Odfjell Drilling Ltd.

Report for the 1st quarter of 2021

This interim report is unaudited and has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Key figures for the Group

All figures in USD million

Key figures Odfjell Drilling Ltd. Group	Q1 21	Q1 20	FY 20
Operating revenue……………………………………….……….	182	197	930
EBITDA………………………………………………………..……	45	82	420
EBIT……………………………………………………….…….	0	33	216
Net profit (loss)…………………………………………………	(11)	23	143
EBITDA margin…………………………………………..………	25%	42%	45%
Total assets……………………………………………………	2,586	2,654	2,640
Net interest bearing debt………………………………..	998	1,216	1,005
Equity……………………………………………………………….	1,189	1,048	1,199
Equity ratio………………………………………………………	46%	40%	45%

Highlights Q1 2021

Odfjell Drilling Ltd. Group

- Operating revenue of USD 182 million compared to USD 197 million in Q1 2020.
- EBITDA of USD 45 million compared to USD 82 million in Q1 2020.
- EBITDA margin of 25% compared to an EBITDA margin of 42% in Q1 2020.
- The Group’s contract backlog is USD 2.5 billion, whereof USD 1.6 billion is firm backlog. The comparable figure at the end of Q1 2020 was USD 2.2 billion, whereof USD 1.2 billion was firm backlog.

Mobile Offshore Drilling Units segment (MODU)

- Operating revenue of USD 114 million compared to USD 142 million in Q1 2020.
- EBITDA of USD 37 million compared to USD 70 million in Q1 2020.
- EBITDA margin of 32% compared to an EBITDA margin of 49% in Q1 2020.

Energy segment (Energy)

- Operating revenue of USD 47 million compared to USD 36 million in Q1 2020.
- EBITDA of USD 2 million compared to USD 3 million in Q1 2020.
- EBITDA margin of 5% compared to an EBITDA margin of 7% in Q1 2020.

Well Services segment (OWS)

- Operating revenue of USD 27 million compared to USD 28 million in Q1 2020.
- EBITDA of USD 6 million compared to USD 9 million in Q1 2020.
- EBITDA margin of 24% compared to an EBITDA margin of 31% in Q1 2020.

More work for Deepsea Atlantic

Equinor has, year to date in 2021, added 5 more wells to Deepsea Atlantic under the continued optionality mechanism in the contract entered into between the parties in May 2018, as part of the overall Master Frame Agreement. The commercial terms are materially the same as for the Johan Sverdrup Phase 2 contract that will commence in Q1 2022. The current firm well program is expected to end in November 2021.

Lundin and Equinor contracts to Deepsea Stavanger

Further to the letter of intent signed by the parties on 25 January 2021, a final drilling contract was signed on 2 March 2021. The duration of the contract is 3 firm wells with a contractual value of approximately USD 33 million. The contract is set to commence in Q3 2021, back to back with the ongoing operations for Aker BP.

Additionally, Equinor has, on 26 May 2021, awarded a drilling contract to Odfjell Drilling for the use of the sixth generation semi-submersible Deepsea Stavanger. The contract has a firm period of 3 wells with an expected duration of 4 months and an expected commencement date during Q1 2022.

The dayrate shall be similar to that agreed for sister rig Deepsea Aberdeen under its Breidablikk contract which is also set to commence during the first half of 2022. The Deepsea Stavanger's contract includes a notable performance incentive rate which shall apply when wells are delivered safely and ahead of target. The rig will also be included in the overall Master Frame Agreement between Equinor and Odfjell Drilling.

Platform Drilling and maintenance contract award by TAQA

TAQA in the UK has, on 19 March 2021, awarded Odfjell Drilling a five-year contract for the provision of Platform Drilling & Maintenance Services on its UK North Sea installations including North Cormorant, Harding, Tern Alpha, Brae Alpha and East Brae. Odfjell Drilling is the incumbent Platform Drilling & Maintenance Services contractor for three of these installations under a contract awarded in 2017 and this new agreement will replace the existing contract, with the addition of Brae Alpha and East Brae. The new contract will be effective from 15 June 2021.

Aker BP exercises fourth year for Deepsea Nordkapp

Aker BP has, on 22 March 2021, exercised the second 12-month option for Deepsea Nordkapp under the contract entered into between the parties in April 2018. The second 12-month option shall commence after expiry of the first optional period in June 2022. The approximate contract value for the exercised optional scope is USD 109 million (excluding any integrated services). Furthermore, a performance bonus will be applicable. An additional scope based option period has been agreed which, if exercised shall follow completion of the firm period and have a duration of up to 12 months.

bp Alliance agreement for platform drilling and well services

Odfjell Drilling has entered into a long term contract with bp which includes a tripartite Alliance Agreement, along with Baker Hughes, to further develop the Clair field in the UK continental shelf.

The firm period is valid to Q1 2025 plus 2 x 2 year options. Under the contract, Odfjell Drilling will continue with the provision of platform drilling and drilling maintenance services on three of bp's platforms in the UK North Sea (Clair, Clair Ridge and Andrew). In addition, Odfjell Well Services will also provide integrated services covering equipment rental, well bore clean up and tubular running services. The contract has recently commenced and replaced the previous platform drilling contract between Odfjell Drilling and bp.

Firm bank commitments for extension of 2021 debt maturities

Odfjell Drilling has, on 26 May 2021, received firm bank commitments for amending and extending the November 2021 debt maturities.

The Deepsea Aberdeen facility, currently with USD 211 million outstanding across two export credit tranches and one commercial tranche, will be extended on the existing terms. The final maturity will be adjusted to ultimo May 2024. The outstanding amount at maturity will be USD 55 million.

The Odfjell Drilling Services Ltd facility will be extended to ultimo June 2023. The outstanding amount is currently USD 170 million. USD 20 million, otherwise repayable in November 2021, will be repaid on the closing date of the extension. The remaining facility will be repaid by quarterly instalments of USD 5 million, with the first repayment due in February 2022. The applicable margin is 400 basis points.

The commitments above are mutually dependent, and otherwise subject to final documentation being signed and standard conditions precedent being duly satisfied prior to closing.

COVID-19

Odfjell Drilling has had limited financial impact due to the COVID-19 outbreak as we acted quickly to implement required routines to limit the spread of the virus. We will continue to pay attention to the situation and take actions as required and recommended by local authorities.

Financial review – operations

(Comparable figures for last comparable period in brackets)

Consolidated group financials

Profit & loss Q1 2021

Operating revenue for Q1 2021 was USD 182 million (USD 197 million), a decrease of USD 15 million. There was a decrease in the MODU segment, partly offset by an increase in the ENERGY segment.

EBITDA in Q1 2021 was USD 45 million (USD 82 million), a decrease of USD 37 million, mainly due to decreased EBITDA in the MODU segment. As informed in the Q4 2020 Report, all income in connection with Deepsea Stavanger's operation for Total in South Africa (including demobilisation fees) was recognised in 2020. Further note that all cost incurred in Q1 2021 related to the demobilization from South Africa, was expensed in this quarter. The unit commenced operations under the current contract on 10 April 2021.

The EBITDA margin in Q1 2021 was 25% (42%).

EBIT in Q1 2021 was USD 0 million (USD 33 million), a decrease of USD 33 million.

Net financial expenses in Q1 2021 amounted to USD 11 million (USD 9 million). The net increase was mainly explained by the reduction in net currency gains and fair value changes, partly offset by reduced interest expenses.

