

The logo for Odfjell Drilling, featuring a white wavy line above the text "odfjell drilling" in a white, sans-serif font.

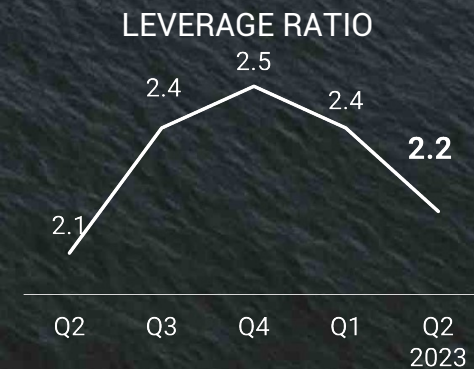
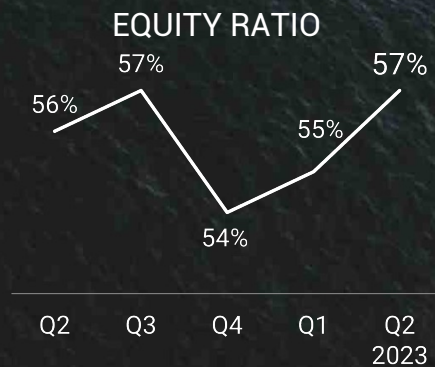
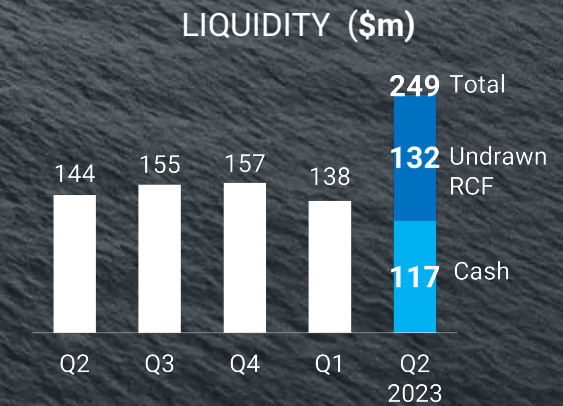
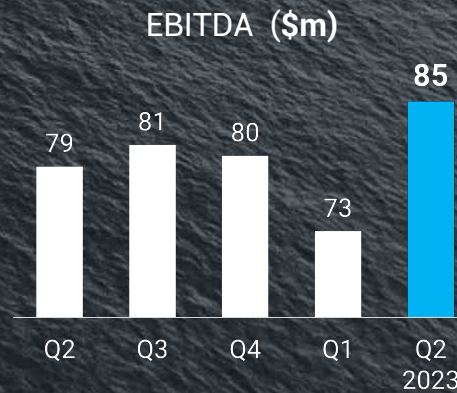
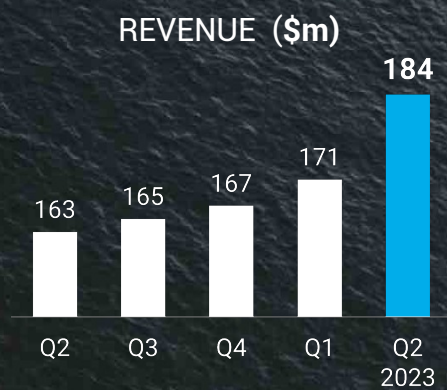
odfjell  
drilling

# Q2 2023 Results

23 August 2023



# Q2 Key Financials



# Q2 Highlights

**Quarterly dividend programme implemented with distribution of USD 14.2 million for Q2 2023, to be paid during September 2023.**

- The Board has updated its dividend policy to implement a new quarterly dividend programme and has elected to declare a dividend for the Period of USD 14.2 million
- The Company has the ambition to increase distributions in the medium-term with increasing revenue generation and reduced capex

