



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 289 510
Organisasjonsform: Aksjeselskap
Foretaksnavn: MAERSK REACHER OPERATIONS AS
Forretningsadresse: Moseidveien 19
4033 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Torill Terese Olufsen
Dato for fastsettelse av årsregnskapet: 10.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 17.10.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Revenue		366 417 817	79 113 825
Other operating income		5 509 489	
Sum inntekter		371 927 306	79 113 825
Kostnader			
Personnel expenses	2, 6	85 129 963	28 738 657
Other operating expenses incl. mobilization costs	6, 10	250 126 938	49 231 343
Sum kostnader		335 256 901	77 970 000
Driftsresultat		36 670 405	1 143 824
Finansinntekter og finanskostnader			
Annen renteinntekt		311 418	10 219
Other financial income		1 545 634	484 450
Sum finansinntekter		1 857 052	494 668
Annen rentekostnad		38 880	596
Other financial expenses		2 358 958	125 238
Sum finanskostnader		2 397 838	125 834
Netto finans		-540 786	368 834
Ordinært resultat før skattekostnad		36 129 619	1 512 659
Income taxes	3	7 948 817	347 912
Ordinært resultat etter skattekostnad		28 180 802	1 164 747
Årsresultat		28 180 802	1 164 747
Årsresultat etter minoritetsinteresser		28 180 802	1 164 747
Totalresultat		28 180 802	1 164 747
Overføringer og disponeringer			
Utbytte	4		



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Transferred to/from other equity	4	28 180 802	1 164 747
Sum overføringer og disponeringer		28 180 802	1 164 747



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3		
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	1, 6, 13	61 353 150	59 209 893
Other current receivables	1, 6, 12, 13	37 736 671	17 385 284
Krav på innbetaling av selskapskapital	1, 6, 12		
Sum fordringer	9	99 089 821	76 595 177
Bankinnskudd, kontanter og lignende			
Cash and bank deposits	7	771 578	352 257
Sum bankinnskudd, kontanter og lignende		771 578	352 257
Sum omløpsmidler		99 861 399	76 947 435
SUM EIENDELER		99 861 399	76 947 435
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4	100 000	100 000
Sum innskutt egenkapital		100 000	100 000
Opptjent egenkapital			



Balanse

Beløp i: NOK	Note	2019	2018
Other equity	4	29 345 549	1 164 747
Sum opptjent egenkapital		29 345 549	1 164 747
Sum egenkapital	4	29 445 549	1 264 747
Gjeld			
Langsiktig gjeld			
Utsatt skatt	3		
Annen langsiktig gjeld			
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	6	46 213 497	66 587 273
Tax payable	3	7 948 817	347 912
Public duties payable		1 075 184	448 094
Other current liabilities		15 178 352	8 299 409
Sum kortsiktig gjeld		70 415 850	75 682 688
Sum gjeld	9	70 415 850	75 682 688
SUM EGENKAPITAL OG GJELD		99 861 399	76 947 435



Skatteetaten

Vår dato 19.03.2019	Din/Deres dato 02.01.2019	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Toril T L Olufsen	Telefon 800 80 000
Org.nr 974761076	Vår referanse 2019/5218675	Postadresse Postboks 9200 Grønland 0134 OSLO

MAERSK DRILLING NORGE AS
Postboks 134 Forus
4065 STAVANGER

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 2. januar 2019 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

818 450 842	Maersk Inspirer Operations AS
921 695 365	Maersk Integrator Operations AS
921 695 330	Maersk Intrepid Operations AS
921 289 510	Maersk Reacher Operations AS

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Selskapene er norske aksjeselskap. Selskapene er heleide datterselskap av det danske selskapet Maersk Drilling A/S, cvr-nummer 32673821, og selskapenes styremedlemmer er utenlandske.

Konsernet utarbeider konsernregnskap på engelsk og det er også ønskelig ut fra et konsolideringshensyn å kunne utarbeide årsregnskap og årsberetning kun på engelsk slik at konsernet dermed har et felles regnskapsspråk.

