



Report for the 2nd quarter and 1st half of 2022

ODFJELL DRILLING LTD.



ODFJELL DRILLING

HIGHLIGHTS

Odfjell Drilling: chosen for experience and expertise



Fleet of **8** sixth generation drilling units

- ✓ Efficient, high specification, harsh environment semi-submersible drilling units with deepwater and ultra-deepwater capabilities
- ✓ Own fleet of 4 units - operates drilling units owned by Odfjell Drilling
- ✓ External fleet of 4 units - management services to other owners of drilling units



1200 employees

- ✓ Odfjell Drilling is a people company with 1,200 valued employees. We believe in investing in the competency and development of our people.



Zero emissions ambition

- ✓ By 2026, Odfjell Drilling has the ambition of reducing our carbon emissions by 40%, 70% by 2035 and becoming a net zero emission company by the year 2050.

**50 years of drilling
industry experience,
delivering operational
excellence and expertise
in some of the most
challenging offshore
conditions**

KEY FINANCIALS Q2 2022

USD 163m

Revenue

2.5

Leverage ratio (adj)

USD 79m

EBITDA

USD 144m

Cash and cash equivalents

56%

Equity ratio

USD 1.9b

Backlog



ODFJELL DRILLING

Key figures for the Group

All figures in USD million	Q2 22	Q2 21*	YTD 22	YTD 21*	FY 21*
Operating revenue	163	161	318	275	572
EBITDA	79	75	147	111	258
EBIT	36	37	64	36	107
Net profit (loss)	22	25	42	12	61
EBITDA margin	48%	47%	46%	40%	45%
Total assets			2,267	2,553	2,515
Net interest bearing debt			677	986	863
Equity			1,260	1,213	1,268
Equity ratio			56%	48%	50%

* Profit or loss figures for continuing operations

- Operating revenue of USD 163 million compared to USD 161 million in Q2 2021.
- EBITDA of USD 79 million compared to USD 75 million in Q2 2021.
- EBITDA margin of 48% compared to an EBITDA margin of 47% in Q2 2021.
- Odfjell Drilling's contract backlog is USD 1.9 billion, whereof USD 1.4 billion is firm backlog.

Segments

Own fleet

- Operating revenue of USD 145 million compared to USD 147 million in Q2 2021.
- EBITDA of USD 79 million compared to USD 76 million in Q2 2021.
- EBITDA margin of 54% compared to an EBITDA margin of 52% in Q2 2021.

External fleet

- Operating revenue of USD 17 million compared to USD 13 million in Q2 2021.
- EBITDA of USD 2 million compared to USD 1 million in Q2 2021.
- EBITDA margin of 13% compared to an EBITDA margin of 8% in Q2 2021.

Spin-off of Odfjell Technology Ltd

In March, Odfjell Drilling successfully spun off and listed Odfjell Technology Ltd as a separate entity. The shares in Odfjell Technology were distributed to the shareholders of Odfjell Drilling and were

listed on the Oslo Stock Exchange 29 March 2022.

In combination with the spin-off, the Odfjell Drilling Services USD 150 million debt facility was repaid.

Following the spin-off of Odfjell Technology, Odfjell Drilling is now a pure-play drilling company.

Refer to the financial review and Note 2 Discontinued operations for further information.

Highlights Q2 2022

Signed management agreement for West Hercules

In May Odfjell Drilling agreed with SFL Corporation Ltd ("SFL") to provide marketing and management services for the harsh environment semisubmersible

drilling rig West Hercules. The agreement is based on terms and conditions customary for this type of agreement. The rig is currently employed on a contract with an oil major in Canada until the fourth quarter of 2022, thereafter the rig will return to Norway to complete a five yearly

special periodic survey ("SPS"). Odfjell Drilling will take over as manager of West Hercules as soon as the rig returns from Canada. In order to secure work for West Hercules once the SPS is completed, Odfjell Drilling have started operational preparations and marketing of the rig.

More firm work added to contract backlog

On May 13 2022, Equinor exercised further work for Deepsea Stavanger under the continued optionality mechanism.

Events occurring after the reporting period

In July, Equinor exercised further work for Deepsea Stavanger under the continued optionality mechanism provided for in the contract entered into by the parties in May 2021. Following these additions in July, the firm scope for Deepsea Stavanger is expected to occupy the rig into Q3 2023. Equinor has the opportunity to exercise further wells under the continued optionality mechanism. The day rate is

similar to the current contract up to 1st May 2023 from which time there is an increase if certain CO2 targets have been achieved. A notable performance incentive rate shall apply in addition when wells are delivered safely and ahead of target. Integrated services are provided through the contract and compensated separately.

On 24 August, Deepsea Stavanger was awarded a five-year firm contract with Aker

BP ASA for drilling programs scheduled to commence early 2025. The day rates for the contract will be market based, within a pre-agreed range. Day rate to be set by two brokers nine months prior to each calendar year. The base contract value is in the range of USD 620 million to USD 730 million, where the ceiling of the day rate range shall be adjusted based on an inflation adjustment formula starting from

June 2023. In addition to the market based day rates, Aker BP shall pay performance and fuel savings incentive bonuses.

On 25 August 2022 Deepsea Bollsta (External Fleet) secured work with Shell in Namibia. The contract is expected to commence in the middle of Q4 2022 and has an estimated firm duration of twelve months plus one six-month option.

Financial review – operations

Consolidated group financials

(Comparable figures for last comparable period in brackets)

In March, Odfjell Drilling successfully listed Odfjell Technology Ltd as a separate entity and the shares in Odfjell Technology were distributed to the shareholders in the Company. The discontinued operations distributed consist mainly of the group's Well Services and Energy segments, as well as the ownership in Odfjell Oceanwind.

The comparative Condensed Consolidated Income Statement and Other Comprehensive Income (OCI) has been re-presented to show the discontinued operations separately from continuing operations for all periods presented.

Profit or loss Q2 2022 - Continuing operations

Operating revenue for Q2 2022 was USD 163 million (USD 161 million), an increase of USD 2 million.

EBITDA in Q2 2022 was USD 79 million (USD 75 million), an increase of USD 4 million. The EBITDA margin in Q2 2022 was 48% (47%).

Depreciation and amortisation cost in Q2 2022 was USD 43 million (USD 38 million), an increase of USD 5 million compared to Q2 2021.

EBIT in Q2 2022 was USD 36 million (USD 37 million), a decrease of USD 1 million.

Net financial expenses in Q2 2022 amounted to USD 13 million (USD 11 million), an increase of USD 2 million.

In Q2 2022, the income tax expense was USD 2 million (USD 2 million).

Net profit from continuing operations in Q2 2022 was USD 22 million (USD 25 million).

Profit or loss YTD 2022 - Continuing operations

Operating revenue for YTD 2022 was USD 318 million (USD 275 million), an increase of USD 43 million. The increase is mainly due to increased revenue in the Own Fleet segment from 2021 to 2022.

EBITDA YTD 2022 was USD 147 million (USD 111 million), an increase of USD 36 million. The EBITDA margin YTD 2022 was 46% (40%).

Depreciation and amortisation cost YTD 2022 was USD 83 million (USD 75 million), an increase of USD 8 million compared to 2021.

EBIT YTD 2022 was USD 64 million (USD 36 million), an increase of USD 28 million.

Net financial expenses YTD 2022 amounted to USD 18 million (USD 21 million), a decrease of USD 3 million.

YTD 2022, the income tax expense was USD 3 million (USD 2 million).