**Successfully completed refinancing, positioning the Company for the future and increasing available liquidity.**

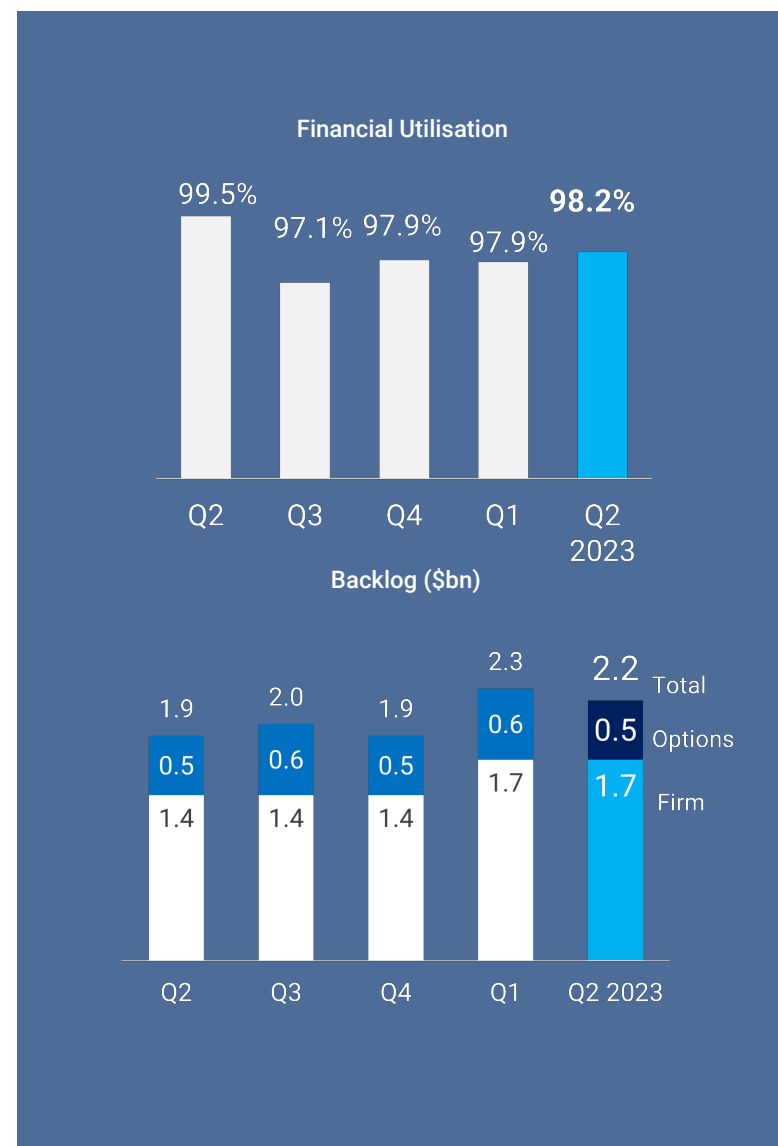
- Diversified capital sources and removed any significant maturities until 2028:
  - Raised USD 390 million via significantly oversubscribed rated bond
  - Amended and extended USD 197 million Deepsea Nordkapp facility
  - Secured USD 125 million term loan on Deepsea Stavanger (expected to be utilised in Q3 2023 to prepay USD 95 million direct loan)
  - Secured USD 175 million Revolving Credit Facility (“RCF”) whereof USD 43 million has been utilised
- Together with undrawn facilities and cash, the Company now has USD 249 million in available cash

**Increased revenue and EBITDA generation during the quarter, reaching highest levels since Odfjell Technology spin-off; resulting in a 12% revenue increase and 7% EBITDA increase from H1 2022.**

- Revenue of USD 184 million during Q2, resulting in H1 2023 revenue of USD 355 million
  - 12% increase on H1 2022 (USD 318 million)
- EBITDA of USD 85 million during Q2, resulting in H1 2023 EBITDA of USD158 million
  - 7% increase on H1 2022 (USD 147 million)

**98.2% Own fleet utilisation during the period, with increased activity from managed fleet.**

- Continued high uptime across own fleet, with all own fleet units operating in Norway at increasing dayrates
- All managed units now on contract, with the Deepsea Bollsta and Deepsea Yantai drilling throughout the period and the Deepsea Mira beginning drilling towards the end of the period
- Hercules was mobilised to Canada during the period, with drilling beginning post-period



# Quarterly Dividend Details

## Quarterly dividend totalling USD 14.2 million

- 0.06 USD / share
- Ex-Dividend date: 1 September
- Record Date: 4 September
- Payment Date: 13 September

## Updated Dividend Policy

- The Company's ambition is to provide shareholders with a competitive return on their shares through a combination of share price appreciation and a direct return in the form of dividends.

- The Company will, in the first phase of the dividend programme, target a quarterly dividend level that can be sustained every quarter, with the ambition to grow distributions (measured as USD per share) in the medium-term; reflecting increasing underlying earnings and reduced capex commitments. The Company may also consider a buy back of shares as part of total distribution of capital to its shareholders.
- The Company will maintain a disciplined capital allocation approach with shareholder distributions always being at the board's discretion and subject to market outlook, contract backlog, cash flow generation, capital expenditure plans and funding requirements, whilst maintaining financial flexibility.
- Dividends will be declared in USD. Actual NOK payment per share will be determined based on the exchange rate at record date.
- The Board of Directors will consider the value of the dividend quarterly and revisit the dividend policy annually.