Selskapene driver virksomhet innen olje- og gassbransjen. Olje- og gassbransjen er en internasjonal bransje hvor den daglige kommunikasjonen tradisjonelt alltid har foregått på engelsk.

Selskapenes kundekrets består i det vesentlige av utenlandske aktører og alle kontrakter inngås på engelsk. Engelsk er arbeidsspråk i all kommunikasjon både konserninternt og eksternt for å sikre at brukerne mottar den samme informasjonen.



Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er datterselskaper av et utenlandsk selskap. Videre er det vektlagt at selskapene opererer innen en bransje der engelsk er bransjespråket og at konsermspråket er engelsk. I tillegg har øvrige konsermselskaper tidligere fått dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



To the General Meeting of Maersk Reacher Operations AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maersk Reacher Operations AS, which comprise the balance sheet as at 31 December 2019, the profit and loss statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Maersk Reacher Operations AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

(2)



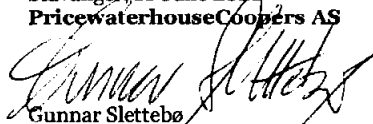
Independent Auditor's Report - Maersk Reacher Operations AS



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 10 June 2020
PricewaterhouseCoopers AS



Gunnar Slettebø
State Authorised Public Accountant



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MAERSK REACHER OPERATIONS AS

Statutory accounts 2019

(All figures in NOK)



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Annual report 2019

MAERSK REACHER OPERATIONS AS is a Norwegian limited liability company and has rented the drilling rig "MAERSK REACHER" from Maersk Drilling Holdings Singapore Pte Ltd during 2019.

Operation and employment

MAERSK REACHER OPERATIONS AS operated the drilling rig "MAERSK REACHER" on an accommodation contract with Aker BP ASA on the Norwegian continental shelf during 2019. The rig commenced operations on 11 October 2018. The contract ends on 20 October 2020. In April 2020, AKER BP ASA terminated the contract. According to the contract, MAERSK REACHER OPERATIONS AS will receive a reduced day rate until 20 October 2020.

Subsequent to year-end, the oil price has dropped substantially to a level of around USD 25-40 per barrel. Combined with the implications of the global outbreak of COVID-19, the lower oil price environment is expected to have negative implications for the Company's activities and profitability in 2020.

The financial statement is prepared under the assumption of going concern. The Board of Directors confirms the conditions are present.

Employees and working environment (internal)

Our yearly HSE culture campaign is established through good discussions and input during the annual HSE seminar arranged in the autumn. The participants are representatives from both the employees and employer's side. The main HSE goals are being agreed and thereafter signed off by the rig team management and location team.

In 2019 there were 0 lost time incidents (LTI), 1 medical treatment case (MTC) and 0 restricted work cases (RWC). There were 0 dropped objects > 40 J registered.

"MAERSK REACHER" had an average sickness absence rate of 6,10% in 2019 (6,95% in 2018).

The average number of employees and hired personnel was 60 in 2019 (11,5 in 2018).

Diversity and inclusion are important to Maersk Drilling; therefore, Maersk Drilling has decided to make it a priority area in 2020. Maersk Drilling wants to better understand the barriers to female representation in leadership positions and therefore needs to gather further insights in order to plan for increased female representation in leadership positions.

Maersk Drilling will gather insights on the experience from female employees, both the ones who are currently with the company and those who have chosen to leave the company. For offshore, Maersk Drilling would like to explore and learn from what our industry peers are doing to successfully increase diversity, including female representation, and learn from their experiences. Finally, Maersk Drilling will consult with respected authorities and experts in order to fully qualify our strategy.

Despite all current Board members being men, both the Management and the Board of Directors are aware of the social expectations for measures to promote equality in business.

Outer environment (external)

The management system complies with the ISO 14001 standard, which is an important tool to improve the environment and to strengthen reputation.

Maersk Drilling is continuing the Zero-philosophy concerning external emissions. "MAERSK REACHER" had no reportable discharges in 2019.