Net profit from continuing operations YTD 2022 was USD 42 million (USD 12 million).

Profit from discontinued operations YTD

The results of discontinued operations are presented separately from the continuing operations as a single amount of profit that amounted to USD 47 million (USD 4 million).

The profit includes the Q1 2022 results of discontinued operations until distribution, net of tax, which amounted to USD 10 million.

Furthermore, a gain of USD 37 million was recognised when distributing the

discontinued operation. The gain equals the fair value of the discontinued operation less the book value of the net assets distributed, adjusted for the cumulative foreign currency translation reserve in OCI recycled to the income statement.

Balance sheet

Total assets as at 30 June 2022 amounted to USD 2,267 million (USD 2,515 million as at 31 December 2021), a decrease of USD 248 million, mainly related to discontinued operations.

Total equity as at 30 June 2022 amounted to USD 1,260 million (USD 1,268 million as at 31 December 2021) a decrease of USD 8 million. The equity ratio was 56% as at 30 June 2022 (50% as at 31 December 2021).

Net interest bearing debt as at 30 June 2022 amounted to USD 677 million (USD 863 million as at 31 December 2021), a decrease of USD 186 million, mainly due to the net interest bearing debt within the discontinued operations.

At 30 June 2022, cash and cash equivalents amounted to USD 144 million. There has been a net negative change of USD 29 million since 31 December 2021.

Cash flow Q2 2022 - Continuing operations

Net cash flow from continuing operating activities in Q2 2022 was positive with USD 58 million (USD 36 million). The Group paid USD 11 million (USD 14 million) in interest.

Net cash outflow from investing activities in Q2 2022 was USD 6 million (USD 23 million), mainly due to purchases of fixed assets.

Net cash outflow from financing activities in Q2 2022 was USD 54 million (USD 70 million). The Group paid USD 51 million (USD 68 million) in instalments on credit

facilities and leases, and dividends of USD 2 million (USD 2 million) were paid to the preference shareholder.

Cash flow YTD 2022 - Continuing operations

Net cash flow from continuing operating activities YTD 2022 was positive with USD 121 million (USD 70 million). The Group paid USD 22 million (USD 27 million) in interest.

Net cash outflow from investing activities YTD 2022 was USD 15 million (USD 51 million), mainly due to purchases of fixed assets.

Net cash outflow from financing activities in YTD 2022 was USD 227 million (USD 93 million). In Q1 2022 the Odfjell Drilling Services USD 150 million debt facility was repaid. In addition, the Group have YTD 2022 paid USD 75 million (USD 91 million) in instalments on credit facilities and leases.

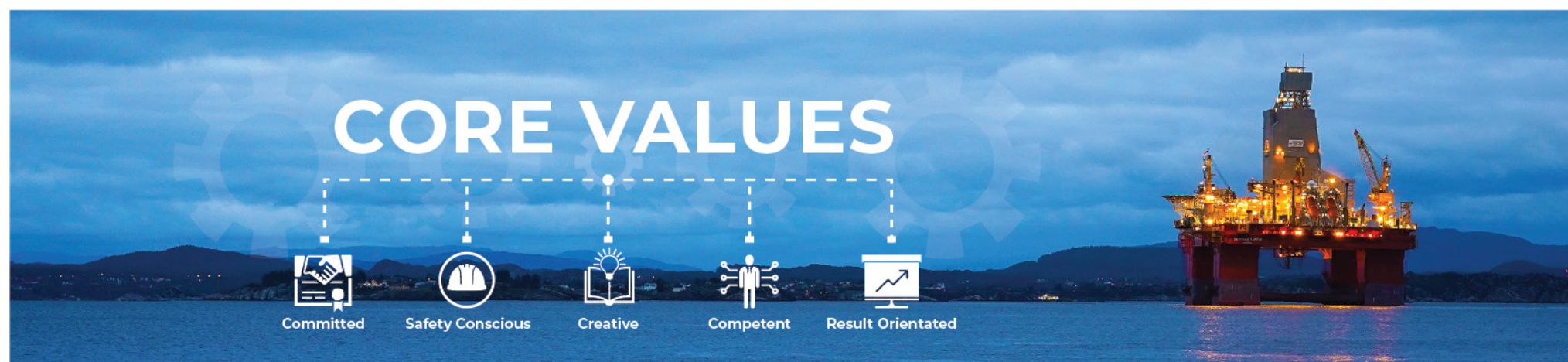
Cash flow - Discontinued operations YTD

Net cash flow from discontinued operating activities YTD 2022 was positive with USD 12 million (USD 18 million).

Net cash outflow from investing activities YTD 2022 was USD 59 million (USD 11 million). The YTD 2022 outflow was mainly related to the USD 50 million net cash disposed of at distribution of the discontinued operations.

Net cash flow from financing activities YTD 2022 was USD 146 million (outflow of USD 1 million). Proceeds from bond loan and RCF amounted to USD 147 million in 2022.

Total net cash flow from discontinued operations was USD 99 million (USD 6 million).



Segments

Own Fleet

All figures in USD million	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Operating revenue	145	147	284	249	519
EBITDA	79	76	148	112	253
EBIT	37	39	67	39	104
EBITDA margin	54%	52%	52%	45%	49%

(Comparable figures for last comparable period in brackets)

Q2 2022

Operating revenue for the Own Fleet in Q2 2022 was USD 145 million (USD 147 million), a decrease of USD 2 million.

EBITDA for the Own Fleet in Q2 2022 was USD 79 million (USD 76 million), an increase of USD 3 million, with a positive variance for Deepsea Stavanger, due to more operational days in 2022 compared to 2021, and Deepsea Nordkapp, driven by

improved operations. The increase is offset by a negative variance for Deepsea Aberdeen, due to lower daily rate in the Equinor contract compared to the bp/Wintershall rate. The EBITDA margin for the Own Fleet was 54% in Q2 2022 compared to 52% in Q1 2021.

EBIT for the Own Fleet in Q2 2022 was USD 37 million (USD 39 million), a decrease of USD 2 million.

YTD 2022

Operating revenue for the Own Fleet in YTD 2022 was USD 284 million (USD 249 million), an increase of USD 35 million. The main driver is a positive variance for Deepsea Stavanger due to idle time after the campaign for Total in South Africa during Q1 and April 2021. All revenue related to the South Africa campaign was recognized during 2020.

EBITDA for the Own Fleet in YTD 2022 was USD 148 million (USD 112 million), an increase of USD 36 million due to the positive variance for Deepsea Stavanger. The EBITDA margin for the Own Fleet was 52% in YTD 2022 compared to 45% in Q1 2021.

EBIT for the Own Fleet in YTD 2022 was USD 67 million (USD 39 million), an increase of USD 28 million.

Own Fleet - Financial utilisation

The financial utilisation for Odfjell Drilling's fully owned mobile offshore drilling units was as follows:

	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Deepsea Stavanger	98.7 %	99.6 %	97.5 %	99.6 %	99.0 %
Deepsea Atlantic	98.6 %	97.8 %	97.9 %	91.9 %	95.5 %
Deepsea Aberdeen	99.5 %	98.7 %	98.7 %	98.0 %	98.8 %
Deepsea Nordkapp	99.4 %	98.7 %	99.4 %	98.6 %	98.9 %

- Deepsea Stavanger has been operating for Equinor on the NCS in Q2 2022.
- Deepsea Atlantic has been operating for Equinor on the NCS in Q2 2022.
- Deepsea Aberdeen finalized the operations and demobilisation with Wintershall on 7 May 2022 and commenced the Bredablikk contract with Equinor on 8 May 2022.
- Deepsea Nordkapp has been operating for Aker BP on the NCS in Q2 2022.

