



Odfjell Drilling Ltd.

Report for the 3rd 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	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Operating revenue.....	227	210	642	574	930
EBITDA.....	88	87	218	250	420
EBIT.....	43	38	83	90	216
Net profit (loss).....	30	19	46	36	143
EBITDA margin.....	39%	41%	34%	43%	45%
Total assets.....			2,516	2,609	2,640
Net interest bearing debt.....			947	1,130	1,005
Equity.....			1,240	1,073	1,199
Equity ratio.....			49%	41%	45%

Highlights Q3 2021

Odfjell Drilling Ltd. Group

- Operating revenue of USD 227 million compared to USD 210 million in Q3 2020.
- EBITDA of USD 88 million compared to USD 87 million in Q3 2020.
- EBITDA margin of 39% compared to an EBITDA margin of 41% in Q3 2020.
- The Group's contract backlog is USD 2.3 billion, whereof USD 1.3 billion is firm backlog. The comparable figure at the end of Q3 2020 was USD 2.6 billion, whereof USD 1.4 billion was firm backlog.

Mobile Offshore Drilling Units segment (MODU)

- Operating revenue of USD 153 million compared to USD 151 million in Q3 2020.
- EBITDA of USD 78 million compared to USD 76 million in Q3 2020.
- EBITDA margin of 51% compared to an EBITDA margin of 50% in Q3 2020.

Energy segment (Energy)

- Operating revenue of USD 56 million compared to USD 42 million in Q3 2020.
- EBITDA of USD 4 million compared to USD 5 million in Q3 2020.
- EBITDA margin of 7% compared to an EBITDA margin of 11% in Q3 2020.

Well Services segment (OWS)

- Operating revenue of USD 28 million compared to USD 24 million in Q3 2020.
- EBITDA of USD 8 million similar as in Q3 2020.
- EBITDA margin of 28% compared to an EBITDA margin of 31% in Q3 2020.

Master Frame Agreement work for Deepsea Stavanger

Further to the 3 wells awarded by Equinor to Deepsea Stavanger in May 2021, Equinor has added one additional well to the rig under the continued optionality mechanism in the overall Master Frame Agreement between the parties. The additional well shall follow the current firm period of the three wells which commences during Q1 2022 and the rig is expected to be occupied into Q3 2022.

Odfjell Drilling received an ESG score of A-

The Governance Group issues yearly an ESG score of the 100 biggest companies on the Oslo Stock Exchange. Odfjell Drilling received a score of A- in a range from A to F with a feedback of “..very good reporting in accordance with best practice and standards..”.

Financial review – operations

(Comparable figures for last comparable period in brackets)

Consolidated group financials

Profit & loss Q3 2021

Operating revenue for Q3 2021 was USD 227 million (USD 210 million), an increase of USD 17 million. The increase is mainly due to increased revenue in the Energy segment from Q3 2020 to Q3 2021.

EBITDA in Q3 2021 was USD 88 million (USD 87 million), an increase of USD 1 million. The EBITDA margin in Q3 2021 was 36% (49%).

Depreciation and amortisation cost in Q3 2021 was USD 46 million (USD 49 million), a decrease of USD 3 million compared to Q3 2020.

EBIT in Q3 2021 was USD 43 million (USD 38 million), an increase of USD 5 million.

Net financial expenses in Q3 2021 amounted to USD 12 million (USD 18 million). The decrease in net expenses of USD 6 million was mainly explained by reduced interest expenses, reduction in net currency loss and fair value changes.

In Q3 2021, the income tax expense was USD 1 million (USD 1 million).
Net profit in Q3 2021 was USD 30 million (USD 19 million).

Profit & loss YTD 2021

Operating revenue for YTD 2021 was USD 642 million (USD 574 million), an increase of USD 68 million. The increase is mainly due to increased revenue in the Energy segment.

EBITDA YTD 2021 was USD 218 million (USD 250 million), a decrease of USD 32 million. The decrease is mainly due to decreased EBITDA in the MODU segment. The EBITDA margin YTD 2021 was 34% (43%).

Depreciation and amortisation cost YTD 2021 was USD 136 million (USD 160 million), a decrease of USD 24 million mainly due to the MODU rig Deepsea Bergen that was disposed for recycling in Q4 2020.

EBIT YTD 2021 was USD 83 million (USD 90 million), a decrease of USD 7 million.

Net financial expenses YTD 2021 amounted to USD 33 million (USD 51 million). The decrease in net expenses of USD 18 million from YTD 2020 to YTD 2021 was mainly explained by reduced interest expenses and other borrowing costs. Borrowing costs YTD 2021 include recognised modification net gain related to the extension and amendment of the Deepsea Aberdeen and the Odfjell Drilling Services facilities.

YTD 2021, the income tax expense was USD 3 million (USD 3 million).

Net profit YTD 2021 was USD 46 million (USD 36 million).

Balance sheet

Total assets as at 30 September 2021 amounted to USD 2,516 million (USD 2,640 million as at 31 December 2020), a decrease of USD 124 million.

Total equity as at 30 September 2021 amounted to USD 1,240 million (USD 1,199 million as at 31 December 2020) an increase of USD 41 million. The equity ratio was 49% as at 30 September 2021 (45% as at 31 December 2020).

Net interest bearing debt as at 30 September 2021 amounted to USD 947 million (USD 1,005 million as at 31 December 2020), a decrease of USD 58 million.

Cash flow Q3 2021

Net cash flow from operating activities in Q3 2021 was positive with USD 60 million (USD 56 million). There was a negative change in working capital of USD 18 million (negative USD 15 million), mainly explained by payment of social security and other taxes. The Group paid USD 11 million (USD 14 million) in interest.