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Financials

This year's operating result is a profit of NOK 36 670 405, and profit after financial items is NOK 36 129 619. The company's net profit for the year, NOK 28 180 802, is suggested transferred to Other equity.

The company assesses the financial risk continuously, but considers the risk low due to the following reasons:

- Market risk: The management and bareboat rental agreements made by the entity are linked to the existing contracts, and will be cancelled if the operation is reduced/terminated.
- Credit risk: All customers are evaluated individually, and measures are made if their financial strength is unsatisfactory. The credit risk is considered low since the customers are large oil&gas companies with good credit rating.
- Liquidity: The company has no capital tied up in long term investments. The company is a member of a group cash pool arrangement.
- Currency risk: All customer agreements are made with revenue in both USD and NOK to reduce currency risk.

Company's equity ratio is 29%, and the financial position is good. The board believes that the financial position will improve due to forecasted future profits under the contract with Aker BP ASA.

The Board affirms that the company's financial statement represents a true picture of the situation.

10 June 2020

The Board of MAERSK REACHER OPERATIONS AS

Thomas Lysgaard Falk
Chairperson of the Board

Jakob Korsgaard
Member of the Board

Jesper Ridder Olsen
Member of the Board

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Lars Dyrholm Hansen
Managing Director



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Maersk Reacher Operations AS

Financial statement 2019

Profit and Loss statement (All figures in NOK)

	Note	2019	2018
Operating income and expenses			
Revenue		366 417 817	79 113 825
Other operating income		5 509 489	0
Total operating income		371 927 306	79 113 825
Personnel expenses	2, 6	85 129 963	28 738 657
Other operating expenses incl. mobilization costs	6, 10	250 126 938	49 231 343
Total operating expenses		335 256 901	77 970 000
Operating result		36 670 405	1 143 824
Financial income and expenses			
Interest income		311 418	10 219
Other financial income		1 545 634	484 450
Interest expenses		38 880	596
Other financial expenses		2 358 958	125 238
Net financial items		-540 786	368 834
Result before tax		36 129 619	1 512 659
Income taxes	3	7 948 817	347 912
Net result		28 180 802	1 164 747
Net result		28 180 802	1 164 747
Net result for the year is distributed as follows:			
Transferred to/from other equity	4	28 180 802	1 164 747
Total distributed		28 180 802	1 164 747



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Maersk Reacher Operations AS

Financial statement 2019

Balance sheet (All figures in NOK)

	Note	2019	2018
Assets			
Current assets			
Receivables			
Accounts receivable	1, 6, 13	61 353 150	59 209 893
Other current receivables	1, 6, 12, 13	37 736 671	17 385 284
Total receivables	9	99 089 821	76 595 177
Cash and bank deposits	7	771 578	352 257
Total current assets		99 861 399	76 947 435
Total assets		99 861 399	76 947 435



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Maersk Reacher Operations AS


Financial statement 2019

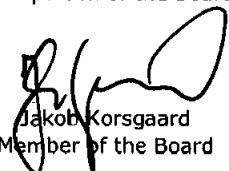
Balance sheet (All figures in NOK)

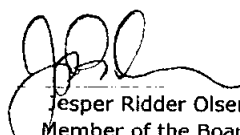
	Note	2019	2018
Equity and liabilities			
Equity			
Share capital	4	100 000	100 000
Total share capital		100 000	100 000
Other equity	4	29 345 549	1 164 747
Total other equity		29 345 549	1 164 747
Total equity	4	29 445 549	1 264 747
Liabilities			
Current liabilities			
Trade payables	6	46 213 497	66 587 273
Tax payable	3	7 948 817	347 912
Public duties payable		1 075 184	448 094
Other current liabilities		15 178 352	8 299 409
Total current liabilities		70 415 850	75 682 688
Total liabilities	9	70 415 850	75 682 688
Total equity and liabilities		99 861 399	76 947 435