External Fleet

All figures in USD million	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Operating revenue	17	13	32	24	50
EBITDA	2	1	4	2	5
EBIT	2	1	4	2	5
EBITDA margin	13%	8%	11%	8%	10%

(Comparable figures for last comparable period in brackets)

Q2 2022

Operating revenue for the External Fleet in Q2 2022 was USD 17 million (USD 13 million), an increase of USD 4 million. The main drivers are the new additions to the fleet, Deepsea Mira, Deepsea Bollsta and Hercules. The management agreements for Deepsea Mira and Deepsea Bollsta started during Q1 2022, while Hercules started 11 May 2022.

EBITDA for the External Fleet in Q2 2022 was USD 2 million (USD 1 million), an increase of USD 1 million. Deepsea Mira and Deepsea Bollsta are in layup and the scope of the Hercules management agreement is limited until the rig returns to Norway during Q4 2022. The impact on the EBITDA level will be minor until the rigs start operations. The EBITDA margin for the External Fleet was 13% in Q2 2022 compared to 8% in Q2 2021.

EBIT for the External Fleet in Q2 2022 was USD 2 million (USD 1 million) an increase of USD 1 million compared to Q2 2022.

YTD 2022

Operating revenue for the External Fleet in YTD 2022 was USD 32 million (USD 24 million), an increase of USD 8 million. The main drivers are the new additions to the fleet, Deepsea Mira, Deepsea Bollsta and Hercules.

EBITDA for the External Fleet in YTD 2022 was USD 4 million (USD 2 million), an increase of USD 2 million compared to YTD 2021. The impact on the EBITDA level will be minor until the rigs start operations. The EBITDA margin for the External Fleet was 11% YTD 2022 compared to 8% YTD 2021.

EBIT for the External Fleet in YTD 2022 was USD 4 million (USD 2 million) an increase of USD 2 million compared to the previous year.

Environmental, social and governance

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 2021 Sustainability Report published on <https://www.odfjelldrilling.com/sustainability/>

Please see the following status update for Q2 2022 on all focus areas.

Environmental Impact:

Our “zero emission drilling” efforts are a continuous work in progress. Switching to zero emission fuels is a prerequisite for reaching zero. In Q2, Odfjell Drilling finalised feasibility studies on biofuel supporting the preliminary emission reduction estimates and identifying further potential for using 100% Hydrotreated Vegetable Oil. Full scale testing is prepared for and planned during Q3. Avoiding use of food crop-based biofuels is encouraged by the EU, and biofuel in the pilot will be based on waste oil. Please see Annual Report 2021,

page 13 for a more detailed presentation of the status of our “zero emission drilling” projects.

People & Safety:

New ISO 9001 and 14001 certificates have been issued for Odfjell Drilling, valid from 22 May 2022 until 21 May 2025. Odfjell Drilling has continued to focus on leadership development with nearly 100 offshore leaders in training in Q2.

The company continued work on the integration of human rights into our working standards, with particular focus

on working terms and conditions, and third-party suppliers of personnel. This is in order to meet new requirements under the Norwegian Transparency Act, taking effect from 1 July 2022. Human Rights principles have become standard policy in the same way QHSE principles are considered standard, through inclusion in our Risk Management Guidelines, Risk Matrix and Risk Assessment procedures.

Ethics & Governance:

Odfjell Drilling launched an updated whistleblowing portal, available from the company website and intranet.

Outlook

In the established harsh environment areas and deepwater areas globally, we see a notable increase in contracting and tender activity.

In Norway in particular, the temporary tax regime which incentivises acceleration of project sanctioning, is expected to result in a significant increase in the submission of Plans for Development and Operation

(PDOs) this year, as operators look to meet the 2022 submission deadline.

This in turn, is expected to increase demand for high spec harsh-environment drilling units for development work in Norway for the period beyond 2023, and may result in demand outpacing available supply in the years to come. Further, due to certain barriers to entering the

Norwegian market, and lack of newbuild activity, the mobilisation of incremental supply to Norway is inherently limited. Also, high specification units may leave Norway for international deepwater opportunities. We believe this combination of factors will lead to longer-term contracts and an upward pressure on dayrates in Norway.

The increased activity seen globally comes at a time of high energy prices, energy supply challenges and unprecedented cash flow generation from E&P companies. This improving demand picture in both the deepwater and harsh environment segments is encouraging for Odfjell Drilling's fleet which are deepwater and harsh environment capable.

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 Odfjell Drilling'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.

Losses incurred by many financial institutions related to previous years' volatility and company restructurings in our industry, has led many financial institutions to target a shift in focus and exposure away from rig and oil services companies. Although Odfjell Drilling has strong backlog, robust balance sheet with low leverage, and a longstanding relationship with its key lenders, the

market for rig financing remains challenging and future funding sources may be somewhat restricted.

The Group has a continuous focus on cost reductions, efficiency improvement programs and capital discipline in order to maintain its competitiveness.

Quality, health, safety & environment (QHSE)

Key figures QHSE	YTD 22*	FY 21*
Lost time incident frequency (per 1 million working hours)	0.7	1.1
Total recordable incident frequency (per 1 million working hours)	2.8	1.4
Sick leave (percentage)	5.6	4.9
Dropped objects frequency (per 1 million working hours)	4.5	1.4
Number of employees	1,227	1,135

* Continuing operations only

London, United Kingdom

29 August 2022

Board of Directors of Odfjell Drilling Ltd.

Simen Lieungh, Chair

Helene Odfjell, Director

Harald Thorstein, Director

Thomas Marsoner, Director

Condensed Consolidated Financial Statements



Condensed Consolidated Income Statement

USD thousands	Note	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
CONTINUING OPERATIONS						
Operating revenue	3,4	163,097	160,608	317,915	275,167	572,118
Other gains and losses		-	(132)	-	(132)	7,251
Personnel expenses		(50,564)	(54,621)	(104,303)	(101,293)	(199,640)
Other operating expenses		(33,634)	(30,447)	(66,719)	(62,789)	(121,287)
EBITDA		78,900	75,407	146,892	110,953	258,442
Depreciation and amortisation	6,7	(42,691)	(37,941)	(83,349)	(75,262)	(151,374)
Operating profit (EBIT)		36,209	37,467	63,543	35,691	107,068
Net financial items	5	(12,775)	(10,934)	(18,308)	(21,127)	(40,616)
Profit before taxes		23,434	26,533	45,235	14,564	66,451
Income taxes		(1,550)	(1,656)	(2,766)	(2,351)	(5,508)
Net profit from continuing operations		21,884	24,877	42,469	12,214	60,944
Profit from discontinued operations	2	-	2,072	46,728	3,505	12,909
Profit (loss)		21,884	26,949	89,197	15,719	73,852
Profit (loss) attributable to:						
Non-controlling interests		-	(213)	-	(531)	(531)
Owners of the parent		21,884	27,162	89,197	16,250	74,383
EARNINGS PER SHARE (USD)						
Basic earnings per share	15	0.08	0.11	0.36	0.05	0.28
Diluted earnings per share	15	0.08	0.11	0.36	0.05	0.28
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (USD)						
Basic earnings per share	15	0.08	0.10	0.16	0.03	0.22
Diluted earnings per share	15	0.08	0.10	0.16	0.03	0.22