Net cash outflow from investing activities in Q3 2021 was USD 17 million (USD 23 million), mainly due to purchases of fixed assets.

Net cash outflow from financing activities in Q3 2021 was USD 44 million (USD 41 million). In Q3 2021 the Group paid USD 42 million (USD 41 million) in instalments on credit facilities and leases.

Cash flow YTD 2021

Net cash flow from operating activities YTD 2021 was positive with USD 148 million (USD 188 million). The Group paid USD 37 million (USD 51 million) in interest.

Net cash outflow from investing activities YTD 2021 was USD 78 million (USD 82 million), mainly due to purchases of fixed assets.

Net cash outflow from financing activities YTD 2021 was USD 138 million (USD 123 million). The Group paid USD 134 million (USD 146 million) in instalments on credit facilities and leases, and dividends of USD 2 million (USD 2 million) was paid to the preference shareholder.

At 30 September 2021, cash and cash equivalents amounted to USD 135 million. There has been a net negative change of USD 72 million since 31 December 2020.

Segments

Mobile Offshore Drilling Units

All figures in USD million

Key figures MODU segment	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Operating revenue.....	153	151	428	412	704
EBITDA.....	78	76	191	214	375
EBIT.....	41	36	81	80	206
EBITDA margin.....	51%	50%	45%	52%	53%

Operating revenue for the MODU segment in Q3 2021 was USD 153 million (USD 151 million), an increase of USD 2 million. This is explained by higher revenue for Deepsea Aberdeen and Deepsea Nordkapp due to idle rate for BP and lower dayrate in Q3 2020, respectively, partly offset by reduced revenue for Deepsea Stavanger and Deepsea Atlantic compared with Q3 2020.

EBITDA for the MODU segment in Q3 2021 was USD 78 million (USD 76 million), an increase of USD 2 million for the same reasons as mentioned above.

EBIT for the MODU segment in Q3 2021 was USD 41 million (USD 36 million), an increase of USD 5 million.

Operating revenue for the MODU segment YTD 2021 was USD 428 million (USD 412 million), an increase of USD 16 million. This is mainly due to increased income for Deepsea Aberdeen and Deepsea Nordkapp due to higher dayrates compared to last year and higher revenue related to management services of rigs. The gain is offset by Deepsea Bergen, which was disposed during 2020, in addition to reduced income for Deepsea Stavanger and Deepsea Atlantic.

EBITDA for the MODU segment YTD 2021 was USD 191 million (USD 214 million), a decrease of USD 23 million, mainly explained by a decrease in EBITDA for Deepsea Stavanger and Deepsea Atlantic, partly offset by improved EBITDA for Deepsea Aberdeen and Deepsea Nordkapp.

EBIT for the MODU segment in YTD 2021 was USD 81 million (USD 80 million), an increase of USD 1 million.

MODU - Financial utilisation

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

Financial Utilisation - MODU	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Deepsea Stavanger.....	98.5 %	99.5 %	99.0 %	98.9 %	99.2 %
Deepsea Atlantic.....	98.8 %	99.8 %	94.2 %	99.1 %	98.9 %
Deepsea Bergen.....	n/a	n/a	n/a	92.7 %	92.7 %
Deepsea Aberdeen.....	99.7 %	96.5 %	98.6 %	89.5 %	92.1 %
Deepsea Nordkapp	98.8 %	99.4 %	98.7 %	99.0 %	99.0 %

- Deepsea Stavanger completed its operations for Aker BP beginning of July and commenced its contract with Lundin on the NCS on 7 July 2021.
- Deepsea Atlantic has been operating for Equinor on the NCS in Q3 2021.
- Deepsea Bergen finalised its last contract on 23 March 2020. The unit was disposed for recycling end of 2020.
- Deepsea Aberdeen was on contract with BP and Wintershall on the NCS during Q3 2021.
- Deepsea Nordkapp has been operating for Aker BP on the NCS in Q3 2021.

Energy

All figures in USD million

Key figures Energy segment

	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Operating revenue.....	56	42	154	110	156
EBITDA.....	4	5	8	12	15
EBIT.....	4	5	8	12	15
EBITDA margin.....	7%	11%	5%	11%	10%

Operating revenue for the Energy segment in Q3 2021 was USD 56 million (USD 42 million), an increase of USD 13 million. This is mainly explained by increased activity in Platform Drilling compared to Q3 2020.

EBITDA for the Energy segment in Q3 2021 was USD 4 million (USD 5 million), a decrease of USD 1 million. The EBITDA margin for the Energy segment in Q3 2021 was 7% (11%). The decrease is mainly explained by reduced utilization of the engineering resource base compared to the same quarter last year.

EBIT for the Energy segment Q3 2021 was USD 4 million (USD 5 million), a decrease of USD 1 million.

Operating revenue for the Energy segment in YTD 2021 was USD 154 million (USD 110 million), an increase of USD 43 million. The increase is mainly explained by revenue from the ConocoPhillips contract, which commenced in Q3 2020.

EBITDA for the Energy segment in YTD 2021 was USD 8 million (USD 12 million), a decrease of USD 4 million. The decrease is mainly explained by lower financial performance in Platform Drilling due to reduced incentive payments and reduced utilization of the engineering resource base compared to last year. The EBITDA margin for the Energy segment in YTD 2021 was 5% (11%).

EBIT for the Energy segment YTD 2021 was USD 8 million (USD 12 million), a decrease of USD 4 million.