In Q1 2021, the income tax expense was USD 1 million (USD 2 million).

Net loss in Q1 2021 was USD 11 million (net profit USD 23 million).

Balance sheet

Total assets as at 31 March 2021 amounted to USD 2,586 million (USD 2,640 million as at 31 December 2020), a decrease of USD 54 million.

Total equity as at 31 March 2021 amounted to USD 1,189 million (USD 1,199 million as at 31 December 2020) a decrease of USD 10 million. The equity ratio was 46% as at 31 March 2021 (45% as at 31 December 2020).

Net interest bearing debt as at 31 March 2021 amounted to USD 998 million (USD 1,005 million as at 31 December 2020), a decrease of USD 7 million.

Cash flow Q1 2021

Net cash flow from operating activities in Q1 2021 was positive with USD 44 million (USD 43 million). The Group paid USD 15 million (USD 18 million) in interest.

Net cash outflow from investing activities in Q1 2021 was USD 33 million (USD 23 million), mainly due to purchase of fixed assets.

Net cash outflow from financing activities in Q1 2021 was USD 24 million (USD 5 million). In Q1 2021 the Group paid USD 24 million (30 million) in instalments on credit facilities and leases.

At 31 March 2021 cash and cash equivalents amounted to USD 194 million. There has been a total negative net change of USD 13 million since 31 December 2020.

Segments

Mobile Offshore Drilling Units

All figures in USD million

Key figures MODU segment	Q1 21	Q1 20	FY 20
Operating revenue…………………………………………	114	142	704
EBITDA…………………………………………………………	37	70	375
EBIT……………………………………………………………	0	29	206
EBITDA margin…………………………………………	32%	49%	53%

Operating revenue for the MODU segment in Q1 2021 was USD 114 million (USD 142 million), a decrease of USD 28 million. This was mainly due to Deepsea Stavanger having a decrease in revenue of USD 28 million as the rig was in transit and between contracts during Q1 2021. Furthermore, the shortfall of income from Deepsea Bergen in this quarter was offset by increased revenue from Deepsea Nordkapp and Deepsea Aberdeen.

EBITDA for the MODU segment in Q1 2021 was USD 37 million (USD 70 million), a decrease of USD 34 million. The change is mainly explained by the decrease in EBITDA for Deepsea Stavanger of USD 28 million, reflecting the fact that the rig was in transit and between contracts during Q1 2021.

EBIT for the MODU segment in Q1 2021 was USD 0 million (USD 29 million), a decrease of USD 29 million, due to same reasons as explained above.

MODU - Financial utilisation

The financial utilisation for each of the Group's fully owned mobile offshore drilling units was as follows:

Financial Utilisation - MODU	Q1 21	Q1 20	FY 20
Deepsea Stavanger…………………………………………	0.0 %	98.6 %	99.2 %
Deepsea Atlantic……………………………………………	85.9 %	99.1 %	98.9 %
Deepsea Bergen………………………………………………	n/a	92.7 %	92.7 %
Deepsea Aberdeen…………………………………………	97.2 %	74.8 %	92.1 %
Deepsea Nordkapp …………………………………………	98.5 %	97.9 %	99.0 %

- Deepsea Stavanger demobilized from South Africa to Norway in Q1 2021 and thereafter prepared for its next contract with Aker BP which commenced 10 April 2021.
- Deepsea Atlantic has been operating for Equinor on the NCS in Q1 2021. The financial utilization during the quarter was impacted by an incident with equipment lost in the well and following fishing operation in bad weather.

- Deepsea Bergen finalized its last contract on 23 March 2020. The unit was disposed for recycling end of 2020.
- Deepsea Aberdeen was on contract with BP during Q1 2021 and commenced the drilling campaign with Wintershall on the NCS on 19 February 2021.
- Deepsea Nordkapp has been operating for Aker BP on the NCS in Q1 2021.

Energy

All figures in USD million

Key figures Energy segment	Q1 21	Q1 20	FY 20
Operating revenue…………………………………………	47	36	156
EBITDA……………………………………………………………	2	3	15
EBIT……………………………………………………………….	2	3	15
EBITDA margin…………………………………………………	5%	7%	10%

Operating revenue for the Energy segment in Q1 2021 was USD 47 million (USD 36 million), an increase of USD 11 million. The increase is mainly explained by revenue from the ConocoPhillips contract, which commenced in Q3 2020.

EBITDA for the Energy segment in Q1 2021 was USD 2 million (USD 3 million), a decrease of USD 1 million. The EBITDA margin for the Energy segment in Q1 2021 was 5% (7%).

EBIT for the Energy segment Q1 2021 was USD 2 million (USD 3 million), a decrease of USD 1 million.

Well Services

All figures in USD million

Key figures Well Services segment	Q1 21	Q1 20	FY 20
Operating revenue…………………………………………	27	28	104
EBITDA……………………………………………………………	6	9	32
EBIT……………………………………………………………….	0	3	7
EBITDA margin…………………………………………………	24%	31%	31%

Operating revenue for the OWS segment in Q1 2021 was USD 27 million (USD 28 million), a decrease of USD 1 million. The Norwegian market has improved when compared to the same period last year, however the European market has suffered due to COVID-19 restrictions.

EBITDA for the OWS segment in Q1 2021 was USD 6 million (USD 9 million), a decrease of USD 3 million. EBITDA margin for the OWS segment in Q1 2021 was 24% (31%). Norway and the MEAA have maintained a consistent level of profitability, however the results for the European countries were impacted by the COVID-19 pandemic.

EBIT for the OWS segment in Q1 2021 was USD 0 million (USD 3 million).

Environmental, social and governance (ESG)

Odfjell Drilling has taken an active part in reducing its carbon footprint and has an overall strategy to become a zero emission drilling company. By focusing on energy optimization of operational procedures, crew awareness and fuel saving battery-hybrid technology, Odfjell Drilling has already made significant reduction of its emissions.

For further information, we refer to our 2020 Sustainability Report published on www.odfjelldrilling.com.

Outlook

The drilling and oil service market has developed positively in recent years due to a strong focus on cost discipline and more efficient operations, combined with a healthier oil price development. We have observed an increased appetite for field development and production spending across the segment, with the exception of some regional differences.

The negative developments in 2020, with the COVID-19 outbreak and the drop in the oil price, have however increased the uncertainty within the drilling and oil service market. Although the oil price has recently recovered, we note that the oil companies globally have adjusted their activities for the short to medium term. Additionally, the strong shift in the energy discussion towards renewable sources has created discussion about energy composition for the future.

The general situation for the global offshore industry is challenging with a substantial oversupply caused by the challenges previously mentioned in the paragraph above. We observe that several of the global offshore drilling contractors are, or will likely be, in restructuring processes during 2021. The oversupply is related to ultra-deep water and benign water segments - the harsh environment segment continues with a high utilization and increased demand expectation for the medium to long term.

For the harsh environment market, where Odfjell Drilling operates, the utilisation outlook looks sound and in balance. Additionally, the strong focus on high efficiency, combined with low emissions, favours contractors with our capabilities and focus.

Odfjell Drilling benefits from having a modern fleet of high-end harsh environment 6th generation units and strategic frame agreements with major oil companies operating in harsh environments. Our Group has been successful in adding more backlog due to our operational track record and strong client relationships, combined with a healthy balance sheet. The Norwegian government has granted a temporary tax incentive scheme tailored for E&P companies on the NCS which will trigger increased activity over the next few years.