Condensed Consolidated Statement of Comprehensive Income

USD thousands	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
PROFIT (LOSS)	21,884	26,949	89,197	15,719	73,852
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations (net of tax)	-	-	-	-	(341)
Items that are or may be reclassified to profit or loss:					
Cash flow hedges	2,817	(702)	9,495	1,051	3,888
Currency translation differences	(7,810)	118	(11,259)	(271)	(3,831)
Reclassification of foreign currency translation reserve	-	-	26,955	-	-
Other comprehensive income, net of tax	(4,993)	(584)	25,192	780	(283)
Total comprehensive income	16,891	26,365	114,389	16,499	73,569
Total comprehensive income attributable to:					
Non-controlling interests	-	(206)	-	(524)	(524)
Owners of the parent	16,891	26,571	114,389	17,023	74,093

Condensed Consolidated Statement of Financial Position

USD thousands	Note	30.06.2022	30.06.2021	31.12.2021
ASSETS				
Property, plant and equipment	6	1,987,235	2,163,245	2,108,856
Intangible assets	7	3,283	28,181	28,516
Deferred tax asset		230	1,043	1,291
Other non-current assets	10	6,997	5,614	8,174
Total non-current assets		1,997,745	2,198,082	2,146,837
Trade receivables		96,160	178,345	154,547
Contract assets		8,862	10,525	10,221
Other current assets	10	19,973	29,162	30,516
Cash and cash equivalents		143,944	137,377	173,031
Total current assets		268,940	355,409	368,314
TOTAL ASSETS		2,266,685	2,553,491	2,515,151

USD thousands	Note	30.06.2022	30.06.2021	31.12.2021
EQUITY AND LIABILITIES				
Paid-in capital	13	445,152	564,959	564,959
Other equity		815,128	648,080	703,215
Total equity		1,260,280	1,213,039	1,268,174
Non-current interest-bearing borrowings	8	681,150	951,787	875,352
Non-current lease liabilities	9	44,128	35,577	38,282
Post-employment benefits		592	6,425	6,006
Non-current contract liabilities		-	5,183	5,589
Other non-current liabilities	10	2,490	10,359	3,967
Total non-current liabilities		728,360	1,009,331	929,197
Current interest-bearing borrowings	8	139,982	171,546	161,058
Current lease liabilities	9	25,119	6,263	7,796
Contract liabilities		24,102	20,590	21,798
Trade payables		35,826	47,536	43,190
Other current liabilities	10	53,016	85,185	83,938
Total current liabilities		278,045	331,120	317,781
Total liabilities		1,006,405	1,340,452	1,246,978
TOTAL EQUITY AND LIABILITIES		2,266,685	2,553,491	2,515,151

Condensed Consolidated Statement of Changes in Equity

<i>USD thousands</i>	Note	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 2021		564,959	632,909	1,197,868	1,112,644	85,224	636	1,198,503
Profit/(loss) for the period		-	16,250	16,250	12,024	4,226	(531)	15,719
Other comprehensive income for the period		-	772	772	772	-	7	780
Total comprehensive income for the period		-	17,023	17,023	12,796	4,226	(524)	16,499
Dividend to preference shareholders		-	(2,113)	(2,113)	-	(2,113)	-	(2,113)
Loss of control of a subsidiary		-	-	-	-	-	(112)	(112)
Cost of share-based option plan		-	262	262	262	-	-	262
Transactions with owners		-	(1,851)	(1,851)	262	(2,113)	(112)	(1,963)
BALANCE AT 30 JUNE 2021		564,959	648,080	1,213,039	1,125,702	87,337	-	1,213,039
Total comprehensive income for the period Q3-Q4		-	57,070	57,070	52,667	4,403	-	57,070
Transactions with owners for the period Q3-Q4		-	(1,935)	(1,935)	266	(2,201)	-	(1,935)
BALANCE AT 31 DECEMBER 2021		564,959	703,215	1,268,174	1,178,635	89,539	-	1,268,174
Profit for the period		-	89,197	89,197	84,757	4,440	-	89,197
Other comprehensive income for the period		-	25,192	25,192	25,192	-	-	25,192
Total comprehensive income for the period		-	114,389	114,389	109,949	4,440	-	114,389
Distribution of shares in Odfjell Technology Ltd. to common shareholders	2	(119,807)	-	(119,807)	(119,807)	-	-	(119,807)
Dividend to preference shareholders		-	(2,220)	(2,220)	-	(2,220)	-	(2,220)
Cost of share-based option plan		-	197	197	197	-	-	197
Settlement of share-based option plan		-	(453)	(453)	(453)	-	-	(453)
Transactions with owners		(119,807)	(2,476)	(122,283)	(120,063)	(2,220)	-	(122,283)
BALANCE AT 30 JUNE 2022		445,152	815,128	1,260,280	1,168,521	91,759	-	1,260,280

Condensed Consolidated Statement of Cash Flows

USD thousands	Note	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
CASH FLOWS FROM OPERATING ACTIVITIES:						
Profit/(loss) before tax from continuing operations		23,434	26,533	45,235	14,564	66,451
Profit before tax from discontinued operations	2	-	1,961	10,266	3,393	11,240
Adjustment for interest, provisions and non-cash elements		55,224	56,938	119,620	113,323	230,172
Changes in working capital		(9,811)	(27,357)	(18,756)	(15,533)	194
Cash generated from operations		68,847	58,074	156,366	115,748	308,056
Net interest paid		(11,071)	(13,767)	(22,326)	(26,703)	(49,869)
Net income tax paid		18	(764)	(850)	(1,384)	(1,686)
Net cash flow from operating activities		57,793	43,544	133,190	87,661	256,501
-of which from continuing operations		57,793	35,897	120,952	70,063	216,292
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of property, plant and equipment	6,7	(6,322)	(28,874)	(22,996)	(62,019)	(97,833)
Proceeds from sale of property, plant and equipment		-	320	837	651	974
Other non-current receivables		-	(0)	(113)	195	(49)
Disposal of discontinued operations, net cash disposed of	2	-	-	(49,670)	-	-
Cash flows from losing control of subsidiaries		-	(487)	-	(487)	(487)
Cash payments to acquire interests in joint-ventures		-	-	(1,847)	-	-
Net cash flow from investing activities		(6,322)	(29,041)	(73,788)	(61,659)	(97,395)
-of which from continuing operations		(6,322)	(23,062)	(14,776)	(51,140)	(70,993)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from borrowings	8	-	-	146,505	-	(2,133)
Repayment of borrowings	8	(47,053)	(67,053)	(218,105)	(88,105)	(176,211)
Repayment of lease liabilities	9	(4,429)	(1,393)	(7,657)	(3,962)	(6,126)
Dividends paid to preference shareholders		(2,220)	(2,113)	(2,220)	(2,113)	(4,314)
Net cash flow from financing activities		(53,701)	(70,559)	(81,477)	(94,180)	(188,784)
-of which from continuing operations		(53,701)	(69,984)	(227,357)	(93,052)	(186,318)
Effects of exchange rate changes on cash and cash equivalents		(7,698)	(856)	(7,012)	(1,339)	(4,186)
Net decrease in cash and cash equivalents		(9,928)	(56,912)	(29,087)	(69,518)	(33,864)
Cash and cash equivalents at beginning of period		153,872	194,289	173,031	206,895	206,895
Cash and cash equivalents at period end		143,944	137,377	143,944	137,377	173,031

| Note 1 Accounting Principles

General information

Odfjell Drilling Ltd. ('the Company') and its subsidiaries (together 'the Group') own and operate mobile offshore drilling units.