# Key figures for the Group

All figures in USD million	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Operating revenue	184	163	355	318	650
EBITDA	85	79	158	147	308
EBIT	40	36	67	64	137
Net profit	11	22	13	42	83
EBITDA margin	46%	48%	45%	46%	47%
Total assets			2,140	2,267	2,219
Net interest bearing debt			645	677	685
Equity			1,210	1,260	1,208
Equity ratio			57%	56%	54%

# Key Activities Completed

The second quarter of 2023, together with first quarter of the year, has been focused on completing several key workstreams which facilitate the long term growth strategy of the Company. One of the most important objectives for the Company has been re-financing its debt facilities in a manner which would extend any significant liabilities but which would also allow the Company to distribute capital to its shareholders. During the period, the Company updated shareholders on its strategy to achieve this and successfully secured a USD 390 million secured bond as well as bank facilities of USD 497 million, which included an RCF facility of USD 175 million.

The Company is pleased by the terms secured via the re-financing, which allows the Company to distribute returns to its shareholders as well as giving increased liquidity and flexibility in its growth strategy.

Another key workstream has been to secure forward backlog for the owned and managed fleet. Following the successful award of over USD 290 million of firm backlog for the Deepsea Atlantic at the end of Q1 2023, the Company secured new work for its other owned units. In early May, the Company secured additional work for the Deepsea Aberdeen which will add 174 days of firm backlog, extending the rigs firm backlog to Q2 2025. In addition, following the exercise of options, the Deepsea Stavanger will now continue to work with Equinor until at least Q2 2024.

In addition to its owned fleet, the Company managed to secure new contracts for its managed units. In early May, the Company secured a contract for the Hercules to work offshore Namibia with a subsidiary of Galp Energia until Q2 2024, following completion of its current contract with ExxonMobil in Canada.

Further, Shell Plc elected to exercise options for the Deepsea Bollsta to continue to work offshore Namibia until June 2024 and the Company also secured contracts which will result in the Deepsea Yantai continuing to work offshore Norway, first for DNO before beginning a contract with ConocoPhillips.

Operationally, the Company maintained its strong record, drilling across the globe during the period and achieving a financial utilisation of 98.2% for its owned fleet. The Company's managed fleet had three units on contract, with the Deepsea Mira beginning operations offshore Namibia towards the end of the period. The Company's continued ramp up in operations across its owned and managed fleet has led to a Q2 revenue of USD 184 million and EBITDA of USD 85 million, the highest quarterly revenue and EBITDA generation since the Company's spin-off of Odfjell Technology.

During Q2, the Company continued its focus on capital discipline, resulting in available liquidity of USD 249 million, whilst also continuing to invest for the future. The Company paid further milestones on a new blowout preventer ("BOP") for the Deepsea Atlantic during Q2. As previously announced, the new BOP will allow the rig to drill with increased safety at increased depths. The Company also pre-purchased parts for the upcoming special periodic survey ("SPS") for the Deepsea Nordkapp.

Finally, in keeping with its focus on sustainability and corporate governance, the Company has invested in new green technologies and received USD 13 million from the Norwegian NOx fund during Q2. Also during the period, the Company signed a new Modern Slavery Statement for 2022 as well as the Human Rights Accounts of Due Diligence.

# Outlook

## Market Outlook

Throughout most of the period, we continued to see strong commodity prices resulting in continued demand for our services both in Norway and increasingly across the globe.

In our core market of Norway, we note that in a relatively short time period, we have seen six harsh environment semi submersibles departing Norway for long term overseas contracts. The Company considers that the likelihood of these vessels returning to Norway in the near-term is unlikely, given the potential mobilisation costs and the operational

efficiencies of remaining in a basin. Operators have recognised this trend and we have received several request for information from clients who are keen to secure rigs. We do expect some capacity in Norway to be filled with lower-spec rigs as operators begin to rationalise the requirements for some of their less technically challenging developments.

Further abroad, we continue to see strong demand in locations such as Namibia, Canada, Australia and Brazil. This is evidenced by recent contract awards for our managed units. We continue to watch developments in West Africa with interest, where, if exploration projects are

successful, we expect to see significant requirement for tier-1 semi-submersibles.

The lack of supply for rig capacity, particularly from 2024 has continued to result in increased dayrates globally and we expect this trend to continue.

## Company Outlook

The Company remains optimistic about its near and long term outlook, particularly with its refinancing now completed and with all of our own fleet with secured firm contracts for the foreseeable future.

This quarter has resulted in increased revenue and EBITDA generation based on contracts with dayrates that were agreed during the COVID-19 pandemic. We expect to continue to generate strong revenues as our owned fleet transition onto higher dayrates and as the rest of our managed fleet begins their drilling programs.

Looking ahead to the short term, the Company looks forward to paying our Q2 quarterly dividend, securing additional backlog for our owned fleet and maintaining our high financial utilisation to drive further additional revenues.



# Segments

## Own Fleet

All figures in USD million	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Operating revenue	145	145	279	284	567
EBITDA	83	79	153	148	304
EBIT	39	37	64	67	137
EBITDA margin	57%	54%	55%	52%	54%

(Comparable figures for last comparable period in brackets)

### Q2 2023

Operating revenue for the Own Fleet segment in Q2 2023 was USD 145 million (USD 145 million).