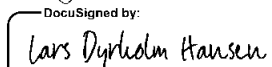
10 June 2020

The Board of MAERSK REACHER OPERATIONS AS


Thomas Lysgaard Falk
Chairperson of the Board


Jakob Korsgaard
Member of the Board


Jesper Ridder Olsen
Member of the Board

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Lars Dyrholm Hansen
Managing Director



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Indirect cash flow

Maersk Reacher Operations AS

	Note	2019	2018
Cash flows from operating activities			
Profit/loss before tax		36 129 619	1 512 659
Taxes paid		-347 912	0
Change in trade receivables and trade payables		-22 517 033	7 377 380
Change in other balance sheet items		-12 845 353	-8 637 782
Net cash flows from operating activities		419 321	252 257
Cash flows from investment activities			
Net cash flows from investment activities		0	0
Cash flows from financing activities			
Paid-in capital		0	100 000
Net cash flows from financing activities		0	100 000
Net change in cash and cash equivalents		419 321	352 257
Cash and cash equivalents at the start of the period		352 257	0
Cash and cash equivalents at the end of the period		771 579	352 257



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Note 1 - Accounting principles

The Financial Statement is comprised of the profit and loss statement, balance sheet, cash flow statement and note disclosures and has been prepared in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway per 31 December 2019.

The Financial Statement is based on the principles of historical cost, comparability, continued operation, prudence and the all-inclusive income concept. Transactions are recorded and measured at the value of the consideration at the time of the transaction. Revenue is recognized when earned and expenses are recognized based on the matching principle.

Assets and liabilities

Assets/liabilities related to the business cycle and items that are due for payment within one year after balance sheet date are classified as current assets/liabilities. Current assets (liabilities) are measured at the lower (higher) of cost and market value. Market value is defined as the estimated sales value less selling costs. Other assets are classified as fixed assets.

Income tax

Income tax in the Profit and Loss statement includes both payable tax for the period and change in deferred taxes. Deferred tax is calculated as 22 percent (31.12.2019) of the temporary differences between accounting and tax values and tax losses brought forward at year-end.

Pension

An annual premium is paid to state defined contribution for employees according to applicable law. The premium is expensed when incurred.

Revenue recognition

Revenues are comprised of day rates. Day rates are recognised when the service is performed.

Currency

The company's functional currency is USD, accounting currency is NOK and presentation currency is NOK. Transactions in foreign currencies (those other than the accounting currency) are translated at the foreign exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the balance sheet date.

Leases

The company rents MÆRSK REACHER under a bareboat charter agreement. The charter rates are set in accordance with the arm's length standard. Bareboat charter, and other leases, are treated as operating leases for accounting purposes and thus expensed when incurred.

Cash pool

The company's bank accounts are part of a group accounting system where excess cash is collected by the parent company in Denmark. The company has a receivable of NOK 3 985 417 in the cash pool.



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Note 2 - Personnel expenses

	<u>2019</u>	<u>2018</u>
Salaries and wages	11 671 732	670 745
Payroll tax (Arbeidsgiveravgift)	1 903 321	104 428
Pension contributions	4 602 348	131 721
Other benefits	5 252 139	2 244 787
Hired personnel	61 700 424	25 586 976
Total personnel expenses	85 129 963	28 738 657

Average number of employees and hired personnel: 60 11,5

Directors and executives receive no direct compensation from the company.

Auditor

Audit fees for 2019 amount to NOK 110 274 exclusive of VAT.

Audit fees are comprised of:

Statutory audit	105 000
Technical assistance	5 274
Total audit fees	110 274

Note 3 - Taxation

	<u>2019</u>	<u>2018</u>
Tax payables is calculated as follows:		
Profit before tax	36 129 619	1 512 659
Permanent differences	1 366	0
Taxable income	36 130 985	1 512 659
Tax payable in Balance Sheet		
Tax payables on taxable income (22%/23%)	7 948 817	347 912
Tax payable	7 948 817	347 912
Tax expense is income statement:		
Tax payable on profit for the year	7 948 817	347 912
Income tax expenses for the year	7 948 817	347 912
Recognized deferred tax assets and liabilities:		
Total temporary differences	0	0
Basis deferred tax asset	0	0
Deferred tax asset (liability) (22%/22%)	0	0
Effective tax rate reconciliation:		
22%/23% of profit before tax	7 948 516	347 912
22%/23% of permanent differences	301	0
Income tax expenses for the year	7 948 817	347 912