Odfjell Drilling Ltd., is incorporated in Bermuda with its 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 29 August 2022 and have not been audited.

Basis for preparation

These condensed interim financial statements for the six months period ended 30 June 2022 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 2021.

Going concern

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.

Losses incurred by many financial institutions related to previous years' volatility and company restructurings in our industry, has led many financial institutions to target a shift in focus and exposure away from rig and oil services companies. Although Odfjell Drilling has strong backlog, robust balance sheet with low leverage, and a longstanding relationship with its key lenders, the

market for rig financing remains challenging and future funding sources may be somewhat restricted.

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 2021.

There will always be uncertainty related to judgement and assumptions related to accounting estimates.

| Note 2 Discontinued operations

Spin off of Odfjell Technology in 2022

On 31 January 2022 Odfjell Drilling Ltd announced that it is contemplating spinning off its Well Services and Energy segments (the "Spin Off") into a newly established company, Odfjell Technology Ltd. ("OTL" or "Odfjell Technology"), and to list the shares in OTL on the Oslo Stock Exchange (the "Listing").

The Spin Off consists of the group's Well Services and Energy segments, as well as the ownership in Odfjell Oceanwind. The Spin Off also provides business support services, mainly to companies in the Odfjell Drilling Group.

Prior to executing the Spin Off, an internal re-organisation was carried out and the relevant Well Services and Energy companies became subsidiaries of OTL.

In connection with the Spin Off, Odfjell Technology on 4 February 2022, successfully priced NOK 1.1 bn in senior secured bonds through a private placement. The net proceeds from the bond issue, together with a new USD 25 million super senior revolving credit facility ("RCF") at 3 months Libor + 375 basis points, were used to carry out the internal re-organisation and to repay the Odfjell Drilling Services USD 150 million credit facility 1 March 2022.

At the end of March 2022, the shares in Odfjell Technology was distributed to the shareholders in the Company. The ratio for the distribution was 6:1, i.e. 6 shares in the Company gave the holder 1 share in OTL, rounded downwards to the closest whole share in OTL. The shares in OTL were listed on the Oslo Stock Exchange 29 March 2022. There was no public offering of shares in Odfjell Technology in connection with the Listing.

The Spin Off was not previously classified as held for distribution or as a discontinued operation. The comparative Condensed Consolidated Income Statement and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent of the disposal, Odfjell Drilling has continued to purchase services from the discontinued operations. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing and discontinued operations before the disposal, in a way that reflects the continuance of these transactions subsequent of the disposal, because management believes this is useful to the users of the financial statements.

The fair value of the net assets distributed to the shareholders was USD 119.8 million, compared to a book value of USD 56.4 million. A gain from distribution of discontinued operations of USD 63 million was recognised in Q1 2022.

The cumulative exchange differences related to a foreign operation that have been included in the foreign currency translation reserve, are reclassified to profit or loss when the foreign operation is distributed. A total exchange loss of USD 27 million has been reclassified from OCI to the income statement on distribution of the foreign operations in the Odfjell Technology group.

Results of discontinued operations

<i>USD thousands</i>	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Operating revenue	-	83,509	94,448	162,001	342,899
Elimination of inter-segment revenue	-	(11,026)	(17,434)	(22,204)	(51,163)
External revenue	-	72,483	77,014	139,797	291,736
Other gains and losses	-	75	566	299	741
Personnel expenses	-	(54,974)	(60,519)	(106,728)	(220,640)
Other operating expenses	-	(19,388)	(21,188)	(36,748)	(77,901)
Elimination of expenses related to inter-segment sales	-	11,026	17,434	22,204	51,163
EBITDA	-	9,222	13,308	18,824	45,098
Depreciation and amortisation	-	(7,204)	(2,374)	(14,785)	(30,566)
Operating profit (EBIT)	-	2,019	10,934	4,039	14,532
Share of profit (loss) from joint ventures and associates	-	(124)	(422)	(124)	(539)
Net financial items	-	214	(154)	(229)	(1,998)
Elimination of inter-segment financial income	-	(148)	(92)	(293)	(756)
Profit before tax	-	1,961	10,266	3,393	11,240
Income tax	-	111	2	112	1,669
Results of discontinued operations, net of tax	-	2,072	10,268	3,505	12,909
Reclassification of foreign currency translation reserve	-	-	(26,955)	-	-
Gain related to distribution of discontinued operations	-	-	63,415	-	-
Profit from discontinued operations, net of tax	-	2,072	46,728	3,505	12,909
Earnings per share from discontinued operations (USD)					
Basic earnings per share	-	0.01	0.20	0.02	0.06
Diluted earnings per share	-	0.01	0.20	0.02	0.06

Cashflow from (used in) discontinued operations

<i>USD thousands</i>	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Net cash generated from operating activities	-	7,647	12,239	17,598	40,209
Net cash used in investing activities	-	(5,978)	(59,012)	(10,519)	(26,403)
Net cash generated from / (used in) financing activities	-	(575)	145,880	(1,128)	(2,466)
Net cash flows	-	1,093	99,107	5,951	11,341

Effect of disposal on the financial position of the Group

<i>USD thousands</i>	YTD 22
Property, plant and equipment	(106,024)
Intangible assets	(26,660)
Deferred tax asset	(1,779)
Financial non-current assets	(4,687)
Trade and other receivables	(102,808)
Other current assets	(9,770)
Cash and cash equivalents	(49,670)
Non-current interest-bearing borrowings	125,329
Non-current lease liabilities	9,374
Post-employment benefits	5,367
Non-current contract liabilities	5,945
Current interest-bearing borrowings	25,550
Current lease liabilities	2,599
Contract liabilities	209
Trade and other current payables	35,456
Other current liabilities	35,177
NET ASSETS AND LIABILITIES	(56,391)
Cash and cash equivalents disposed of	(49,670)
Net cash outflows	(49,670)

Note 3 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.

The Group provides drilling and related services to the offshore oil and gas

industry. The group owned four drilling units during 2021 and 2022 with similar services, revenues, customers and production processes. Own drilling units (Own Fleet) is therefore assessed as one operating segment. The same applies for rig management services provided to

other owners of other drilling units (External Fleet).

Own Fleet

The segment operates drilling units owned by Odfjell Drilling.

External Fleet

The segment 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.

USD thousands	Own Fleet		External Fleet		Corporate / other		Consolidated	
	Q2 22	Q2 21	Q2 22	Q2 21	Q2 22	Q2 21	Q2 22	Q2 21
External segment revenue	145,080	147,069	16,759	12,941	1,259	597	163,097	160,608
Inter segment revenue	-	-	-	-	-	-	-	-
Total revenue	145,080	147,069	16,759	12,941	1,259	597	163,097	160,608
EBITDA	78,562	75,944	2,131	1,050	(1,793)	(1,587)	78,900	75,407
Depreciation and amortisation	(41,617)	(36,637)	-	-	(1,074)	(1,303)	(42,691)	(37,941)
EBIT	36,945	39,307	2,131	1,050	(2,867)	(2,890)	36,209	37,467
Net financial items							(12,775)	(10,934)
PROFIT BEFORE TAX - CONSOLIDATED GROUP							23,434	26,533