Well Services

All figures in USD million

Key figures Well Services segment	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Operating revenue.....	28	24	85	76	104
EBITDA.....	8	8	21	23	32
EBIT.....	2	1	3	5	7
EBITDA margin.....	28%	31%	25%	31%	31%

Operating revenue for the OWS segment in Q3 2021 was USD 28 million (USD 24 million), an increase of USD 4 million. The increase is explained by the higher activity in the Middle East, Africa and Asia (MEAA) region.

EBITDA for the OWS segment in Q3 2021 was USD 8 million (USD 8 million). EBITDA margin for the OWS segment in Q3 2021 was 28% (31%).

EBIT for the OWS segment in Q3 2021 was USD 2 million (USD 1 million).

Operating revenue for the OWS segment YTD 2021 was USD 85million (USD 76 million), an increase of USD 9 million. The increase is explained by higher activity in both the Norwegian and MEAA markets compared to the same period last year.

EBITDA for the OWS segment in YTD 2021 was USD 21 million (USD 23 million), a decrease of USD 2 million. EBITDA margin for the OWS segment in YTD 2021 was 25% (31%). The decrease in EBITDA is a result of the lower activity in Europe due to COVID-19 and lower profitability in Norway.

EBIT for the OWS segment in YTD 2021 was USD 3 million (USD 5 million).

Environmental, social responsibility and governance (ESG)

Odfjell Drilling's ESG strategy is divided into the focus areas: Environmental Impact; People & Safety; and Ethics & Governance. For a full presentation of the strategy, and the material and important topics within each focus area, reference is made to the 2020 Sustainability Report published on <https://www.odfjelldrilling.com/Investor-relations/Presentations/>. Please see a status update for Q3 2021 on all focus areas below.

Environmental Impact: MODU energy management systems subject to audit in Q3 2021. Feedback shows that MODU has identified and is implementing efficient emission reducing initiatives without compromising safety or efficiency in operation. To increase knowledge about the group's ESG efforts, a virtual presentation available for all employees to attend was held, presenting the ESG strategy, the "zero emission drilling" concept, Energy's new business ventures and Odfjell Oceanwind.

People & Safety: Earlier in 2021, offshore crews were encouraged to report one safe card per person per day with the objective to catch an unsafe act or condition before escalation, and at the same time catch safe acts and conditions. We can see that good reporting culture is a material contributor to positive HSE trends. The Clair Ridge Alliance Team was shortlisted as a finalist in the prestigious OGUK Awards, a

strong testament to the efforts of everyone involved. Continued focus on returning-to-office policies, with online courses for leaders to help prepare for “how to mentally bring employees back to the office”.

Ethics & Governance: Odfjell Drilling's cyber security efforts in Q3 included a new online Cyber Security Awareness course, providing best practice guidance for end users' awareness of cyber security where they are taught about common threats and how to avoid or mitigate them. KPMG has been appointed as the new auditor of Odfjell Drilling Ltd. in an extraordinary general meeting on 21 September 2021.

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.

There is currently a strong focus on alternative energy sources and the overall future mix of energy. The transition into greener energy sources is expected to impact the energy market in the coming decades, however the need for continued exploration and production of oil and gas is viewed as vital to bridge the increasing energy demand as new energy sources take time to implement.

The general situation for the global offshore industry is still challenging with a substantial oversupply. We observe that several of the global offshore drilling contractors are or have recently completed restructuring processes. We believe several players in the offshore drilling industry will seek to consolidate in the short to medium 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 triggers increased activity over the next few years.

Deepsea Stavanger completed its operations with Aker BP in the beginning of July and thereafter started its 3 well contract with Lundin on 7 July. This contract was concluded end of October and the rig then returned for a final well with Aker BP which was finalized on 8 November. The rig will continue on a 4 well program under the Master Frame Agreement with Equinor expected to commence in January 2022.

Deepsea Atlantic is currently operating for Equinor under the Master Frame Agreement with firm operations throughout 2021. We expect the rig to commence the Johan Sverdrup phase 2 drilling campaign back to back with current operations in early 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.

Deepsea Nordkapp commenced operations for Aker BP under the Alliance agreement on 10 May 2019. In March 2021, Aker BP exercised the second option of the contract extending firm scope to June 2023. In addition, Deepsea Nordkapp 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, particularly in some of the regional markets.

Lastly, the market for our Energy service activities has been stable over the last decade. We have established a strong presence within Platform Drilling in the North Sea with efficient operations and strong client relationships, which we expect to capitalise on further. Additionally, we are positioning for new service areas with the intention of expanding the Energy service portfolio.

Risks and uncertainties

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, global political changes regarding energy composition, 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. Additionally, any unforeseen consequences of COVID-19 and other future pandemics may impact the financial result.

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 still challenging and future funding sources may be restricted.

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).....	1.6	1,5
Total recordable incident frequency (as per 1 million working hours).....	2.5	4,7
Sick leave (percentage).....	4.1	3,0
Dropped objects frequency (as per 1 million working hours).....	2.9	4,8
Number of employees.....	2 916	2 628

Aberdeen, United Kingdom
24 November 2021

Board of Directors of Odfjell Drilling Ltd.

Helene Odfjell, Chairperson 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 (firm backlog) 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. The calculation does not include any recognised incentive payments.

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

Odfjell Drilling Ltd.