EBITDA for the Own Fleet segment in Q2 2023 was USD 83 million (USD 79 million), driven by improved EBITDA for Deepsea Stavanger (USD 2 million), Deepsea Atlantic (USD 1 million) and Deepsea Aberdeen (USD 1 million), mainly due to

higher margin revenue (bonus vs add on sales).

### YTD 2023

Operating revenue for the Own Fleet segment YTD 2023 was USD 279 million (USD 284 million). The main driver for the decrease is negative variance for Deepsea Nordkapp of USD 6 million, driven by a lower daily rate from Aker BP after the market adjustment set in Q1 2021 took

effect in June 2022. Also, Deepsea Aberdeen was USD 2 million due to lower daily rate in the Equinor contract, which started in May 2022, compared to the BP/Wintershall contract. Deepsea Atlantic has a negative variance of USD 3 million due to high add on sales during Q1 2022. The negative variance is offset by a positive variance for Deepsea Stavanger of USD 4 million due to full utilisation during the first quarter in 2023 compared to idle time

between the Lundin and Equinor contract during first quarter in 2022.

EBITDA for the Own Fleet segment YTD 2023 was USD 153 million (USD 148 million), driven by improved EBITDA for Deepsea Stavanger (USD 6 million) and Deepsea Atlantic (USD 3 million), but offset by reduced EBITDA for Deepsea Aberdeen (USD 2 million) and Deepsea Nordkapp (USD 3 million).

## Own Fleet - Financial Utilisation

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

	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Deepsea Stavanger	98.5 %	98.7 %	97.1 %	97.5 %	96.9 %
Deepsea Atlantic	99.4 %	98.6 %	98.8 %	97.9 %	97.7 %
Deepsea Aberdeen	95.7 %	99.5 %	96.8 %	98.7 %	98.7 %
Deepsea Nordkapp	99.3 %	99.4 %	99.4 %	99.4 %	99.2 %

- Deepsea Stavanger, Deepsea Atlantic and Deepsea Aberdeen have been operating for Equinor on the NCS during 2023. The lower utilisation on Deepsea Aberdeen in Q2 23 is due to maintenance on the BOP during June 2023.
- Deepsea Nordkapp has been operating for Aker BP on the NCS during 2023.

## External Fleet

All figures in USD million	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Operating revenue	38	17	74	32	78
EBITDA	5	2	10	4	11
EBIT	5	2	10	4	11
EBITDA margin	14%	13%	14%	11%	14%

(Comparable figures for last comparable period in brackets)

### Q2 2023

Operating revenue for the External Fleet in Q2 2023 was USD 38 million (USD 17 million). The main driver for the increase is increased scope including added offshore personnel and other OPEX related to Deepsea Mira, Deepsea Bollsta and Hercules, which increases the gross revenue in the management company.

EBITDA for the External Fleet in Q2 2023 was USD 5 million (USD 2 million). The main driver is higher management fee for Deepsea Bollsta due to the start of operation and added management fee for Deepsea Mira during reactivation.

### YTD 2023

Operating revenue for the External Fleet YTD 2023 was USD 74 million (USD 32 million). The main driver for the increase is increased scope including added offshore personnel and other OPEX related to Deepsea Mira, Deepsea Bollsta which increases the gross revenue in the management company. In addition,

Hercules was included with full management scope from December 2022.

EBITDA for the External Fleet YTD 2023 was USD 10 million (USD 4 million). The main driver is higher management fee for Deepsea Bollsta due to the start of operations and added management fee for Deepsea Mira during reactivation.



# Consolidated group financials

*(Comparable figures for same period in prior year in brackets)*

## Profit Q2 2023

Operating revenue for Q2 2023 was USD 184 million (USD 163 million), an increase of USD 21 million, due to increased activity in the External Fleet segment.

EBITDA in Q2 2023 was USD 85 million (USD 79 million), an increase of USD 6 million. The EBITDA margin in Q2 2023 was 46% (48%).

Depreciation and amortisation cost in Q2 2023 was USD 46 million (USD 43 million), an increase of USD 3 million.

Net financial expenses in Q2 2023 amounted to USD 27 million (USD

13 million), an increase of USD 14 million. Interest expenses have increased by USD 5 million mainly due to increased floating interest rates. There is a negative change of USD 5 million in net currency loss compared to 2022. The Group has also recognised a modification loss and has expensed remaining non-amortised financing fees related to the prepaid facilities.

Net profit from continuing operations in Q2 2023 was USD 11 million (USD 22 million).

## Cash flow Q2 2023

Net cash flow from continuing operating activities in Q2 2023 was USD 66 million (USD 58 million). The Group paid net

interest of USD 15 million (USD 11 million).

Net cash outflow from investing activities in Q2 2023 was USD 8 million (USD 6 million). USD 21 million was paid for purchases of fixed assets, while USD 13 million was received from the Norwegian NOx fund.