USD thousands	Own Fleet			External Fleet			Corporate / other			Consolidated		
	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21
External segment revenue	284,276	249,443	519,444	31,828	24,076	49,954	1,810	1,648	2,720	317,915	275,167	572,118
Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	284,276	249,443	519,444	31,828	24,076	49,954	1,810	1,648	2,720	317,915	275,167	572,118
EBITDA	147,894	111,541	253,408	3,505	1,960	5,172	(4,507)	(2,548)	(138)	146,892	110,953	258,442
Depreciation and amortisation	(80,948)	(72,705)	(149,019)	-	-	-	(2,401)	(2,556)	(2,356)	(83,349)	(75,262)	(151,374)
EBIT	66,946	38,836	104,389	3,505	1,960	5,172	(6,908)	(5,105)	(2,493)	63,543	35,691	107,068
Net financial items										(18,308)	(21,127)	(40,616)
PROFIT BEFORE TAX - CONSOLIDATED GROUP										45,235	14,564	66,451

Note 4 Revenue

USD thousands	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Revenue from contracts with customers	97,086	108,263	206,630	195,505	390,674
Lease component in Own Fleet contracts	65,834	52,111	110,902	79,240	180,614
Other operating revenue	177	234	383	421	830
Operating revenue - Continuing operations	163,097	160,608	317,915	275,167	572,118

Disaggregation of revenue - Primary geographical markets

USD thousands	Own Fleet		External Fleet		Corporate / Other		Consolidated	
	Q2 22	Q2 21	Q2 22	Q2 21	Q2 22	Q2 21	Q2 22	Q2 21
Norway	145,080	147,069	16,759	12,941	1,259	597	163,097	160,608
Other geographical markets	-	-	-	-	-	-	-	-
Total operating revenue	145,080	147,069	16,759	12,941	1,259	597	163,097	160,608

USD thousands	Own Fleet			External Fleet			Corporate / Other			Consolidated		
	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21	YTD 22	YTD 21	FY 21
Norway	284,276	249,443	519,444	31,828	24,076	49,954	1,810	1,648	2,720	317,915	275,167	572,118
Other geographical markets	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	284,276	249,443	519,444	31,828	24,076	49,954	1,810	1,648	2,720	317,915	275,167	572,118

Note 5 Net financial items

USD thousands	Note	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Interest income		198	42	246	96	151
Interest expense lease liabilities	9	(1,087)	(511)	(1,816)	(1,027)	(1,970)
Other interest expenses		(9,854)	(12,157)	(19,974)	(24,877)	(47,374)
Other borrowing expenses *		(1,372)	1,353	(3,380)	4	(3,281)
Change in fair value of derivatives **		630	866	5,614	3,895	8,731
Net currency gain / (loss)		(1,209)	(523)	1,160	544	3,118
Other financial items		(81)	(3)	(158)	239	10
Net financial items continuing operations		(12,775)	(10,934)	(18,308)	(21,127)	(40,616)

* 2021 figures include 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.

** YTD 2022 figures include a realised gain derivatives of USD 12 million.

Note 6 Property, plant and equipment

Specification and movements 2022

USD thousands	Note	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 2022		1,874,056	102,203	85,792	3,371	43,434	2,108,856
Additions		2,665	6,082	7,257	12,004	33,970	61,977
Additions due to previously eliminated inter-segment leases		-	-	-	-	13,902	13,902
Disposals		-	-	(271)	-	-	(271)
Disposal through distribution of operations to shareholders	2	-	-	(90,819)	(3,211)	(11,994)	(106,024)
Depreciation from continuing operations		(56,191)	(18,942)	-	(48)	(8,077)	(83,258)
Depreciation from discontinued operations	2	-	-	(1,972)	(91)	(211)	(2,273)
Currency translation differences		-	-	13	(8)	(5,678)	(5,673)
Net book amount as at 30 June 2022		1,820,529	89,343	-	12,017	65,346	1,987,235
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	

Specification and movements 2021

USD thousands	Note	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		29,552	9,258	6,841	1,064	1,865	48,580
Disposals		(132)	-	(396)	-	-	(528)
Depreciation from continuing operations		(55,997)	(16,708)	-	(52)	(2,489)	(75,246)
Depreciation from discontinued operations	2	-	-	(11,072)	(576)	(1,149)	(12,797)
Currency translation differences		-	-	(5)	(34)	(114)	(153)
Net book amount as at 30 June 2021		1,938,994	116,178	64,093	3,290	40,690	2,163,245
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 9 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 exceeds 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 June 2022.

| Note 7 Intangible assets

Specification and movements 2022

USD thousands	Note	Goodwill	Software and other intangible assets	Total intangible assets
Opening net book amount as at 1 January 2022		18,361	10,154	28,516
Additions		-	1,501	1,501
Disposal through distribution of operations to shareholders	2	(15,392)	(11,268)	(26,660)
Amortisation from continuing operations		-	(91)	(91)
Amortisation from discontinued operations	2	-	(100)	(100)
Currency translation differences		(34)	151	118
Closing net book amount as at 30 June 2022		2,936	347	3,283

Specification and movements 2021

USD thousands	Note	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		-	2,148	2,148
Disposal due to loss of control of subsidiary *		(793)	-	(793)
Amortisation from continuing operations		-	189	189
Amortisation from discontinued operations	2	-	(1,988)	(1,988)
Currency translation differences		(35)	(234)	(269)
Closing net book amount as at 30 June 2021		18,913	9,268	28,181

* Disposal due to loss of control of subsidiary relates to investment in Odfjell Oceanwind AS.

Impairment test 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 June 2022.

Note 8 Interest-bearing borrowings

USD thousands	30.06.2022	30.06.2021	31.12.2021
Non-current	681,150	951,787	875,352
Current	139,982	171,546	161,058
Total	821,132	1,123,333	1,036,410

Movements in the interest-bearing borrowings are analysed as follows:

USD thousands	Note	30.06.2022			30.06.2021		
		Non-current	Current	Total	Non-current	Current	Total
Carrying amount as at 1 January		875,352	161,058	1,036,410	695,792	515,799	1,211,591
CASH FLOWS:				-			-
New borrowings	2	124,238	25,000	149,238	-	-	-
Paid transaction costs related to new borrowings	2	(2,172)	(560)	(2,733)	-	-	-
Repayment bank loan		(125,000)	(93,105)	(218,105)	-	(88,105)	(88,105)
NON-CASH FLOWS:				-			-
Disposal through distribution of operations to shareholders	2	(125,329)	(25,550)	(150,879)	-	-	-
Reclassified from / (to) current borrowings		(72,583)	72,583	-	256,352	(256,352)	-
Change in transaction cost, unamortised		3,420	12	3,431	(358)	354	(4)
Change in accrued interest cost		-	559		-	(149)	
Currency translation differences		3,225	(14)	3,210	-	-	-
Carrying amount as at end of period		681,150	139,982	821,132	951,787	171,546	1,123,333

Repayment schedule for interest-bearing borrowings

The table below analyses Odfjell Drilling'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	30.06.2022	30.06.2021	31.12.2021
Maturity within 3 months	21,053	41,053	26,053
Maturity between 3 and 6 months	47,053	47,053	52,053
Maturity between 6 and 9 months	21,053	26,053	26,053
Maturity between 9 months and 1 year	47,053	52,053	52,053
Maturity between 1 and 2 years	689,102	276,211	445,816
Maturity between 2 and 3 years	-	688,061	440,869
Maturity between 3 and 4 years	-	-	-
Maturity between 4 and 5 years	-	-	-
Maturity beyond 5 years	-	-	-
Total contractual amounts	825,312	1,130,482	1,042,896

The Odfjell Drilling Services Ltd. facility

Remaining contractual amount of USD 150 million as at 31 December 2021 was repaid 1 March 2022.

New borrowings in 2022

Refer to Note 2 Discontinued operations for further information.