Condensed Consolidated
Financial Statements

3rd quarter of 2021

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements for the interim period ending 30 September 2021

Condensed Consolidated Income Statement

USD thousands	Note	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Operating revenue	2,3	227,018	210,371	641,982	574,319	929,739
Other gains and losses		366	169	533	1,015	2,531
Personnel expenses		(99,149)	(89,826)	(300,545)	(228,595)	(340,303)
Other operating expenses		(39,817)	(33,700)	(123,776)	(96,961)	(171,563)
EBITDA		88,418	87,014	218,194	249,777	420,403
Depreciation, amortisation and impairment	5,6,7	(45,505)	(48,665)	(135,552)	(160,012)	(203,962)
Operating profit (EBIT)		42,913	38,349	82,643	89,766	216,441
Share of profit (loss) from joint ventures and associates		(103)	-	(227)	-	-
Net financial items	14	(11,635)	(18,371)	(33,283)	(50,772)	(70,798)
Profit (loss) before tax		31,175	19,978	49,133	38,994	145,643
Income tax expense		(676)	(816)	(2,914)	(3,354)	(2,339)
Net profit (loss)		30,499	19,161	46,219	35,640	143,304
Profit (loss) attributable to:						
Non-controlling interests		-	-	(531)	-	(73)
Owners of the parent		30,499	19,161	46,750	35,640	143,377
Earnings per share (USD)						
Basic earnings per share	10	0.12	0.07	0.17	0.12	0.57
Diluted earnings per share	10	0.12	0.07	0.17	0.12	0.57

Condensed Consolidated Statement of Comprehensive Income

USD thousands	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Net profit (loss)	30,499	19,161	46,219	35,640	143,304
Items that will not be reclassified to profit or loss:					
Actuarial gain (loss) on post employment benefit obligations	(119)	(175)	(119)	(2,886)	(2,039)
Items that are or may be reclassified to profit or loss:					
Cash flow hedges	(159)	287	892	(13,618)	(7,303)
Currency translation differences	(2,997)	4,678	(3,268)	(7,742)	4,837
Other comprehensive income, net of taxes	(3,274)	4,790	(2,495)	(24,246)	(4,504)
Total comprehensive income	27,225	23,952	43,724	11,394	138,799
Total comprehensive income attributable to:					
Non-controlling interests	-	-	(524)	-	(21)
Owners of the parent	27,225	23,952	44,247	11,394	138,820

Unaudited

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements for the interim period ending 30 September 2021

Condensed Consolidated Statement of Financial Position

USD thousands	Note	30.09.2021	30.09.2020	31.12.2020
Assets				
Deferred tax asset		1,055	754	1,040
Intangible assets	5	28,110	26,563	28,892
Property, plant and equipment	6,7	2,137,272	2,206,283	2,203,387
Financial non-current assets	4	6,106	2,478	2,588
Total non-current assets		2,172,543	2,236,078	2,235,908
Trade receivables		170,037	153,913	161,889
Contract assets		11,274	9,171	9,898
Other current assets	4	27,479	61,379	25,900
Cash and cash equivalents		135,043	148,603	206,895
Total current assets		343,834	373,066	404,583
Total assets		2,516,377	2,609,144	2,640,491
Equity and liabilities				
Paid-in capital	13	564,959	564,959	564,959
Other equity		675,438	507,192	632,909
Equity attributable to owners of the parent		1,240,397	1,072,151	1,197,868
Non-controlling interests		-	549	636
Total equity		1,240,397	1,072,700	1,198,503
Non-current interest-bearing borrowings	11	925,528	1,094,799	695,792
Non-current lease liabilities	7	38,008	34,419	36,920
Post-employment benefits		5,787	6,254	6,902
Deferred tax liability		-	-	-
Non-current contract liabilities		5,836	2,941	3,688
Other non-current liabilities	4	7,829	15,632	16,623
Total non-current liabilities		982,988	1,154,046	759,925
Current interest-bearing borrowings	11	156,990	183,640	515,799
Current lease liabilities	7	7,690	6,904	7,633
Contract liabilities		20,482	83,370	14,003
Trade payables		37,943	41,000	52,667
Other current liabilities	4	69,887	67,485	91,961
Total current liabilities		292,992	382,399	682,063
Total liabilities		1,275,980	1,536,444	1,441,987
Total equity and liabilities		2,516,377	2,609,144	2,640,491

Unaudited

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements for the interim period ending 30 September 2021

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	-	35,640	35,640	29,516	6,123	-	35,640
Other comprehensive income for the period	-	(24,246)	(24,246)	(24,246)	-	-	(24,246)
Total comprehensive income for the period	-	11,394	11,394	5,270	6,123	-	11,394
Dividend to preference shareholders	-	(2,017)	(2,017)	-	(2,017)	-	(2,017)
Non-controlling interest on acquisition of a subsidiary	-	-	-	-	-	549	549
Cost of Share-option plan	-	396	396	396	-	-	396
Transactions with owners	-	(1,621)	(1,621)	396	(2,017)	549	(1,072)
Balance at 30 September 2020	564,959	507,192	1,072,151	986,927	85,224	549	1,072,700
Total comprehensive income for the period Q4	-	127,427	127,427	125,337	2,090	(21)	127,406
Transactions with owners for the period Q4	-	(1,710)	(1,710)	380	(2,090)	108	(1,602)
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	-	46,750	46,750	40,322	6,428	(531)	46,219
Other comprehensive income for the period	-	(2,502)	(2,502)	(2,502)	-	7	(2,495)
Total comprehensive income for the period	-	44,247	44,247	37,820	6,428	(524)	43,724
Dividend to preference shareholders	-	(2,113)	(2,113)	-	(2,113)	-	(2,113)
Loss of control of a subsidiary	-	-	-	-	-	(112)	(112)
Cost of Share-option plan	-	395	395	395	-	-	395
Transactions with owners	-	(1,718)	(1,718)	395	(2,113)	(112)	(1,830)
Balance at 30 September 2021	564,959	675,438	1,240,397	1,150,858	89,539	-	1,240,397

Unaudited

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements for the interim period ending 30 September 2021