After a successful drilling campaign in South Africa for Total, Deepsea Stavanger is now back in Norway and commenced its contract with Aker BP on 10 April 2021. Following this, Lundin has awarded a 3well contract to Deepsea Stavanger starting early Q3 2021 followed by 3 well program with Equinor under the Master Frame Agreement expected to commence in the beginning of 2022.

Deepsea Atlantic is currently operating for Equinor under the Master Frame Agreement with firm operations until November 2021. Equinor continues to add wells under the continued optionality mechanism in the Master Frame Agreement and we expect this to continue until the commencement of Johan Sverdrup phase 2 drilling campaign expected to commence in Q1 2022.

Deepsea Aberdeen commenced the Wintershall contract mid-February 2021 and we expect the operations to end back to back with the awarded Breidablikk contract commencing spring 2022. Deepsea Aberdeen will continue to be compensated by BP through monthly payments until April 2022. In total, Odfjell Drilling expects to maintain the same net cash flow as would have been the case with continued operations under the original BP contract.

Deepsea Nordkapp commenced operations for Aker BP under the Alliance agreement on 10 May 2019. In March, Aker BP exercised the second option of the contract extending firm scope to June 2023. In addition, Deepsea Norkapp has received another 12 months option from Aker BP.

OWS is still facing fierce competition for its services globally. We have observed an increase in operational activity in the Norwegian market, and expect in the short to medium term to face an overall increase in activity level for OWS. However, the COVID-19 pandemic may impact any market improvements.

Lastly, the Energy segment has experienced an increase in demand for its services over the period related to Special Period Surveys. In general, the market for platform drilling activities has traditionally been stable over the last decade. Based on our quality operations and efficiency, we expect to be competitive in the future tendering processes.

Risks and uncertainties

In addition to risks highlighted above regarding COVID-19, in the Group's view, factors that could cause actual results to differ materially from the outlook contained in this report are the following: volatile oil and gas prices, competition within the oil and gas services industry, changes in clients' spending budgets and developments in the financial and fiscal markets. Furthermore, as the Group's fully owned fleet consists of four units, any operational downtime or any failure to secure employment at satisfactory rates will affect the Group's results more significantly than for a group with a larger fleet.

The substantial reduction in market capitalisation for the oil and gas service providers has led financial institutions to focus on contract backlog as the major criteria for debt financing. The market for rig financing is challenging and additional funding sources may not be available to the Group in the future for refinancing existing facilities as they mature.

The uncertainties and volatility in today's financial markets represent a risk for the Group with respect to funding should these market conditions continue over time. The market outlook and contract situation for the Group's mobile offshore drilling units may also affect covenant risk since reduced revenues from drilling operations directly affect the operating results and cash flow from operations. Total liquidity position continues to be monitored. The Group has, in recent years, implemented cost reduction and efficiency improvement programs, and continues its focus on capital discipline in order to improve its competitiveness in this challenging market.

Quality, health, safety & environment (QHSE)

Key figures QHSE	YTD 21	FY 20
Lost time incident frequency (as per 1 million working hours)……………………	1.8	1.5
Total recordable incident frequency (as per 1 million working hours)………..	4.3	4.7
Sick leave (percentage)…………………………………………………………………………	3.6	3.0
Dropped objects frequency (as per 1 million working hours)………………………	4.5	4.8
Number of employees………………………………………………………………………………	2,702	2,628

Aberdeen, United Kingdom
26 May 2021

Board of Directors of Odfjell Drilling Ltd.

Helene Odfjell, Chairman Susanne Munch Thore, Director

Alasdair Shiach, Director Thomas Marsoner, Director

Appendix 1: Definitions of alternative performance measures

Contract backlog
The Company's fair estimation of revenue in firm contracts and relevant optional periods for MODU and Platform Drilling measured in USD - subject to variations in currency exchange rates.

EBIT
Earnings before interest and taxes

EBIT margin
EBIT/Operating revenue

EBITDA
Earnings before interest, taxes, depreciation and appreciation

EBITDA margin
EBITDA/Operating revenue

Equity ratio
Total equity/total equity and liabilities

Financial utilisation
Financial utilisation is measured on a monthly basis and comprises the actual recognised revenue for all hours in a month, expressed as a percentage of the full day rate for all hours in a month. Financial utilisation is only measured for periods on charter.

Net interest-bearing debt
Non-current interest-bearing borrowings plus current interest-bearing borrowings less cash and cash equivalents. Interest-bearing borrowings do not include lease liabilities.

Net (loss) profit
Equal to Profit (loss) for the period after taxes

Earnings per share
Net profit / number of outstanding shares

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements

1st quarter of 2021

Unaudited

Condensed Consolidated Income Statement

USD thousands	Note	Q1 21	Q1 20	FY 20
Operating revenue	2,3	**181,874**	**197,430**	**929,739**
Other gains and losses		224	445	2,531
Personnel expenses		(94,789)	(78,478)	(340,303)
Other operating expenses		(42,162)	(37,457)	(171,563)
EBITDA		**45,146**	**81,941**	**420,403**
Depreciation, amortisation and impairment	5,6,7	(44,902)	(49,019)	(203,962)
Operating profit (EBIT)		**244**	**32,921**	**216,441**
Net financial items	14	(10,780)	(8,501)	(70,798)
Profit/(loss) before taxes		**(10,536)**	**24,420**	**145,643**
Income taxes		(694)	(1,639)	(2,339)
Profit/(loss)		**(11,230)**	**22,781**	**143,304**
Profit/(loss) attributable to:				
Non-controlling interests		(318)	-	(73)
Owners of the parent		(10,912)	22,781	143,377
Earnings per share (USD)				
Basic earnings per share	10	(0.05)	0.09	0.57
Diluted earnings per share	10	(0.05)	0.09	0.57

Condensed Consolidated Statement of Comprehensive Income

USD thousands	Note	Q1 21	Q1 20	FY 20
Profit/(loss) for the period		**(11,230)**	**22,781**	**143,304**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Actuarial gain / (loss) on post employment benefit obligations		-	(2,521)	(2,039)
Items that are or may be reclassified to profit or loss:				
Cash flow hedges		1,753	(11,850)	(7,303)
Currency translation differences		(389)	(22,644)	4,837
Other comprehensive income, net of taxes		**1,364**	**(37,015)**	**(4,504)**
Total comprehensive income		**(9,866)**	**(14,234)**	**138,799**
Total comprehensive income attributable to:				
Non-controlling interests		(318)	-	(21)
Owners of the parent		(9,548)	(14,234)	138,820