Available drawing facilities

Odfjell Drilling has no available undrawn facilities as per 30 June 2022.

Covenants

Odfjell Drilling is compliant with all financial covenants as at 30 June 2022.

| Note 9 Leases

The balance sheet shows the following amounts related to leases:

USD thousands	Note	Properties	Other fixed assets	Total Right-of-use assets
Net book amount as at 1 January 2022		43,434	-	43,434
Additions		1,986	31,983	33,970
Additions due to previously eliminated inter-segment leases		-	13,902	13,902
Disposal through distribution of operations to shareholders	2	(11,994)	-	(11,994)
Depreciation from continuing operations		(1,913)	(6,164)	(8,077)
Depreciation from discontinued operations	2	(211)	-	(211)
Currency translation differences		(3,424)	(2,254)	(5,678)
Net book amount as at 30 June 2022		27,879	37,467	65,346

USD thousands	Note	Properties	Other fixed assets	Total Right-of-use assets
Net book amount as at 1 January 2021		42,576	-	42,576
Additions		1,865	-	1,865
Depreciation from continuing operations		(2,489)	-	(2,489)
Depreciation from discontinued operations	2	(1,149)	-	(1,149)
Currency translation differences		(114)	-	(114)
Net book amount as at 30 June 2021		40,690	-	40,690

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:

<i>USD thousands</i>	30.06.2022	30.06.2021	31.12.2021
Non-current	44,128	35,577	38,282
Current	25,119	6,263	7,796
Total	69,247	41,840	46,078

Movements in lease liabilities are analysed as follows:

<i>USD thousands</i>		30.06.2022			30.06.2021		
	Note	Non-current	Current	Total	Non-current	Current	Total
Carrying amount as at 1 January		38,282	7,796	46,078	36,920	7,633	44,553
CASH FLOWS:							
Payments for the principal portion of the lease liability		-	(7,657)	(7,657)	-	(3,962)	(3,962)
Payments for the interest portion of the lease liability		-	(2,015)	(2,015)	-	(1,769)	(1,769)
NON-CASH FLOWS:							
New lease liabilities recognised in the year		33,970	-	33,970	1,865	-	1,865
Additions due to previously eliminated inter-segment leases		13,902	-	13,902	-	-	-
Disposal through distribution of operations to shareholders	2	(9,374)	(2,599)	(11,973)	-	-	-
Interest expense on lease liabilities		2,009	-	2,009	1,259	-	1,259
Reclassified to current portion of lease liabilities		(31,016)	31,016	-	(4,368)	4,368	-
Currency exchange differences		(3,644)	(1,422)	(5,066)	(98)	(8)	(106)
Carrying amount as at end of period		44,128	25,119	69,247	35,577	6,263	41,840

| Note 10 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 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 2021.

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 4 million for the next 12 months including interest rate swaps, which is at a level with year-end 2021.

Liquidity risk

Operating in several jurisdictions, Odfjell Drilling do from time to time receive enquiries from authorities about compliance related matters. The Group as

at 30 June 2022 has 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 2021, Note 9 for further information about the Odfjell Offshore tax enquiry. Also refer to Note 12 in this report regarding an issued Letter of indemnity.

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 8.

Credit risk

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

Warrant liability

In 2018, the Company issued warrants for 5,925,000 common shares. Following the spin-off of Odfjell Technology, the hurdle rate and number of warrants has been adjusted to maintain the same value of the warrants, increasing the number of issued warrants to 6,837,492, and

decreasing the exercise prices from the range of NOK 36 - NOK 107.50 to the range of NOK 31.20 - NOK 93.15. The warrants represent contingently issuable shares.

Financial instruments by category and level

The tables below analyse financial instruments carried at fair value, by valuation method, based on the lowest level input that is significant to the fair value measurement as a whole. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - 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)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). For short term assets and liabilities at level 3, the value is approximately equal to the carrying amount. As the time horizon due is short term, future cash flows are not discounted.

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 and foreign exchange agreements are fair valued using forward 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.

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 as of 30 June 2022 related to the warrant agreements, nor to the modelling technique used to calculate fair value, other than an adjustment of the number of warrants and exercise price as explained above. Changes in book value relate to fair value changes.

The Odfjell Drilling Group had the following financial instruments at each reporting period

USD thousands	Level	30.06.2022	30.06.2021	31.12.2021
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives not designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	-	2,337	4,963
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	6,997	-	-
- Foreign exchange forward contracts - Other current assets	2	-	2,942	584
OTHER FINANCIAL ASSETS				
Other non-current receivables		-	3,277	2,726
Trade and other current receivables		106,190	190,474	169,126
Cash and cash equivalents		143,944	137,377	173,031
Total financial assets		257,131	336,406	350,429

USD thousands	Level	30.06.2022	30.06.2021	31.12.2021
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current liabilities	2	-	7,199	3,017
Warrant liabilities - Other non-current liabilities	3	2,490	3,160	950
OTHER FINANCIAL LIABILITIES				
Non-current interest-bearing borrowings		681,150	951,787	875,352
Current interest-bearing borrowings		139,982	171,546	161,058
Non-current lease liabilities		44,128	35,577	38,282
Current lease liabilities		25,119	6,263	7,796
Trade and other payables		70,899	102,865	99,812
Total financial liabilities		963,768	1,278,397	1,186,268

The fair value of other financial assets and liabilities approximate their carrying amount.

Note 11 Commitments

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

USD thousands	30.06.2022	30.06.2021	31.12.2021
Rig investments	13,414	13,472	10,586
Rental and casing equipment - Discontinued operations	-	14,949	22,241
Total	13,414	28,420	32,827

| Note 12 Contingencies

Letter of indemnity

The Group has on 1 March 2022 issued a letter of indemnity to Odfjell Technology Ltd (OTL) to hold OTL indemnified in respect of any liability that may incur in relation to the ongoing Odfjell Offshore Ltd tax enquiries. This includes financing of any (pre-)payments to the Norwegian Tax Authorities, and funds for any legal proceedings. Refer to note 9 in the Annual report 2021 for further information about the Odfjell Offshore Ltd tax enquiries.

There are no other material contingencies to be disclosed as per 30 June 2022.

| Note 13 Equity and shareholder information

	No. of shares	Nominal value	Share capital - USD thousands
Listed shares / Common shares issued	236,783,202	USD 0.01	2,368
Preference shares issued	16,123,125	USD 0.01	161
Total share capital			2,529

Authorised, not issued shares was 47,093,673 as at 30 June 2022.

There are no changes in issued shares or preference shares in 2022. All issued shares are fully paid.

No shares are held by entities in the Group.

Preferred payment in kind dividend

At 30 June 2022, a preferred payment in kind dividend of USD 2.2 million was capitalised, increasing the accrued preference capital balance to USD 91.8 million.