Condensed Consolidated Statement of Cash Flows

USD thousands	Note	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Cash flows from operating activities:						
Profit/(loss) before tax		31,175	19,978	49,133	38,994	145,643
Adjustment for provisions and other non-cash elements		57,820	65,687	171,143	199,246	266,518
Changes in working capital		(17,735)	(15,136)	(33,268)	3,845	3,424
Cash generated from operations		71,260	70,528	187,008	242,085	415,584
Net interest paid		(10,900)	(13,853)	(37,603)	(51,166)	(66,648)
Net income tax paid		(244)	(870)	(1,628)	(2,471)	(3,194)
Net cash flow from operating activities		60,116	55,806	147,777	188,448	345,743
Cash flows from investing activities:						
Purchase of property, plant and equipment	5,6	(17,143)	(20,406)	(79,162)	(81,500)	(114,047)
Proceeds from sale of property, plant and equipment		224	144	875	1,621	3,130
Other non-current receivables		(147)	(2,352)	48	(2,351)	(2,461)
Cash used in obtaining control of subsidiaries		-	(100)	-	(100)	(100)
Proceeds from transactions with non-controlling interests		-	-	-	-	355
Cash flows from losing control of subsidiaries		-	-	(487)	-	-
Net cash flow from investing activities		(17,066)	(22,714)	(78,725)	(82,330)	(113,123)
Cash flows from financing activities:						
Net (payments)/proceeds from borrowings	11	(2,133)	-	(2,133)	25,000	25,000
Repayment of borrowings	11	(41,053)	(39,053)	(129,158)	(141,158)	(208,211)
Repayment of lease liabilities	7	(775)	(1,517)	(4,737)	(4,416)	(5,822)
Dividends paid to preference shareholders		-	-	(2,113)	(2,017)	(4,107)
Net cash flow from financing activities		(43,961)	(40,570)	(138,142)	(122,591)	(193,139)
Effects of exchange rate changes on cash and cash equivalents		(1,423)	2,574	(2,762)	(4,619)	(2,279)
Net increase (decrease) in cash and cash equivalents		(2,334)	(4,904)	(71,852)	(21,092)	37,201
Cash and cash equivalents at beginning of period		137,377	153,507	206,895	169,694	169,694
Cash and cash equivalents at period end		135,043	148,603	135,043	148,603	206,895

Unaudited

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 24 November 2021 and have not been audited.

Basis for preparation

These condensed interim financial statements for the nine months period ended 30 September 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, global political changes regarding energy composition, competition within the oil and gas services industry, changes in clients' spending budgets and developments in the financial and fiscal markets.

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 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.

Odfjell Drilling Ltd.

Condensed Consolidated Financial Statements for the interim period ending 30 September 2021

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.

USD thousands	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Eliminations		Consolidated	
	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20
External segment revenue	153,339	151,066	51,012	40,142	18,789	17,478	3,878	1,685	227,018	210,371
Inter segment revenue	-	-	4,600	2,223	9,387	6,671	(13,987)	(8,894)	-	-
Total revenue	153,339	151,066	55,612	42,365	28,176	24,149	(10,109)	(7,209)	227,018	210,371
EBITDA	77,973	75,792	4,158	4,537	7,860	7,575	(1,573)	(891)	88,418	87,014
Depreciation and impairment	(37,167)	(39,847)	(19)	(25)	(5,839)	(6,428)	(2,480)	(2,365)	(45,505)	(48,665)
EBIT	40,805	35,945	4,140	4,512	2,021	1,147	(4,053)	(3,255)	42,913	38,349
Share of profit (loss) from joint ventures and associates									(103)	-
Net financial items									(11,635)	(18,371)
Profit / (loss) before tax - Consolidated Group									31,175	19,978

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Odfjell Drilling Ltd.

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Note 2 | Segment summary - cont.

	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Eliminations		Consolidated	
	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20
	External segment revenue	428,084	411,741	142,423	99,538	61,054	57,864	10,421	5,175	641,982
Inter segment revenue	-	-	11,096	10,915	24,140	18,390	(35,237)	(29,305)	-	-
Total revenue	428,084	411,741	153,519	110,453	85,194	76,254	(24,815)	(24,129)	641,982	574,319
EBITDA	191,071	214,218	7,849	11,706	21,250	23,374	(1,976)	479	218,194	249,777
Depreciation and impairment	(110,060)	(134,650)	(63)	(79)	(18,063)	(18,634)	(7,366)	(6,649)	(135,552)	(160,012)
EBIT	81,011	79,569	7,786	11,627	3,187	4,740	(9,342)	(6,170)	82,643	89,766
Share of profit (loss) from joint ventures and associates									(227)	-
Net financial items									(33,283)	(50,772)
Profit / (loss) before tax - Consolidated Group									49,133	38,994

USD thousands	Mobile Offshore Drilling Units	Energy	Well Services	Corporate / Eliminations	Consolidated
	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

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Odfjell Drilling Ltd.