Condensed Consolidated Statement of Financial Position

USD thousands	Note	31.03.2021	31.03.2020	31.12.2020
Assets				
Deferred tax asset		1,056	952	1,040
Intangible assets	5	28,852	24,983	28,892
Property, plant and equipment	6,7	2,184,550	2,256,868	2,203,387
Financial non-current assets	4	5,325	120	2,588
Total non-current assets		**2,219,783**	**2,282,923**	**2,235,908**
Trade receivables		135,342	157,815	161,889
Contract assets		9,887	8,139	9,898
Other current assets	4	26,965	30,783	25,900
Cash and cash equivalents		194,289	174,075	206,895
Total current assets		**366,484**	**370,812**	**404,583**
Total assets		**2,586,267**	**2,653,736**	**2,640,491**
Equity and liabilities				
Paid-in capital	13	564,959	564,959	564,959
Other equity		623,491	483,316	632,909
Equity attributable to owners of the parent		**1,188,450**	**1,048,275**	**1,197,868**
Non-controlling interests		318	-	636
Total equity		**1,188,767**	**1,048,275**	**1,198,503**
Non-current interest-bearing borrowings	11	675,998	1,179,495	695,792
Non-current lease liabilities	7	37,496	32,419	36,920
Post-employment benefits		6,353	4,873	6,902
Non-current contract liabilities		4,465	1,542	3,688
Other non-current liabilities	4	12,471	11,577	16,623
Total non-current liabilities		**736,783**	**1,229,907**	**759,925**
Current interest-bearing borrowings	11	516,736	210,272	515,799
Current lease liabilities	7	5,585	6,560	7,633
Contract liabilities		16,214	35,618	14,003
Trade payables		43,114	56,884	52,667
Other current liabilities	4	79,068	66,219	91,961
Total current liabilities		**660,717**	**375,553**	**682,063**
Total liabilities		**1,397,499**	**1,605,460**	**1,441,987**
Total equity and liabilities		**2,586,267**	**2,653,736**	**2,640,491**

Condensed Consolidated Statement of Changes in Equity

USD thousands	Paid-in capital	Other equity	Attributable to owners of the parent	Attributable to common shares	Attributable to preference shares	Non-controlling interests	Total equity
Balance at 1 January 2020	564,959	497,419	1,062,378	981,260	81,118	-	1,062,378
Profit/(loss) for the period	-	22,781	22,781	20,764	2,017	-	22,781
Other comprehensive income for the period	-	(37,015)	(37,015)	(37,015)	-	-	(37,015)
Total comprehensive income for the period	-	(14,234)	(14,234)	(16,251)	2,017	-	(14,234)
Cost of Share-option plan	-	132	132	132	-	-	132
Transactions with owners	-	132	132	132	-	-	132
Balance at 31 March 2020	**564,959**	**483,316**	**1,048,275**	**965,141**	**83,134**	**-**	**1,048,275**
Total comprehensive income for the period Q2-Q4	-	153,054	153,054	146,858	6,196	(21)	153,034
Transactions with owners for the period Q2-Q4	-	(3,462)	(3,462)	645	(4,107)	656	(2,805)
Balance at 31 December 2020	**564,959**	**632,909**	**1,197,868**	**1,112,644**	**85,224**	**636**	**1,198,503**
Profit/(loss) for the period	-	(10,912)	(10,912)	(13,007)	2,096	(318)	(11,230)
Other comprehensive income for the period	-	1,364	1,364	1,364	-	(0)	1,364
Total comprehensive income for the period	-	(9,548)	(9,548)	(11,644)	2,096	(318)	(9,866)
Cost of Share-option plan	-	130	130	130	-	-	130
Transactions with owners	-	130	130	130	-	-	130
Balance at 31 March 2021	**564,959**	**623,491**	**1,188,450**	**1,101,130**	**87,320**	**318**	**1,188,767**

Condensed Consolidated Statement of Cash Flows

USD thousands	Note	Q1 21	Q1 20	FY 20
Cash flows from operating activities:				
Profit/(loss) before tax		(10,536)	24,420	145,643
Adjustment for provisions and other non-cash elements		56,386	44,023	266,518
Changes in working capital		11,823	(6,633)	3,424
Cash generated from operations		***57,673***	***61,811***	***415,584***
Net interest paid		(12,936)	(17,869)	(66,648)
Net income tax (paid) / refunded		(620)	(799)	(3,194)
Net cash flow from operating activities		**44,117**	**43,143**	**345,743**
Cash flows from investing activities:				
Purchase of property, plant and equipment	5,6	(33,145)	(23,880)	(114,047)
Proceeds from sale of property, plant and equipment		331	793	3,130
Other long term receivables		195	-	(2,461)
Cash used in obtaining control of subsidiaries		-	-	(100)
Proceeds from transactions with non-controlling interests		-	-	355
Net cash flow from investing activities		**(32,619)**	**(23,087)**	**(113,123)**
Cash flows from financing activities:				
Net (payments)/proceeds from borrowings	11	-	25,000	25,000
Repayment of borrowings	11	(21,053)	(28,053)	(208,211)
Repayment of lease liabilities	7	(2,569)	(1,497)	(5,822)
Dividends paid to preference share holders		-	-	(4,107)
Net cash flow from financing activities		**(23,622)**	**(4,550)**	**(193,139)**
Effects of exchange rate changes on cash and cash equivalents		(483)	(11,126)	(2,279)
Net increase (decrease) in cash and cash equivalents		**(12,606)**	**4,380**	**37,201**
Cash and cash equivalents at beginning of period		206,895	169,694	169,694
Cash and cash equivalents at period end		**194,289**	**174,075**	**206,895**

Note 1 | Accounting Principles

General information
Odfjell Drilling Ltd. ('the Company') and its subsidiaries (together 'the Group') operate mobile offshore drilling units in addition to providing well services and drilling & technology services.

Odfjell Drilling Ltd., is incorporated in Bermuda with registered address at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and is tax resident in the United Kingdom with its head office at Bergen House, Crawpeel Road, Altens, Aberdeen, AB12 3LG.

These condensed interim financial statements were approved by the Board of Directors on 26 May 2021 and have not been audited.

Basis for preparation
These condensed interim financial statements for the three months period ended 31 March 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020.

Going concern
Factors that, in the Group's view, could cause actual results to differ materially from the outlook contained in this report are the following: volatile oil and gas prices, competition within the oil and gas services industry, changes in client's spending budgets plus developments in the financial markets.

The Group's refinancing risk is diversified with each loan facility maturing at different times until June 2024. Odfjell Drilling has on 26 May 2021 received firm bank commitments for amending and extending of debt maturing in November 2021. Refer to Note 16 for more information.

The volatility in market capitalisation for the oil and gas service providers has led the financial institutions to focus on contract backlog as the major criteria for debt financing. The market for rig financing is still challenging and additional funding sources may be restricted to the Group in the future for refinancing existing facilities as they mature. The uncertainties and volatility in today's financial market represent a risk for the Group with respect to funding, and hence the going concern principle, should these market conditions continue over time.

Taking all relevant risk factors and available options for financing into consideration, the Board has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. Hence, the Group has adopted the going concern basis in preparing its consolidated financial statements.

Accounting principles
The accounting principles adopted are consistent with those of the previous financial year.

Use of estimates
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. These estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as interest rates, foreign exchange rates and other factors which are outside the Group's control. The resulting estimates will, by definition, seldom equal the related actual results.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

There will always be uncertainty related to judgement and assumptions related to accounting estimates. Reference is made to Note 5 and Note 6 where assumptions and sensitivity analysis for goodwill and mobile drilling units are presented. Reference is also made to liquidity risk in Note 4 and contingencies in Note 12.

Income tax expense and deferred income tax liability is calculated by applying the tax rate for each individual jurisdiction to measures of income for each jurisdiction.

Note 2 | Segment summary

The Board is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. Mobile Offshore Drilling Units business segment (MODU), Odfjell Energy business segment (Energy) and Odfjell Well Services business segment (OWS) have been determined as the operating segments.