Net cash outflow from financing activities in Q2 2023 was USD 73 million (USD 54 million). The Group had net proceeds of USD 415 million from the issuance of a bond and new revolving credit facility: see further description in Note 7. The Group repaid a total of USD 448 million to settle old facilities and a seller's credit, and paid USD 40 million in ordinary instalments on credit facilities and leases.

## Balance sheet

Total assets as at 30 June 2023 amounted to USD 2,140 million (USD 2,219 million as at 31 December 2022), a decrease of USD 79 million.

Total equity as at 30 June 2023 amounted to USD 1,210 million (USD 1,208 million as at 31 December 2022), an increase of USD 2 million.

Net interest bearing debt as at 30 June 2023 amounted to USD 645 million (USD 685 million as at 31 December 2022), a decrease of USD 40 million.

At 30 June 2023, cash amounted to USD 117 million.

# 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, cost

inflation, access to qualified resources 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 relatively more than for a group

with a larger fleet. In order to avoid operational downtime with potential impact on the Group's results, and to secure long term order backlog, Odfjell Drilling has invested significant time and efforts to maintain a safe, predictable and profitable performance.

Odfjell Drilling has strong backlog and a robust balance sheet with low leverage.

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 23	FY 22
Lost time incident frequency (as per 1 million working hours)	1.5	0.7
Total recordable incident frequency (as per 1 million working hours)	3.7	4.8
Sick leave (percentage)	4.9	5.1
Dropped objects frequency (as per 1 million working hours)	3.1	4.8

London, United Kingdom

22 August 2023

Board of Directors of Odfjell Drilling Ltd.

Simen Lieungh, Chair

Helene Odfjell, Director

Harald Thorstein, Director

Knut Hatleskog, Director

# Condensed Consolidated Financial Statements



## Condensed Consolidated Income Statement

USD million	Note	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
<b>CONTINUING OPERATIONS</b>						
Operating revenue	2,3	183.8	163.1	354.7	317.9	649.5
Other gains and losses		-	-	-	-	0.0
Personnel expenses		(64.0)	(50.6)	(127.7)	(104.3)	(206.5)
Other operating expenses		(34.5)	(33.6)	(68.8)	(66.7)	(135.0)
<b>EBITDA</b>		<b>85.3</b>	<b>78.9</b>	<b>158.2</b>	<b>146.9</b>	<b>308.0</b>
Depreciation and amortisation	5,6	(45.5)	(42.7)	(90.7)	(83.3)	(171.5)
<b>Operating profit (EBIT)</b>		<b>39.8</b>	<b>36.2</b>	<b>67.5</b>	<b>63.5</b>	<b>136.5</b>
Net financial items	4	(26.8)	(12.8)	(50.5)	(18.3)	(48.3)
<b>Profit before taxes</b>		<b>13.0</b>	<b>23.4</b>	<b>17.0</b>	<b>45.2</b>	<b>88.3</b>
Income taxes		(1.6)	(1.5)	(3.6)	(2.8)	(5.4)
<b>Net profit from continuing operations</b>		<b>11.4</b>	<b>21.9</b>	<b>13.4</b>	<b>42.5</b>	<b>82.9</b>
Profit from discontinued operations		-	-	-	46.7	46.7
<b>Profit (loss)</b>		<b>11.4</b>	<b>21.9</b>	<b>13.4</b>	<b>89.2</b>	<b>129.6</b>
<b>Profit (loss) attributable to:</b>						
Owners of the parent		11.4	21.9	13.4	89.2	129.6
<b>EARNINGS PER SHARE (USD)</b>						
Basic earnings per share	13	0.05	0.08	0.06	0.36	0.51
Diluted earnings per share	13	0.05	0.08	0.06	0.36	0.51
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS (USD)</b>						
Basic earnings per share	13	0.05	0.08	0.06	0.16	0.32
Diluted earnings per share	13	0.05	0.08	0.06	0.16	0.32

## Condensed Consolidated Statement of Comprehensive Income

USD million	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
<b>PROFIT (LOSS)</b>	<b>11.4</b>	<b>21.9</b>	<b>13.4</b>	<b>89.2</b>	<b>129.6</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of post employment benefit obligations (net of tax)	-	-	-	-	(0.0)
<b>Items that are or may be reclassified to profit or loss:</b>					
Cash flow hedges	(3.0)	2.8	(4.8)	9.5	10.0
Currency translation differences	(4.1)	(7.8)	(7.0)	(11.3)	(8.9)
Reclassification of foreign currency translation reserve	-	-	-	27.0	27.0
<b>Other comprehensive income, net of tax</b>	<b>(7.1)</b>	<b>(5.0)</b>	<b>(11.8)</b>	<b>25.2</b>	<b>28.0</b>
<b>Total comprehensive income</b>	<b>4.3</b>	<b>16.9</b>	<b>1.6</b>	<b>114.4</b>	<b>157.6</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	4.3	16.9	1.6	114.4	157.6