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Note 3 | Revenue

USD thousands	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Revenue from contracts with customers	220,672	203,324	623,832	552,851	901,117
Other operating revenue	6,346	7,047	18,150	21,468	28,622
Operating revenue	227,018	210,371	641,982	574,319	929,739

Disaggregation of revenue - Primary geographical markets

USD thousands	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Elimination		Consolidated	
	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20
Norway	153,339	78,030	36,967	29,089	15,450	12,972	(8,527)	(5,033)	197,229	115,057
UK	-	38,896	18,645	13,277	2,847	2,345	(1,582)	(750)	19,910	53,768
Europe - other countries	-	-	-	-	2,778	3,042	-	-	2,778	3,042
Asia	-	-	-	-	7,020	3,827	-	151	7,020	3,978
Africa	-	34,140	-	-	-	1,893	-	(1,577)	-	34,455
Other geographical markets	-	-	-	-	81	71	-	-	81	71
Total operating revenue	153,339	151,066	55,612	42,365	28,176	24,149	(10,109)	(7,209)	227,018	210,371

USD thousands	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Elimination		Consolidated	
	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20	YTD 21	YTD 20
Norway	428,084	270,095	107,103	71,569	47,874	40,482	(22,117)	(20,307)	560,944	361,839
UK	-	107,198	46,416	38,885	7,083	6,545	(2,698)	(2,295)	50,801	150,332
Europe - other countries	-	-	-	-	9,508	12,290	-	-	9,508	12,290
Asia	-	308	-	-	20,368	14,435	-	50	20,368	14,793
Africa	-	34,140	-	-	148	2,310	-	(1,577)	148	34,872
Other geographical markets	-	-	-	-	213	193	-	-	212	193
Total operating revenue	428,084	411,741	153,519	110,453	85,194	76,254	(24,815)	(24,129)	641,982	574,319

USD thousands	Mobile Offshore Drilling Units		Energy		Well Services		Corporate / Elimination		Consolidated	
	FY 20	FY 20	FY 20	FY 20	FY 20	FY 20	FY 20	FY 20	FY 20	FY 20
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	-

Unaudited

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 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 had limited financial impact due to the COVID-19 outbreak as all business areas acted quickly to implement required routines and procedures to limit the spread of the virus. The Group will continue to monitor the situation and take actions as required and recommended by local authorities. Any unforeseen consequences of COVID-19 and other future pandemics may impact the financial result.

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. Refer to Note 12 regarding notice of decision received 1 October 2021 from HM Revenue and Customs. The Group has per 30 September 2021 not received any other formal material assessment which is not disclosed in the financial statements. However, there might be a risk of demand for payment from relevant authorities during such processes, even if the final conclusion is in the Groups favour. Refer to annual report for the year ended 31 December 2020, Note 10 and Note 28, 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.

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

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.

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

USD thousands	Level	30.09.2021	30.09.2020	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	2,677	-	-
- Foreign exchange forward contracts - Other current assets	2	-	-	1,360
Derivatives designated as hedging instruments				
- Foreign exchange forward contracts - Other current assets	2	1,597	-	4,366
Debt instruments at amortised cost				
- Other non-current receivables		3,429	2,478	2,588
- Trade and other current receivables		183,267	172,447	173,482
Total financial assets		190,971	174,926	181,796

USD thousands	Level	30.09.2021	30.09.2020	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	-	1,527	828
- Foreign exchange forward contracts - Other current liabilities	2	-	43	-
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current liabilities	2	6,239	12,088	10,545
- Foreign exchange forward contracts - Other current liabilities	2	-	406	-
Warrant liabilities - Other non-current liabilities	3	1,590	2,230	5,250
Financial liabilities at amortised cost				
- Other non-current payables		-	36	-
- Non-current lease liabilities		38,008	34,419	36,920
- Current lease liabilities		7,690	6,904	7,633
- Trade and other payables		91,960	107,178	119,186
- Non-current interest-bearing borrowings		925,528	1,094,799	695,792
- Current interest-bearing borrowings		156,990	183,640	515,799
Total financial liabilities		1,228,004	1,443,021	1,391,953

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

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.

Valuation techniques used to derive Level 3 fair values

Warrant liabilities are Level 3 derivatives held at fair value through profit or loss. The Company has calculated fair value of the warrant liability using a modelling technique with Monte Carlo simulation together with judgement regarding modelling assumptions. No changes have been made in 2021 related to the warrant agreements, nor to the modelling technique used to calculate fair value. Changes in book value relate to fair value changes.

Fair value of financial liabilities measured at amortised cost

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

	30.09.2021	30.09.2020	31.12.2020
Non-current	925,528	1,094,799	695,792
Current	156,990	183,640	515,799
Total	1,082,518	1,278,439	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

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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	-	3,945	3,945
Disposal due to loss of control of subsidiary	(793)	-	(793)
Amortisation	-	(3,245)	(3,245)
Currency translation differences	(481)	(208)	(690)
Closing net book amount as at 30 September 2021	18,466	9,644	28,110
Opening net book amount as at 1 January 2020	18,443	11,235	29,678
Additions	-	830	830
Acquisition of subsidiary	680	-	680
Amortisation	-	(2,613)	(2,613)
Currency translation differences	(1,341)	(671)	(2,012)
Closing net book amount as at 30 September 2020	17,782	8,781	26,563

Disposal due to loss of control of subsidiary relates to investment in Odfjell Oceanwind AS. Due to capital contributions from other investors, the Group's financial interest has been reduced to about 18%. Odfjell Oceanwind AS is now classified as a joint venture, and is accounted for using the equity method from May 2021.

Impairment tests for goodwill

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Odfjell Drilling has not identified any impairment indicators as at 30 September 2021.

Odfjell Drilling Ltd.

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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	38,545	11,538	9,497	1,458	7,085	68,123
Disposals	(132)	-	(490)	(0)	-	(622)
Depreciation	(84,191)	(25,566)	(16,361)	(920)	(5,268)	(132,306)
Currency translation differences	-	-	(24)	(102)	(1,185)	(1,311)
Net book amount as at 30 September 2021	1,919,793	109,600	61,347	3,323	43,209	2,137,272
Opening net book amount as at 1 January 2020	2,050,569	106,666	74,363	3,357	45,911	2,280,867
Additions	22,788	46,480	14,864	340	2,140	86,612
Disposals	(55)	-	(451)	(101)	-	(606)
Depreciation	(99,221)	(35,187)	(16,973)	(851)	(5,167)	(157,399)
Currency translation differences	-	-	(49)	(67)	(3,076)	(3,191)
Net book amount as at 30 September 2020	1,974,082	117,959	71,755	2,679	39,809	2,206,283
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.