- **MODU:** In the MODU segment, the Group operates drilling units owned by the Group and by third parties. The MODU segment also offers management services to other owners of drilling units; mainly operational management, management of regulatory requirements, marketing, contract negotiations and client relations, preparations for operation and mobilisation.

- **Energy:** The Energy segment provides integrated drilling and maintenance services for fixed platform drilling rigs in the North Sea, as well as engineering services, including design, project management and operation and support. The Energy segment will also develop growth within new product lines where the strategy is to create a footprint within sustainable energy solutions.

- **OWS:** The OWS segment provides casing and tubular running services, wellbore cleaning in addition to drilling tool and tubular rental services both for exploration wells and for production purposes.

	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Eliminations		Consolidated	
USD thousands	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20
External segment revenue	114,372	142,175	43,674	31,918	21,102	21,229	2,726	2,108	181,874	197,430
Inter segment revenue	-	-	3,604	4,269	6,169	6,988	(9,774)	(11,257)	-	-
Total revenue	**114,372**	**142,175**	**47,278**	**36,187**	**27,271**	**28,217**	**(7,048)**	**(9,149)**	**181,874**	**197,430**
EBITDA	**36,530**	**70,077**	**2,128**	**2,652**	**6,473**	**8,844**	**16**	**368**	**45,146**	**81,941**
Depreciation and impairment	(36,156)	(40,859)	(22)	(27)	(6,310)	(5,915)	(2,414)	(2,218)	(44,902)	(49,019)
EBIT	**374**	**29,218**	**2,106**	**2,624**	**163**	**2,929**	**(2,399)**	**(1,850)**	**244**	**32,921**
Net financial items									(10,780)	(8,501)
Profit / (loss) before tax - Consolidated Group									**(10,536)**	**24,420**

	Mobile Offshore Drilling Units	Energy	Well Services	Corporate / Eliminations	Consolidated
USD thousands	FY 20	FY 20	FY 20	FY 20	FY 20
External segment revenue	703,881	142,316	76,703	6,838	929,739
Inter segment revenue	-	13,265	27,164	(40,430)	-
Total revenue	**703,881**	**155,582**	**103,868**	**(33,591)**	**929,739**
EBITDA	**375,284**	**15,184**	**32,266**	**(2,331)**	**420,403**
Depreciation and impairment	(169,484)	(99)	(25,409)	(8,970)	(203,962)
EBIT	**205,800**	**15,085**	**6,858**	**(11,302)**	**216,441**
Net financial items					(70,798)
Profit / (loss) before tax - Consolidated Group					**145,643**

Note 3 | Revenue

USD thousands	Q1 21	Q1 20	FY 20
Revenue from contracts with customers	176,244	189,450	901,117
Other operating revenue	5,629	7,980	28,622
Operating revenue	**181,874**	**197,430**	**929,739**

Disaggregation of revenue

	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Elimination		Consolidated	
USD thousands	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20	Q1 21	Q1 20
Primary geographical markets										
Norway	114,372	111,851	34,100	22,426	16,077	14,343	(6,587)	(8,606)	157,962	140,014
UK	-	30,016	13,178	13,761	2,184	2,440	(461)	(903)	14,901	45,314
Europe - other countries	-	-	-	-	3,298	5,406	-	257	3,298	5,663
Asia	-	308	-	-	5,624	5,799	-	103	5,624	6,211
Africa	-	-	-	-	44	200	-	-	44	200
Other geographical markets	-	-	-	-	45	29	-	-	45	29
Total operating revenue	**114,372**	**142,175**	**47,278**	**36,187**	**27,271**	**28,217**	**(7,048)**	**(9,149)**	**181,874**	**197,430**

	Mobile Offshore Drilling Units	Energy	Well Services	Corporate / Elimination	Consolidated
USD thousands	FY 20	FY 20	FY 20	FY 20	FY 20
Primary geographical markets					
Norway	349,128	103,013	55,085	(25,204)	482,023
UK	139,396	52,568	9,267	(3,707)	197,524
Europe - other countries	-	-	15,962	-	15,962
Asia	308	-	18,097	(133)	18,272
Africa	215,048	-	5,199	(4,548)	215,700
Other geographical markets	-	-	258	-	258
Total operating revenue	**703,881**	**155,582**	**103,868**	**(33,591)**	**929,739**

Note 4 | Financial risk management and Financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's refinancing risk is diversified with each loan facility maturing at different times until June 2024 - see repayment schedule and additional information in Note 11. The Odfjell Drilling Services Ltd. facility was maturing in November 2021, with then outstanding USD 150 million. In addition, the commercial tranche of the Odfjell Rig III Ltd facility was maturing in November 2021, with then outstanding USD 65 million. Odfjell Drilling has on 26 May 2021 received firm bank commitments for amending and extending these debt maturities. Refer to Note 16 for more information.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; consequently they should be read in conjunction with the Group's annual audited financial statements as at 31 December 2020.

Odfjell Drilling has limited financial impact due to the COVID-19 outbreak as we acted quickly to implement required routines to limit the spread of the virus. We will continue to pay attention to the situation and take actions as required and recommended by local authorities.

Calculation of the Group’s sensitivity to interest rate fluctuations showed that the effect of an increase in interest rates by one percentage point (e.g. from 4.0% to 5.0%) is approximately USD 5 million for the next 12 months including interest rate swaps, which is at level with year-end 2020.

Liquidity risk

Operating in more than 20 jurisdictions Odfjell Drilling do from time to time receive enquiries from authorities about compliance related matters. The Group has per 31 March 2021 not received any formal material assessment which is not recognised in the financial statements. However, there might be a risk of demand for payment from relevant authorities during such process, even if the final conclusion is in the Groups favour. Refer to annual report for the year ended 31 December 2020, Note 10, for further information.

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except changes in non-current liabilities as disclosed in Note 11.

Credit risk

Compared to year end, there was no material change in credit risk for the Group.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). For short term assets and liabilities at level 3, the value is approximately equal to the carrying amount.

Note 4 | Financial risk management and Financial instruments - cont.

Set out below, is an overview of financial assets, other than cash and cash equivalents, held by the Group:

USD thousands	Level	31.03.2021	31.03.2020	31.12.2020
Financial assets at fair value through profit or loss				
Derivatives not designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	2,731	-	-
- Foreign exchange forward contracts - Other current assets	2	-	-	1,360
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	-	-	-
- Foreign exchange forward contracts - Other current assets	2	4,301	-	4,366
Debt instruments at amortised cost				
- Other non-current receivables		2,594	120	2,588
- Trade and other current receivables		147,137	170,321	173,482
Total financial assets		**156,763**	**170,442**	**181,796**

USD thousands	Level	31.03.2021	31.03.2020	31.12.2020
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedging instruments				
- Interest rate swaps - Other non-current liabilities	2	-	-	828
- Interest rate swaps - Other current liabilities	2	-	446	-
- Foreign exchange forward contracts - Other current liabilities	2	-	1,190	-
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current liabilities	2	8,051	10,726	10,545
Warrant liabilities - Other non-current liabilities	3	4,420	850	5,250
Financial liabilities at amortised cost				
- Non-current lease liabilities		37,496	32,419	36,920
- Current lease liabilities		5,585	6,560	7,633
- Trade and other payables		105,409	120,775	119,186
- Non-current interest-bearing borrowings		675,998	1,179,495	695,792
- Current interest-bearing borrowings		516,736	210,272	515,799
Total financial liabilities		**1,353,694**	**1,562,735**	**1,391,953**

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives held at fair value through profit or loss and hedging derivatives comprise interest rate swaps and foreign exchange agreements. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Interest rate swaps and foreign exchange agreements are recognised according to mark-to-market reports from external financial institutions. The effects of discounting are generally insignificant for Level 2 derivatives.