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Note 4 - Equity and shareholder information

	Share capital	Other equity	Total
Equity at 31.12.2018	100 000	1 164 747	1 264 747
Net profit for the year		28 180 802	28 180 802
Equity at 31.12.2019	100 000	29 345 549	29 445 549

Share capital and shareholder information:

Maersk Reacher Operations AS is a wholly owned subsidiary of Maersk Drilling A/S in Denmark. The total share capital is NOK 100 000 and is comprised of 100 shares with a nominal value of NOK 1 000.

Note 5 - Operating segments

The main business of the group is operation and management of mobile offshore units, predominantly drilling rigs, and associated services.

Note 6 - Transaction with related parties

Associated companies in the group	Ownership
Maersk Drilling A/S	100%

Other related parties

Maersk Drilling Holding Singapore Pte Ltd
Maersk Drilling A/S
Maersk Drilling Norge AS

Transactions with associated companies

Transactions with associated parties are part of the ordinary business, and are subject to arm's length prices. The most significant transactions are:

Maersk Drilling Holdings Singapore Pte Ltd:
Rental of drilling rig NOK 169 473 593

Maersk Drilling A/S
Management fee NOK 13 317 683

Maersk Drilling Norge AS
Management fee NOK 13 709 613
Personnel NOK 61 700 424

The balance sheet includes the following amounts as a result of transactions with associated companies:

	2019	2018
Internal receivables	114 813	55 467
Trade payables	41 904 111	59 704 730
Cash pool receivable	3 985 417	17 307 796

Note 7 - Cash and bank deposits

NOK 758 043 of the bank deposits are restricted cash related to tax deduction for employees.



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Note 8 Financial market risk

The company assesses the financial risk continuously, but considers the risk low due to the following reasons:

- Market risk: The management and bareboat rental agreements made by the entity are linked to the existing contracts, and will be cancelled if the operation is reduced/terminated.
- Credit risk: All customers are evaluated individually, and measures are made if their financial strength is unsatisfactory. The credit risk is considered low since the customers are large oil&gas companies with good credit rating.
- Liquidity: The company has no capital tied up in long term investments. The company is a member of a group cash pool arrangement.
- Currency risk: All customer agreements are made with revenue in both USD and NOK to reduce currency risk.

Note 9 - Assets and Liabilities

The company has no receivables or liabilities with due date later than one year.

Note 10 - Leases

The company leases Maersk Reacher under a bareboat charter agreement. The charter fee for 2019 was USD 19,3 million (NOK 169,5 million). A day rate is agreed for one year at the time. The agreement runs until the end of the existing drilling contract with Aker BP ASA with estimated completion 20 October 2020. Based on the fee paid for 2019, the expected remaining rental expense is USD 61,7 million.

Note 11 - Loan security and guarantees

The company has no loan security or guarantees as of today.

Note 12 - Cash pool

The company's bank accounts are part of a group account system where excess cash is collected by the parent company in Denmark. The company has an advance of NOK 3 985 417 in the cash pool.

The company has no credit facility in the cashpool.

Note 13 - Accounts receivable

	<u>2019</u>	<u>2018</u>
Accounts receivable	61 353 150	59 209 893
Other receivables	33 751 255	87 212



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Note 14 - Subsequent events

Subsequent to year-end, the oil price has dropped substantially to a level of around USD 25-40 per barrel. Combined with the implications of the global outbreak of COVID-19, the lower oil price environment is expected to have negative implications for the Company's activities and profitability in 2020.

In April 2020, AKER BP ASA terminated the contract. According to the contract, MAERSK REACHER OPERATIONS AS will receive a reduced day rate until 20 October 2020.