Impairment of property, plant and equipment

Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceed the recoverable amount. Mobile drilling units impaired in previous periods, are assessed for reversal of the impairment whenever there are indicators that the impairment loss previously recognised no longer exist or has decreased.

Odfjell Drilling has not identified any impairment indicators, nor any indicators for reversal of impairment as at 30 September 2021.

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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	7,085	-	7,085
Depreciation	(5,268)	-	(5,268)
Currency translation differences	(1,185)	-	(1,185)
Net book amount as at 30 September 2021	43,209	-	43,209

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	2,141	0	2,141
Depreciation	(4,880)	(287)	(5,167)
Currency translation differences	(3,045)	(31)	(3,077)
Net book amount as at 30 September 2020	39,745	64	39,809

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	30.09.2021	30.09.2020	31.12.2020
Non-current	38,008	34,419	36,920
Current	7,690	6,904	7,633
Total	45,698	41,324	44,553

Movements in non-current lease liabilities are analysed as follows:

USD thousands	30.09.2021	30.09.2020	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	7,085	2,140	2,616
Interest expense on lease liabilities	1,912	1,788	2,396
Reclassified to current portion of lease liabilities	(6,880)	(5,729)	(7,854)
Currency exchange differences	(1,029)	(2,681)	859
Carrying amount as at end of period	38,008	34,419	36,920

Movements in current lease liabilities are analysed as follows:

USD thousands	30.09.2021	30.09.2020	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	(4,737)	(4,416)	(5,822)
Payments for the interest portion of the lease liability	(1,868)	(1,716)	(2,379)
Non-cash flows:			
Reclassified from non-current portion of lease liabilities	6,880	5,729	7,854
Currency exchange differences	(218)	(450)	223
Carrying amount as at end of period	7,690	6,904	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	30.09.2021	30.09.2020	31.12.2020
Rig investments	12,988	17,107	31,644
Rental and casing equipment	20,325	3,244	2,811
Total	33,313	20,351	34,456

Note 9 | Paid dividends and acquisition of own shares

The Group paid cash dividends of USD 2.1 million in Q2 2021 to the holders of the preference shares. Refer to Note 13 for more information about the preference shares.

The Group has not acquired any of its own shares in the interim period ending 30 September 2021.

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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	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Profit/(loss) due to owners of the parent	30,499	19,161	46,750	35,640	143,377
Adjustment for dividends on preference shares	(2,201)	(2,090)	(6,428)	(6,123)	(8,213)
Profit/(loss) for the period due to holders of common shares	28,298	17,072	40,322	29,516	135,164
Adjustment related to warrants and share option plan	-	-	-	-	-
Diluted profit/(loss) for the period due to the holders of common shares	28,298	17,072	40,322	29,516	135,164
	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Weighted average number of common shares in issue	236,783,202	236,783,202	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	236,783,202	236,783,202
	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Basic earnings per share	0.12	0.07	0.17	0.12	0.57
Diluted earnings per share	0.12	0.07	0.17	0.12	0.57

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Note 11 | Interest-bearing borrowings

USD thousands	30.09.2021	30.09.2020	31.12.2020
Non-current	925,528	1,094,799	695,792
Current	156,990	183,640	515,799
Total	1,082,518	1,278,439	1,211,591

Movements in non-current borrowings are analysed as follows:

USD thousands	30.09.2021	30.09.2020	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
Paid transaction costs related to amendments and new loan	(2,133)	-	-
Non-cash flows:			
Reclassified from / (to) current borrowings	230,976	(107,864)	(508,226)
Change in transaction cost, unamortised	893	3,781	5,136
Carrying amount as at end of period	925,528	1,094,799	695,792

Movements in current borrowings are analysed as follows:

USD thousands	30.09.2021	30.09.2020	31.12.2020
Carrying amount as at 1 January	515,799	216,581	216,581
Cash flows:			
Repayment bank loan	(129,158)	(141,158)	(208,211)
Non-cash flows:			
Reclassified from / (to) non-current borrowings	(230,976)	107,864	508,226
Change in transaction cost, unamortised	769	164	164
Change in accrued interest cost	555	189	(960)
Carrying amount as at end of period	156,990	183,640	515,799

Od fjell Drilling Ltd.

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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.

USD thousands	30.09.2021	30.09.2020	31.12.2020
Maturity within 3 months	47,053	67,053	21,053
Maturity between 3 and 6 months	26,053	21,053	67,053
Maturity between 6 and 9 months	52,053	67,053	21,053
Maturity between 9 months and 1 year	26,053	21,053	402,053
Maturity between 1 and 2 years	271,211	465,211	84,211
Maturity between 2 and 3 years	667,269	84,211	263,816
Maturity between 3 and 4 years	-	559,214	358,826
Maturity between 4 and 5 years	-	-	-
Maturity beyond 5 years	-	-	-
Total contractual amounts	1,089,690	1,284,845	1,218,063

Refinancing

30 June 2021, the Group entered into agreements for a refinancing related to its 2021 debt maturities, as further described below.

This refinancing was accounted for as modifications of the original financial liabilities and the carrying amounts were recalculated in accordance with IFRS 9, resulting in a net modification gain being recognised as finance cost in YTD 2021.