Fair value of financial liabilities measured at amortised cost

The fair value of interest-bearing borrowings are as follows:

	31.03.2021	31.03.2020	31.12.2020
Non-current	675,998	1,179,495	695,792
Current	516,736	210,272	515,799
Total	**1,192,733**	**1,389,768**	**1,211,591**

The fair value of the following financial assets and liabilities approximate their carrying amount:
- Other non-current receivables
- Trade and other current receivables
- Cash and cash equivalents (excluding bank overdrafts)
- Trade and other payables
- Non-current lease liabilities
- Current lease liabilities

Note 5 | Intangible assets

USD thousands	Goodwill	Software and other intangible assets	Total intangible assets
Opening net book amount as at 1 January 2021	19,740	9,152	28,892
Additions	-	997	997
Amortisation	-	(986)	(986)
Currency translation differences	(37)	(14)	(51)
Closing net book amount as at 31 March 2021	**19,703**	**9,149**	**28,852**
Opening net book amount as at 1 January 2020	18,443	11,235	29,678
Additions	-	574	574
Amortisation	-	(874)	(874)
Currency translation differences	(3,004)	(1,392)	(4,395)
Closing net book amount as at 31 March 2020	**15,439**	**9,543**	**24,983**

Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level. The Energy segment, as well as the Well Services segment, only consist of one Cash Generation Unit (CGU) each. The Mobile Offshore Drilling Units segment consist of Owned rigs and Management of other rigs. Only cash flow from Management of other rigs is used in the impairment test of goodwill, as the cash flow from Owned rigs is allocated to fixed assets.

The recoverable amount of the CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on prognoses made by management covering a five-year period. The prognosis for the EBITDA margin in 2021 and the following years is based on past performance and expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax weighted average cost of capital and reflect specific risks relating to the relevant operating segments.

These assumptions have been used for the analysis of each CGU within the operating segment. Impairment tests performed for goodwill within respective CGU's do not indicate any impairment requirement as at 31 March 2021.

The key assumptions used for value-in-use calculations as per Q1 2021 are as follows:

	Mobile Offshore Drilling Units	Energy	Well Services
EBITDA margin in prognosis period	13% - 16%	5% - 7%	25% - 29%
Growth rate year 6 and forward	0.0%	0.0%	0.0%
Weighted Average Cost of Capital, pre-tax	10%	10%	10%

Sensitivity analysis for goodwill impairment test

The Group has performed sensitivity analysis for the goodwill impairment test by reducing operating income by one, five and ten percent and EBITDA margin by one, five and ten percentage points respectively for each of the segments. Reducing EBITDA margin by five percentage points indicated an impairment write-down of USD 12 million in the Energy segment, while reducing EBITDA margin by ten percentage points indicated impairment write-downs of USD 12 million in the Energy segment and USD 4 million in the Well Services segment. None of the other scenarios indicated any impairment write-down of goodwill as at 31 March 2021.

Note 6 | Property, plant and equipment

USD thousands	Mobile drilling units	Periodic maintenance	Well Services equipment	Other fixed assets	Right-of-use assets	Total fixed assets
Opening net book amount as at 1 January 2021	1,965,571	123,628	68,724	2,888	42,576	2,203,387
Additions	15,667	4,784	2,484	701	1,682	25,317
Disposals	-	-	(107)	-	-	(107)
Depreciation	(27,877)	(8,190)	(5,745)	(308)	(1,795)	(43,916)
Currency translation differences	-	-	(5)	(40)	(87)	(132)
Net book amount as at 31 March 2021	**1,953,361**	**120,221**	**65,351**	**3,240**	**42,376**	**2,184,550**
Opening net book amount as at 1 January 2020	2,050,569	106,666	74,363	3,357	45,911	2,280,867
Additions	4,352	20,167	6,062	341	803	31,725
Disposals	(55)	-	(287)	(7)	-	(348)
Depreciation	(29,746)	(11,032)	(5,367)	(275)	(1,725)	(48,145)
Currency translation differences	-	-	(120)	(236)	(6,875)	(7,231)
Net book amount as at 31 March 2020	**2,025,120**	**115,802**	**74,651**	**3,181**	**38,114**	**2,256,868**
Useful lifetime	5 - 30 years	5 years	3 - 10 years	3 - 5 years	2-12 years	
Depreciation schedule	Straight line	Straight line	Straight line	Straight line	Straight line	

Refer to Note 7 for more information about Right-of-use assets.

Note 6 | Property, plant and equipment - cont.

Impairment tests on mobile drilling units

Odfjell Drilling performs impairment tests on a regular basis. When evaluating the potential impairment of its mobile offshore drilling units, the Group has assessed each unit's recoverable amount. The Group acknowledges that there may be both macroeconomic and industry specific challenges when looking at a longer period of time, which a rig's lifetime is. Estimated cash flows may for these reasons vary over time and different scenarios have therefore been accounted for. The Group has in its calculations accounted for different scenarios when it comes to assumptions related to day rate, exercised options, operating expenses, financial utilisation and market recovery.

In the sensitivity analysis, the estimated impairment in the different scenarios is based on the assumption that the asset will be written down to the highest of value in use and fair value less costs to sell. Rig broker estimates of fair value in a hypothetical transaction between a willing buyer and a willing seller are part of the input for estimating for fair value less cost to sell.

Based on impairment tests performed as at 31 March 2021, the Group has not identified any impairment for rigs, or reversal of previous impairment related to the 6G rigs Deepsea Atlantic and Deepsea Stavanger.

The following key assumptions have been used when conducting impairment tests for mobile drilling units:

Key assumptions	**Deepsea Atlantic**	**Deepsea Stavanger**	**Deepsea Aberdeen**	**Deepsea Nordkapp**
	6G Semi	6G Semi	6G Semi	6G Semi
Weighted Average Cost of Capital (WACC)	9.2%	9.2%	9.2%	9.2%
Firm contract days	780	270	1,322	813
Firm contract day rates (weighted average)	309	286	356	324
Future normalised base case day rates - at full market recovery	400	400	400	400
Financial utilisation in normalised period	95%	95%	95%	95%

Sensitivity analysis mobile drilling units		**Deepsea Atlantic**	**Deepsea Stavanger**	**Deepsea Aberdeen**	**Deepsea Nordkapp**
Estimated impairment write-down if:					
- WACC increased by	1 pp	31,000	34,000	42,000	46,000
- WACC increased by	2 pp	59,000	64,000	78,000	86,000
- Day rate level (*) decreased by	5%	43,000	54,000	37,000	53,000
- Day rate level (*) decreased by	10%	87,000	107,000	74,000	106,000
- Normalised opex level increased by	5%	27,000	27,000	28,000	29,000
- Normalised opex level increased by	10%	53,000	54,000	56,000	58,000
- Financial utilisation in normalised period decreased by	1 pp	10,000	12,000	9,000	12,000
- Financial utilisation in normalised period decreased by	2 pp	20,000	24,000	18,000	24,000
- Financial utilisation in normalised period decreased by	3 pp	30,000	36,000	28,000	36,000

(*) excluding firm contractual day rates

Note 7 | Leases

The balance sheet shows the following amounts related to leases:

USD thousands	Properties	Other fixed assets	Total Right-of-use assets
Net book amount as at 1 January 2021	42,576	-	42,576
Additions	1,682	-	1,682
Depreciation	(1,795)	-	(1,795)
Currency translation differences	(87)	-	(87)
Net book amount as at 31 March 2021	**42,376**	**-**	**42,376**

USD thousands	Properties	Other fixed assets	Total Right-of-use assets
Net book amount as at 1 January 2020	45,530	382	45,911
Additions	802	0	803
Depreciation	(1,629)	(96)	(1,725)
Currency translation differences	(6,822)	(53)	(6,875)
Net book amount as at 31 March 2020	**37,881**	**233**	**38,114**

The Right-of-use assets are included in the line item "Property, plant and equipment" in the balance sheet, refer to Note 6.