## Condensed Consolidated Statement of Financial Position

USD million	Note	30.06.2023	30.06.2022	31.12.2022
<b>ASSETS</b>				
Property, plant and equipment	5	1,875.5	1,987.2	1,937.9
Intangible assets	6	2.9	3.3	3.4
Deferred tax asset		0.8	0.2	0.4
Non-current receivable	11	28.5	-	-
Other non-current assets	9	-	7.0	7.5
<b>Total non-current assets</b>		<b>1,907.7</b>	<b>1,997.7</b>	<b>1,949.2</b>
Trade receivables		94.3	96.2	91.0
Contract assets		7.9	8.9	8.6
Other current assets	9	12.6	20.0	13.3
Cash and cash equivalents		117.2	143.9	157.2
<b>Total current assets</b>		<b>232.0</b>	<b>268.9</b>	<b>270.1</b>
<b>TOTAL ASSETS</b>		<b>2,139.7</b>	<b>2,266.7</b>	<b>2,219.3</b>

USD million	Note	30.06.2023	30.06.2022	31.12.2022
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital	12	370.2	445.2	370.2
Other equity		840.1	815.1	838.3
<b>Total equity</b>		<b>1,210.2</b>	<b>1,260.3</b>	<b>1,208.5</b>
Non-current interest-bearing borrowings	7	634.2	681.1	529.0
Non-current lease liabilities	8	34.9	44.1	41.7
Other non-current liabilities	9	1.4	3.1	3.4
<b>Total non-current liabilities</b>		<b>670.4</b>	<b>728.4</b>	<b>574.1</b>
Current interest-bearing borrowings	7	128.4	140.0	313.5
Current lease liabilities	8	26.0	25.1	26.5
Contract liabilities		7.0	24.1	13.7
Trade payables		31.1	35.8	35.8
Other current liabilities	9	66.6	53.0	47.2
<b>Total current liabilities</b>		<b>259.1</b>	<b>278.0</b>	<b>436.7</b>
<b>Total liabilities</b>		<b>929.5</b>	<b>1,006.4</b>	<b>1,010.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,139.7</b>	<b>2,266.7</b>	<b>2,219.3</b>

## Condensed Consolidated Statement of Changes in Equity

<i>USD million</i>	Paid-in capital	Other equity	Attributable to owners of the parent	Attributable to common shares	Attributable to preference shares	Total equity
<b>Balance at 1 January 2022</b>	<b>565.0</b>	<b>703.2</b>	<b>1,268.2</b>	<b>1,178.6</b>	<b>89.5</b>	<b>1,268.2</b>
Profit/(loss) for the period	-	89.2	89.2	84.8	4.4	89.2
Other comprehensive income for the period	-	25.2	25.2	25.2	-	25.2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>114.4</b>	<b>114.4</b>	<b>109.9</b>	<b>4.4</b>	<b>114.4</b>
Distribution of shares in Odfjell Technology Ltd. to common shareholders	(119.8)	-	(119.8)	(119.8)	-	(119.8)
Dividend to preference shareholders	-	(2.2)	(2.2)	-	(2.2)	(2.2)
Cost of share-based option plan	-	0.2	0.2	0.2	-	0.2
Settlement of share-based option plan	-	(0.5)	(0.5)	(0.5)	-	(0.5)
<b>Transactions with owners</b>	<b>(119.8)</b>	<b>(2.5)</b>	<b>(122.3)</b>	<b>(120.1)</b>	<b>(2.2)</b>	<b>(122.3)</b>
<b>Balance at 30 June 2022</b>	<b>445.2</b>	<b>815.1</b>	<b>1,260.3</b>	<b>1,168.5</b>	<b>91.8</b>	<b>1,260.3</b>
Total comprehensive income for the period Q3-Q4	-	43.2	43.2	39.4	3.8	43.2
Transactions with owners for the period Q3-Q4	(75.0)	(20.0)	(95.0)	0.5	(95.6)	(95.0)
<b>Balance at 31 December 2022</b>	<b>370.2</b>	<b>838.3</b>	<b>1,208.5</b>	<b>1,208.5</b>	<b>-</b>	<b>1,208.5</b>
Profit/(loss) for the period	-	13.4	13.4	13.4	-	13.4
Other comprehensive income for the period	-	(11.8)	(11.8)	(11.8)	-	(11.8)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>
Cost of share-based option plan	-	0.2	0.2	0.2	-	0.2
<b>Transactions with owners</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>0.2</b>
<b>Balance at 30 June 2023</b>	<b>370.2</b>	<b>840.1</b>	<b>1,210.2</b>	<b>1,210.2</b>	<b>-</b>	<b>1,210.2</b>