The Od fjell Rig III Ltd. facility

The Deepsea Aberdeen facility, with USD 211 million outstanding as at 30 June 2021 across two export credit tranches and one commercial tranche, was extended on the existing terms. The final maturity was adjusted to ultimo May 2024. The outstanding amount at maturity will be USD 55 million.

The Od fjell Drilling Services Ltd. facility

The Od fjell Drilling Services Ltd facility with USD 170 million outstanding as at 30 June 2021 was extended to ultimo June 2023. USD 20 million, repayable in November 2021 prior to amendment, was repaid 2 July 2021. 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.

Refer to Note 4 for further information regarding liquidity risk.

Available drawing facilities

The group has no available undrawn facilities as per 30 September 2021.

Covenants

The Group is compliant with all financial covenants as at 30 September 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.

As reported in the annual report for the year ended 31 December 2020, Note 28, a Group subsidiary is subject to challenges by HM Revenue and Customs ("HMRC") on the historical application of National Insurance Contributions ("NICs") to workers in the UK Continental Shelf. 1 October 2021, a decision was issued by HMRC against Odfjell Drilling (UK) Ltd ("OD UK") in respect of the historic application of NICs. OD UK has appealed against the decision and no payment has been made to HMRC pending the outcome of the first level appeal. A final verdict is not expected in the short to medium term. Management, taking into consideration advice from independent legal and tax specialists, believes that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and accordingly, no provision has been recognised. The potential exposure to OD UK in relation to NICs and interest should it be unsuccessful in defending its position is approximately USD 30 million.

There are no other material contingencies to be disclosed as per 30 September 2021.

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Note 13 | Equity & shareholder information

	No. of shares	Nominal value	Share capital USD thousands
Listed shares			
Common shares issued as at 30 September 2021	236,783,202	USD 0.01	2,368
Preference shares			
Total issued preference shares as at 30 September 2021	16,123,125	USD 0.01	161

Preferred payment in kind dividend

At 30 June 2021 preferred payment in kind dividend of USD 2.1 million was capitalised, increasing the accrued preference capital balance to USD 87 million.

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

Largest common shareholders at 30 September 2021	Account type	Holding	% of shares
Odfjell Partners Ltd.	Ordinary	142,847,791	60.33%
J.P.Morgan Securities PLC	Nominee	13,615,961	5.75%
The Bank of New York Mellon SA/NV	Nominee	8,125,108	3.43%
Brown Brothers Harriman & Co.	Nominee	3,848,024	1.63%
BNP Paribas Securities Services	Nominee	3,645,850	1.54%
The Bank of New York Mellon SA/NV	Nominee	2,565,436	1.08%
Brown Brothers Harriman & Co.	Nominee	2,493,882	1.05%
State Street Bank and Trust Co.	Nominee	2,112,556	0.89%
State Street Bank and Trust Co.	Nominee	1,977,469	0.84%
Citibank N.A.	Nominee	1,952,021	0.82%
Cape Invest AS	Ordinary	1,837,000	0.78%
Brown Brothers Harriman & Co.	Nominee	1,814,380	0.77%
Brown Brothers Harriman & Co.	Nominee	1,628,000	0.69%
The Northern Trust Comp, London Br	Nominee	1,603,742	0.68%
The Bank of New York Mellon SA/NV	Nominee	1,198,483	0.51%
Nordnet Livsforsikring AS	Ordinary	933,502	0.39%
Brown Brothers Harriman & Co.	Nominee	928,656	0.39%
Ulsmo Finans AS	Ordinary	880,000	0.37%
Morgan Stanley & Co. LLC	Ordinary	872,841	0.37%
Morgan Stanley & Co. International	Ordinary	728,277	0.31%
Total 20 largest common shareholders		195,608,979	82.61%
Other common shareholders		41,174,223	17.39%
Total common shareholders		236,783,202	100.00%

Odfjell Drilling Ltd.

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Note 14 | Net financial items

USD thousands	Note	Q3 21	Q3 20	YTD 21	YTD 20	FY 20
Interest income		14	67	115	657	635
Interest expense lease liabilities	7	(653)	(610)	(1,912)	(1,788)	(2,396)
Other interest expenses		(11,489)	(14,504)	(36,411)	(50,429)	(64,145)
Other borrowing expenses (*)		(1,667)	(1,349)	(1,663)	(3,945)	(5,300)
Change in fair value of derivatives (**)		1,911	868	5,805	5,608	4,440
Net currency gain/(loss)		269	(2,299)	618	(134)	(2,830)
Other financial items		(20)	(545)	165	(740)	(1,202)
Net financial items		(11,635)	(18,371)	(33,283)	(50,772)	(70,798)

(*) Including recognised modification gain and loss related to the extension and amendment to the Odfjell Rig III Ltd. facility and the Odfjell Drilling Services Ltd. facility, as a result of recalculating amortised cost according to IFRS 9.

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

Note 15 | Related-party transactions

Odfjell Drilling Ltd., is controlled by Odfjell Partners Ltd., which owns 60.33% 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 30 September 2021.

Thomas Marsoner (Director) controls 20,000 (0.01%) of the common shares in the company as per 30 September 2021.

Simen Lieungh (CEO, Odfjell Drilling AS) controls 104,590 (0.04%) of the common shares in the company as per 30 September 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 (related to main shareholder). Reported lease liability to Kokstad Holding AS as at 30 September 2021 is USD 40 million, while payments in Q3 2021 and YTD 2021 amounts to USD 0.2 million and USD 4.6 million respectively.

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

Note 16 - Important events occurring after the reporting period

Refer to Note 12 for information regarding notice of decision from HRMC received 1 October 2021.

There have been no other events after the balance sheet date with material effect on the quarterly financial statements ended 30 September 2021.