Lease liabilities

USD thousands	31.03.2021	31.03.2020	31.12.2020
Non-current	37,496	32,419	36,920
Current	5,585	6,560	7,633
Total	**43,081**	**38,980**	**44,553**

Movements in non-current lease liabilities are analysed as follows:	31.03.2021	31.03.2020	31.12.2020
Carrying amount as at 1 January	36,920	38,901	38,901
Non-cash flows:			
New lease liabilities recognised in the year	1,682	803	2,616
Interest expense on lease liabilities	636	606	2,396
Reclassified to current portion of lease liabilities	(1,671)	(1,906)	(7,854)
Currency exchange differences	(69)	(5,985)	859
Carrying amount as at end of period	**37,496**	**32,419**	**36,920**

Movements in current lease liabilities are analysed as follows:	31.03.2021	31.03.2020	31.12.2020
Carrying amount as at 1 January	7,633	7,757	7,757
Cash flows:			
Payments for the principal portion of the lease liability	(2,569)	(1,497)	(5,822)
Payments for the interest portion of the lease liability	(1,136)	(555)	(2,379)
Non-cash flows:			
Reclassified from non-current portion of lease liabilities	1,671	1,906	7,854
Currency exchange differences	(15)	(1,051)	223
Carrying amount as at end of period	**5,585**	**6,560**	**7,633**

Note 8 | Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

USD thousands	31.03.2021	31.03.2020	31.12.2020
Rig investments	20,131	8,787	31,644
Rental and casing equipment, due in 1 year	4,463	5,018	2,811
Total	**24,595**	**13,805**	**34,456**

Note 9 | Paid dividends and acquisition of own shares

The Group has not acquired any of its own shares in the interim period ending 31 March 2021.
The Group has not paid dividends or acquired any of its own shares in the interim period ending 31 March 2021.

Note 10 | Earnings per share

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent divided by the weighted average number of common shares outstanding.

When calculating the diluted earnings per share, the profit that is attributable to the common shareholders of the parent and the weighted average number of common shares outstanding are adjusted for all the dilution effects relating to warrants and share options.

The calculation takes account of all the warrants and share options that are "in-the-money" and can be exercised. In the calculations, warrants and share options are assumed to have been converted/ exercised on the first date in the fiscal year. Warrants and share options issued this year are assumed to be converted/ exercised at the date of issue/ grant date. The dilution effect on warrants and share options are calculated as the difference between average fair value in an active market, and exercise price and the sum of the not recognised cost portion of the options.

The Company has issued warrants for 5,925,000 common shares, and has in addition a share option plan for 960,000 common shares. The warrants represent contingently issuable shares.

Neither the warrants nor the options affect the basic or diluted number of shares in 2020 or 2021, as the terms of execution have not occurred during the years and the share price is below the level set in the warrant agreement.

The warrants and share option plan may have dilutive effects in later periods.

USD thousands	Q1 21	Q1 20	FY 20
Profit/(loss) due to owners of the parent	(10,912)	22,781	143,377
Adjustment for dividends on preference shares	(2,096)	(2,017)	(8,213)
Profit/(loss) for the period due to holders of common shares	**(13,007)**	**20,764**	**135,164**
Adjustment related to warrants and share option plan	-	-	-
Diluted profit/(loss) for the period due to the holders of common shares	**(13,007)**	**20,764**	**135,164**

	Q1 21	Q1 20	FY 20
Weighted average number of common shares in issue	236,783,202	236,783,202	236,783,202
Effects of dilutive potential common shares:			
Warrants	-	-	-
Share option plan	-	-	-
Diluted average number of shares outstanding	236,783,202	236,783,202	236,783,202

	Q1 21	Q1 20	FY 20
Basic earnings per share	(0.05)	0.09	0.57
Diluted earnings per share	(0.05)	0.09	0.57

Note 11 | Interest-bearing borrowings

USD thousands	31.03.2021	31.03.2020	31.12.2020
Non-current	675,998	1,179,495	695,792
Current	516,736	210,272	515,799
Total	**1,192,733**	**1,389,768**	**1,211,591**

Movements in non-current borrowings are analysed as follows:	31.03.2021	31.03.2020	31.12.2020
Carrying amount as at 1 January	695,792	1,173,882	1,173,882
Cash flows:			
New bank loan	-	25,000	25,000
Non-cash flows:			
Reclassified from / (to) current borrowings	(20,789)	(20,594)	(508,226)
Change in transaction cost, unamortised	995	1,208	5,136
Carrying amount as at end of period	**675,998**	**1,179,495**	**695,792**

Movements in current borrowings are analysed as follows:	31.03.2021	31.03.2020	31.12.2020
Carrying amount as at 1 January	515,799	216,581	216,581
Cash flows:			
Repayment bank loan	(21,053)	(28,053)	(208,211)
Non-cash flows:			
Reclassified from / (to) non-current borrowings	20,789	20,594	508,226
Change in transaction cost, unamortised	354	61	164
Change in accrued interest cost	846	1,089	(960)
Carrying amount as at end of period	**516,736**	**210,272**	**515,799**

Note 11 | Interest-bearing borrowings - cont.

Repayment schedule for interest-bearing borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining payments due at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	31.03.2021	31.03.2020	31.12.2020
Maturity within 3 months	67,053	74,063	21,053
Maturity between 3 and 6 months	21,053	39,053	67,053
Maturity between 6 and 9 months	402,053	67,053	21,053
Maturity between 9 months and 1 year	21,053	21,053	402,053
Maturity between 1 and 2 years	84,211	511,211	84,211
Maturity between 2 and 3 years	301,853	84,211	263,816
Maturity between 3 and 4 years	300,000	300,484	358,826
Maturity between 4 and 5 years	-	300,000	-
Maturity beyond 5 years	-	-	-
Total contractual amounts	**1,197,274**	**1,397,125**	**1,218,063**

The Odfjell Rig III Ltd. facility

The Export Credit Agencies (ECA) tranches of the facility mature in July 2024, subject that the commercial tranche, which matures in November 2021, has been extended at terms satisfactory to GIEK and Kexim. In the tables above, full repayment of the USD 211 million then outstanding, has been included in November 2021. Refer to information in Note 16 regarding extension of the tranches.

The Odfjell Drilling Services Ltd. facility

The facility was maturing in November 2021. In the tables above, full repayment of the USD 150 million then outstanding, has been included in November 2021. Refer to information in Note 16 regarding extention and amendment of the facility.