## Condensed Consolidated Statement of Cash Flows

USD million	Note	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
<b>Cash flows from operating activities:</b>						
Profit/(loss) before tax from continuing operations		13.0	23.4	17.0	45.2	88.3
Profit before tax from discontinued operations		-	-	-	10.3	10.3
Adjustment for interest, provisions and non-cash elements		65.5	55.2	133.0	119.6	232.7
Changes in working capital		7.8	(9.8)	7.3	(18.8)	(8.9)
<b>Cash generated from operations</b>		<b>86.3</b>	<b>68.8</b>	<b>157.3</b>	<b>156.4</b>	<b>322.4</b>
Net interest paid		(15.1)	(11.1)	(29.6)	(22.3)	(45.0)
Net income tax paid		(5.7)	0.0	(5.7)	(0.9)	(2.1)
<b>Net cash flow from operating activities</b>		<b>65.5</b>	<b>57.8</b>	<b>121.9</b>	<b>133.2</b>	<b>275.2</b>
-of which from continuing operations		65.5	57.8	121.9	121.0	263.0
<b>Cash flows from investing activities:</b>						
Purchase of property, plant and equipment	5,6	(20.7)	(6.3)	(34.6)	(29.4)	(66.6)
Proceeds from grants		12.7	-	12.7	6.4	6.4
Proceeds from sale of property, plant and equipment		-	-	-	0.8	0.9
Disposal of discontinued operations, net cash disposed of		-	-	-	(49.7)	(49.7)
Payment regarding letter of indemnity to Odfjell Technology Ltd.	11	-	-	(30.8)	-	-
Other investing activities		-	-	-	(2.0)	(2.0)
<b>Net cash flow from investing activities</b>		<b>(8.0)</b>	<b>(6.3)</b>	<b>(52.6)</b>	<b>(73.8)</b>	<b>(111.0)</b>
-of which from continuing operations		(8.0)	(6.3)	(21.9)	(14.8)	(52.0)
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings	7	414.9	-	414.9	146.5	241.5
Repayment of borrowings	7	(482.1)	(47.1)	(501.7)	(218.1)	(317.1)
Repayment of lease liabilities	8	(5.4)	(4.4)	(10.9)	(7.7)	(18.6)
Payment acquisition of treasury preference shares		-	-	-	-	(75.2)
Dividends paid to preference shareholders		-	(2.2)	-	(2.2)	(2.2)
<b>Net cash flow from financing activities</b>		<b>(72.7)</b>	<b>(53.7)</b>	<b>(97.7)</b>	<b>(81.5)</b>	<b>(171.6)</b>
-of which from continuing operations		(72.7)	(53.7)	(97.7)	(227.4)	(317.5)
Effects of exchange rate changes on cash and cash equivalents		(5.9)	(7.7)	(11.5)	(7.0)	(8.5)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(21.1)</b>	<b>(9.9)</b>	<b>(39.9)</b>	<b>(29.1)</b>	<b>(15.9)</b>
Cash and cash equivalents at beginning of period		138.3	153.9	157.2	173.0	173.0
<b>Cash and cash equivalents at period end</b>		<b>117.2</b>	<b>143.9</b>	<b>117.2</b>	<b>143.9</b>	<b>157.2</b>

## | 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 22 August 2023 and have not been audited.

### Basis for preparation

These condensed interim financial statements for the six months period ended 30 June 2023 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 2022.

### 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 2022.

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



## 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.

The Group provides drilling and related services to oil and gas companies. The group owned four drilling units during 2022 and 2023 with similar services, revenues, customers and production processes. Own drilling units (Own Fleet) is therefore assessed as one reporting 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 million	Own Fleet		External Fleet		Corporate / other		Consolidated	
	Q2 23	Q2 22	Q2 23	Q2 22	Q2 23	Q2 22	Q2 23	Q2 22
External segment revenue	145.1	145.1	38.0	16.8	0.7	1.3	183.8	163.1
Inter segment revenue	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>145.1</b>	<b>145.1</b>	<b>38.0</b>	<b>16.8</b>	<b>0.7</b>	<b>1.3</b>	<b>183.8</b>	<b>163.1</b>
<b>EBITDA</b>	<b>83.2</b>	<b>78.6</b>	<b>5.3</b>	<b>2.1</b>	<b>(3.2)</b>	<b>(1.8)</b>	<b>85.3</b>	<b>78.9</b>
Depreciation and amortisation	(44.7)	(41.6)	-	-	(0.8)	(1.1)	(45.5)	(42.7)
<b>EBIT</b>	<b>38.5</b>	<b>36.9</b>	<b>5.3</b>	<b>2.1</b>	<b>(4.0)</b>	<b>(2.9)</b>	<b>39.8</b>	<b>36.2</b>
Net financial items							(26.8)	(12.8)
<b>PROFIT BEFORE TAX - CONSOLIDATED GROUP</b>							<b>13.0</b>	<b>23.4</b>

