maersk Drilling entities, the Company has guaranteed a total of USD 1,037 million related to Term and Revolving Facilities Agreements held by The Drilling Company of 1972 A/S. As of 31 December 2021, USD 400 million of the facilities were undrawn.

Property, plant and equipment with a carrying amount of USD 88 million (collateral rigs) has been provided as collateral for the credit facilities set out above. In addition to the collateral rigs, insurance coverage and certain bank accounts related to the collateral rigs and certain intra-group charterers in respect of the collateral rigs have been provided as collateral. In certain circumstances, earnings from drilling contracts for the collateral rigs will be assigned in favour of the lenders under the loan agreement.

14 Related party disclosures

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

Other related parties with controlling interest:

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

Related party transactions

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

15 Events after balance sheet date

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

16 Disclosure of events after the balance sheet date

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