Refer to Note 4 for further information regarding liquidity risk.

Available drawing facilities

The group has no available undrawn facilities as per 31 March 2021.

Covenants

The Group is compliant with all financial covenants as at 31 March 2021.

Note 12 | Contingencies

In 2018 the company issued warrants for 5,925,000 common shares. Refer to annual report for the year ended 31 December 2020, Note 24, for further description. There have been no changes to the warrant agreements in 2020. Warrant liabilities are measured at fair value, see Note 4 above.

Refer to annual report for the year ended 31 December 2020, Note 28, for information about challenges to historic employment practices. There have been no changes since year-end.

There are no other material contingencies to be disclosed as per 31 March 2021.

Note 13 | Equity & shareholder information

	No. of shares	Nominal value	Share capital
Listed shares			USD thousands
Common shares issued as at 31 March 2021	236,783,202	USD 0.01	2,368
Preference shares			
Total issued preference shares as at 31 March 2021	16,123,125	USD 0.01	161

There are no changes in issued shares or preference shares in 2021.

Largest common shareholders at 31 March 2021	Account type	Holding	% of shares
Odfjell Partners Ltd.	Ordinary	142,476,191	60.17%
The Bank of New York Mellon SA/NV	Nominee	8,087,816	3.42%
J.P.Morgan Securities PLC	Nominee	6,715,900	2.84%
J.P.Morgan Chase Bank N.A. London	Nominee	3,897,024	1.65%
Brown Brothers Harriman & Co.	Nominee	3,045,482	1.29%
J.P.Morgan Securities PLC	Ordinary	2,793,949	1.18%
BNP Paribas Securities Services	Nominee	2,591,398	1.09%
State Street Bank and Trust Co.	Nominee	2,485,535	1.05%
The Bank of New York Mellon SA/NV	Nominee	2,378,175	1.00%
State Street Bank and Trust Co.	Nominee	2,039,516	0.86%
Brown Brothers Harriman & Co.	Nominee	1,917,080	0.81%
Cape Invest AS	Ordinary	1,837,000	0.78%
Citibank N.A.	Nominee	1,550,010	0.65%
The Northern Trust Comp, London Br	Nominee	1,338,426	0.57%
Brown Brothers Harriman & Co.	Nominee	1,277,800	0.54%
J.P.Morgan Chase Bank N.A. London	Nominee	1,038,866	0.44%
Brown Brothers Harriman & Co.	Nominee	1,031,756	0.44%
Morgan Stanley & Co. LLC	Ordinary	983,352	0.42%
Nordnet Livsforsikring AS	Ordinary	941,802	0.40%
Euroclear Bank S.A./N.V.	Nominee	901,260	0.38%
Total 20 largest common shareholders		**189,328,338**	**79.96%**
Other common shareholders		47,454,864	20.04%
Total common shareholders		**236,783,202**	**100.00%**

Note 14 | Net financial items

USD thousands	Note	Q1 21	Q1 20	FY 20
Interest income		50	538	635
Interest expense lease liabilities	7	(636)	(606)	(2,396)
Other interest expenses		(12,737)	(19,019)	(64,145)
Other borrowing expenses		(1,349)	(1,270)	(5,300)
Change in fair value of derivatives (*)		3,029	6,672	4,440
Net currency gain/(loss)		647	5,249	(2,830)
Other financial items		215	(66)	(1,202)
Net financial items		**(10,780)**	**(8,501)**	**(70,798)**

(*) Including change in fair value of warrant liabilities.

Note 15 | Related-party transactions

Odfjell Drilling Ltd., is controlled by Odfjell Partners Ltd., which owns 60.17% of the common shares. Chairman of the Board, Helene Odfjell, controls Odfjell Partners Ltd.

Susanne Munch Thore (Director) controls 3,000 (0.00%) of the common shares in the company as per 31 March 2021.

Thomas Marsoner (Director) controls 20,000 (0.01%) of the common shares in the company as per 31 March 2021.

Simen Lieungh (CEO, Odfjell Drilling AS) controls 476,190 (0.20%) of the common shares in the company as per 31 March 2021.

There are no changes in the long term share option programme with Simen Lieungh (CEO, Odfjell Drilling AS) in 2021.

The Group have lease agreements with the related party Kokstad Holding AS Group (related to main shareholder). Reported lease liability to Kokstad Holding AS Group as at 31 March 2021 is USD 36 million, while payments in Q1 2021 amounts to USD 3 million.

There are no material changes in related party transactions in 2021.

Note 16 - Important events occurring after the reporting period

One additional well to Deepsea Atlantic

10 May 2021, Equinor exercised one additional well to the Deepsea Atlantic contract. The well has been exercised under the Continued Optionality mechanism in the contract entered into between the parties in May 2018, as part of the overall Master Frame Agreement.
The work shall commence after the completion of the current scope estimated to be in Q3 2021. The commercial terms are materially similar to the Deepsea Atlantic's Johan Sverdrup Phase 2 contract which is expected to commence early Q1 2022.

Equinor contracts to Deepsea Stavanger

Equinor has, on 26 May 2021, awarded a drilling contract to Odfjell Drilling for the use of the sixth generation semi-submersible Deepsea Stavanger. The contract has a firm period of three wells with an expected duration of four months and an expected commencement date during Q1 2022.
The dayrate shall be similar to that agreed for sister rig Deepsea Aberdeen under its Breidablikk contract which is also set to commence during the first half of 2022. The Deepsea Stavanger's contract includes a notable performance incentive rate which shall apply when wells are delivered safely and ahead of target. The rig will also be included in the overall Master Frame Agreement between Equinor and Odfjell Drilling.

bp Alliance agreement for platform drilling and well services

Odfjell Drilling has entered into a long term contract with bp which includes a tripartite Alliance Agreement, along with Baker Hughes, to further develop the Clair field in the UK continental shelf.

The firm period is valid to Q1 2025 plus 2 x 2 year options. Under the contract, Odfjell Drilling will continue with the provision of platform drilling and drilling maintenance services on three of bp's platforms in the UK North Sea (Clair, Clair Ridge and Andrew). In addition, Odfjell Well Services will also provide integrated services covering equipment rental, well bore clean up and tubular running services. The contract has recently commenced and replaced the previous platform drilling contract between Odfjell Drilling and bp.

Firm bank commitments for extension of 2021 debt maturities

Odfjell Drilling has, on 26 May 2021, received firm bank commitments for amending and extending the November 2021 debt maturities.

The Deepsea Aberdeen facility, currently with USD 211 million outstanding across two export credit tranches and one commercial tranche, will be extended on the existing terms. The final maturity will be adjusted to ultimo May 2024. The outstanding amount at maturity will be USD 55 million.

The Odfjell Drilling Services Ltd facility will be extended to ultimo June 2023. The outstanding amount is currently USD 170 million. USD 20 million, otherwise repayable in November 2021, will be repaid on the closing date of the extension. The remaining facility will be repaid by quarterly instalments of USD 5 million, with the first repayment due in February 2022. The applicable margin is 400 basis points.

The commitments above are mutually dependent, and otherwise subject to final documentation being signed and standard conditions precedent being duly satisfied prior to closing.

There have been no other events after the balance sheet date with material effect on the quarterly financial statements ended 31 March 2021.