<i>Largest common shareholders at 30 June 2022</i>	Account type	Holding	% of shares
Odfjell Partners Ltd.	Ordinary	142,952,381	60.37%
J.P.Morgan Securities PLC	Nominee	11,689,673	4.94%
Goldman Sachs International	Nominee	5,797,120	2.45%
Brown Brothers Harriman & Co.	Nominee	3,729,024	1.57%
The Bank of New York Mellon SA/NV	Nominee	3,109,006	1.31%
State Street Bank and Trust Co.	Nominee	3,103,923	1.31%
UBS AG	Nominee	2,769,135	1.17%
The Bank of New York Mellon SA/NV	Nominee	2,760,594	1.17%
Brown Brothers Harriman & Co.	Nominee	2,381,090	1.01%
BNP Paribas Securities Services	Nominee	2,347,656	0.99%
Citibank, N.A.	Nominee	2,308,447	0.97%
State Street Bank and Trust Co.	Nominee	2,294,211	0.97%
Brown Brothers Harriman & Co.	Nominee	1,596,418	0.67%
State Street Bank and Trust Co.	Nominee	1,327,239	0.56%
Morgan Stanley & Co. Int. Plc.	Nominee	1,320,261	0.56%
Nordea Bank Abp	Nominee	1,200,000	0.51%
J.P.Morgan Securities PLC	Nominee	1,185,160	0.50%
J.P.Morgan Securities PLC	Ordinary	910,155	0.38%
State Street Bank and Trust Co.	Nominee	876,706	0.37%
Nordnet Livsforsikring AS	Ordinary	865,081	0.37%
Total 20 largest common shareholders		194,523,280	82.15%
Other common shareholders		42,259,922	17.85%
TOTAL COMMON SHAREHOLDERS		236,783,202	100.00%

Shareholdings by related parties

Helene Odfjell (Director), controls Odfjell Partners Ltd, which owns 60.37% of the common shares in the Company.

Thomas Marsoner (Director) controls 20,000 (0.01%) of the common shares in the company as per 30 June 2022.

| Note 14 Paid dividends and distributions

Refer to Note 2 Discontinued operations regarding distribution to shareholders in 2022.

The Group paid cash dividends of USD 2.2 million in Q2 2022 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 June 2022.

| Note 15 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 Company has issued warrants for 6,837,492 common shares. The warrants represent contingently issuable shares

31 May 2022, the previous share option programme with Simen Lieungh (Director) was settled in cash.

27 June 2022 the Company implemented a new share option plan and allocated options for a total of 1,450,000 common shares, at a strike price of NOK 23.37 per share to certain of its employees.

Neither the warrants nor the options affect the basic or diluted number of shares in 2021 or 2022.

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

USD thousands	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Profit due to owners of the parent	21,884	27,162	89,197	16,250	73,926
Adjustment for dividends on preference shares	(2,232)	(2,131)	(4,440)	(4,226)	(8,629)
Profit/(loss) for the period due to holders of common shares	19,651	25,031	84,757	12,024	65,297
Adjustment related to warrants and share option plan	-	-	-	-	-
Diluted profit/(loss) for the period due to the holders of common shares	19,651	25,031	84,757	12,024	65,297

	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
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

Earnings per share

	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
EARNINGS PER SHARE - TOTAL (USD)					
Basic earnings per share	0.08	0.11	0.36	0.05	0.28
Diluted earnings per share	0.08	0.11	0.36	0.05	0.28
EARNINGS PER SHARE - CONTINUING OPERATIONS					
Profit/(loss) for the period due to holders of common shares	19,651	22,747	38,029	7,987	52,315
Diluted profit/(loss) for the period due to the holders of common shares	19,651	22,747	38,029	7,987	52,315
Basic earnings per share - continuing operations (USD)	0.08	0.10	0.16	0.03	0.22
Diluted earnings per share - continuing operations (USD)	0.08	0.10	0.16	0.03	0.22

Note 16 Related-party transactions

The Group had the following material transactions with related parties:

USD thousands	Relation	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	387	n/a	387	n/a	n/a
Total sales of services to related parties		387	N/A	387	N/A	N/A

The revenues are related to administration services and are included in "Corporate/Other" column in the segment reporting.

USD thousands	Relation	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	14,448	n/a	14,448	n/a	n/a
Total purchases from related parties		14,448	N/A	14,448	N/A	N/A

Purchases consist of services and rentals, as well as global business services, provided by well services, engineering and technology companies within the Odfjell Technology Group. All transactions have been carried out as part of the ordinary operations. Amounts listed in the table above do not include payment for rentals considered as leases, see table below.

Current receivables and liabilities

As a part of the day-to-day running of the business, Odfjell Drilling have the following current receivables and liabilities towards companies in the Odfjell Technology Ltd. Group (the discontinued operations). All receivables and liabilities have less than one year maturity.

USD thousand	30.06.2022
Trade receivables	460
Trade payables	(7,391)
Other current payables	(9,202)
Net current payables related parties	(16,133)

Lease agreements

Related party	Type of asset	Lease liability	Payments	Payments
USD thousands		30.06.2022	Q2 2022	YTD 2022
Odfjell Land AS	Properties	30,136	(1,418)	(2,539)
Companies within the Odfjell Technology Ltd. Group	Mooring and drilling equipment	39,111	(6,309)	(6,309)
Total		69,247	(7,726)	(8,848)

Note 17 Important events occurring after the reporting period

In July, Equinor exercised further work for Deepsea Stavanger under the continued optionality mechanism provided for in the contract entered into by the parties in May 2021. Following these additions in July, the firm scope for Deepsea Stavanger is expected to occupy the rig into Q3 2023. Equinor has the opportunity to exercise further wells under the continued optionality mechanism. The day

rate is similar to the current contract up to 1st May 2023 from which time there is an increase if certain CO2 targets have been achieved. A notable performance incentive rate shall apply in addition when wells are delivered safely and ahead of target. Integrated services are provided through the contract and compensated separately.

On 24 August, Deepsea Stavanger was awarded a five-year firm contract with Aker BP ASA for drilling programs scheduled to commence early 2025. The day rates for the contract will be market based, within a pre-agreed range. Day rate to be set by two brokers nine months prior to each calendar year. The base contract value is in the range of USD 620 million to USD 730 million, where the

ceiling of the day rate range shall be adjusted based on an inflation adjustment formula starting from June 2023. In addition to the market based day rates, Aker BP shall pay performance and fuel savings incentive bonuses.

There have been no other events after the balance sheet date with material effect on the quarterly financial statements ended 30 June 2022.

| Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of consolidated financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a

true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of

consolidated financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year and major transactions with related parties.

London, United Kingdom

29 August 2022

Board of Directors of Odfjell Drilling Ltd.

Simen Lieungh, Chair

Helene Odfjell, Director

Harald Thorstein, Director

Thomas Marsoner, Director

Diane Stephen, General Manager

Appendix 1: Definitions of alternative performance measures

Contract backlog

The Company's fair estimation of revenue in firm contracts and relevant optional periods for Own Fleet measured in USD - subject to variations in currency exchange rates.

EBIT

Earnings before interest and taxes. Equal to Operating profit.

EBIT margin

EBIT/Operating revenue.

EBITDA

Earnings before depreciation, amortisation and impairment, interest and taxes.

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 profit (loss)

Equal to profit (loss) for the period after taxes.

Earnings per share

Net profit / number of outstanding shares.

Leverage ratio (ADJ)

30.06.2022			
Non-current interest-bearing borrowings	USD	681	million
Current interest-bearing borrowings	USD	140	million
Non-current lease liabilities	USD	44	million
Current lease liabilities	USD	25	million
Adjustment for real estate lease liabilities	USD	(30)	million
A Adjusted financial indebtedness	USD	860	MILLION
Cash and cash equivalents	USD	144	million
Adjustment for restricted cash and other cash not readily available	USD	(21)	million
B Adjusted cash and cash equivalents	USD	123	MILLION
A-B=C Adjusted Net interest-bearing debt	USD	737	MILLION
EBITDA last 12 months	USD	294	million
Adjustment for effects of real estate leases	USD	(5)	million
D Adjusted EBITDA	USD	289	MILLION
C/D=E LEVERAGE RATIO (ADJ)		2.5	

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