USD million	Own Fleet			External Fleet			Corporate / other			Consolidated		
	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22
External segment revenue	279.0	284.3	567.3	74.1	31.8	78.0	1.6	1.8	4.3	354.7	317.9	649.5
Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>279.0</b>	<b>284.3</b>	<b>567.3</b>	<b>74.1</b>	<b>31.8</b>	<b>78.0</b>	<b>1.6</b>	<b>1.8</b>	<b>4.3</b>	<b>354.7</b>	<b>317.9</b>	<b>649.5</b>
<b>EBITDA</b>	<b>152.8</b>	<b>147.9</b>	<b>303.9</b>	<b>10.3</b>	<b>3.5</b>	<b>11.0</b>	<b>(4.9)</b>	<b>(4.5)</b>	<b>(7.0)</b>	<b>158.2</b>	<b>146.9</b>	<b>308.0</b>
Depreciation and amortisation	(89.1)	(80.9)	(167.1)	-	-	-	(1.7)	(2.4)	(4.4)	(90.7)	(83.3)	(171.5)
<b>EBIT</b>	<b>63.8</b>	<b>66.9</b>	<b>136.9</b>	<b>10.3</b>	<b>3.5</b>	<b>11.0</b>	<b>(6.5)</b>	<b>(6.9)</b>	<b>(11.3)</b>	<b>67.5</b>	<b>63.5</b>	<b>136.5</b>
Net financial items										(50.5)	(18.3)	(48.3)
<b>PROFIT BEFORE TAX - CONSOLIDATED GROUP</b>										<b>17.0</b>	<b>45.2</b>	<b>88.3</b>

## Note 3 Revenue

<i>USD million</i>	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Revenue from contracts with customers	109.8	97.1	220.7	206.6	393.7
Lease component in Own Fleet contracts	73.9	65.8	133.7	110.9	255.2
Other operating revenue	0.1	0.2	0.2	0.4	0.6
<b>Operating revenue - Continuing operations</b>	<b>183.8</b>	<b>163.1</b>	<b>354.7</b>	<b>317.9</b>	<b>649.5</b>

### Disaggregation of revenue - Primary geographical markets

<i>USD million</i>	Own Fleet		External Fleet		Corporate / Other		Consolidated	
	Q2 23	Q2 22	Q2 23	Q2 22	Q2 23	Q2 22	Q2 23	Q2 22
Norway	145.1	145.1	16.4	16.8	0.7	1.3	162.2	163.1
Namibia	-	-	20.4	-	-	-	20.4	-
Canada	-	-	1.2	-	-	-	1.2	-
<b>Total operating revenue</b>	<b>145.1</b>	<b>145.1</b>	<b>38.0</b>	<b>16.8</b>	<b>0.7</b>	<b>1.3</b>	<b>183.8</b>	<b>163.1</b>

<i>USD million</i>	Own Fleet			External Fleet			Corporate / Other			Consolidated		
	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22	YTD 23	YTD 22	FY 22
Norway	279.0	284.3	567.3	43.7	31.8	74.9	1.6	1.8	4.3	324.2	317.9	646.4
Namibia	-	-	-	29.3	-	3.1	-	-	-	29.3	-	3.1
Canada	-	-	-	1.2	-	-	-	-	-	1.2	-	-
<b>Total operating revenue</b>	<b>279.0</b>	<b>284.3</b>	<b>567.3</b>	<b>74.1</b>	<b>31.8</b>	<b>78.0</b>	<b>1.6</b>	<b>1.8</b>	<b>4.3</b>	<b>354.7</b>	<b>317.9</b>	<b>649.5</b>

## Note 4 Net financial items

USD million	Note	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Interest income		2.0	0.2	3.2	0.2	2.8
Interest expense lease liabilities	8	(1.1)	(1.1)	(2.2)	(1.8)	(4.2)
Other interest expenses		(15.1)	(9.9)	(30.8)	(20.0)	(45.0)
Other borrowing expenses *		(5.7)	(1.4)	(6.9)	(3.4)	(6.3)
Change in fair value of derivatives **		1.4	0.6	(1.1)	5.6	9.2
Net currency gain / (loss)		(6.8)	(1.2)	(11.2)	1.2	(3.6)
Other financial items		(1.5)	(0.1)	(1.6)	(0.2)	(1.2)
<b>Net financial items</b>		<b>(26.8)</b>	<b>(12.8)</b>	<b>(50.5)</b>	<b>(18.3)</b>	<b>(48.3)</b>

\* Q2 23 figures include recognised modification loss related to the extension and amendment to the Odfjell Rig V Ltd. facility, as a result of recalculating amortised cost according to IFRS 9.

\*\* FY 2022 figures include a realised gain on derivatives of USD 13.7 million.

## Note 5 Property, plant and equipment

### Specification and movements 2023

USD million	Mobile drilling units	Periodic maintenance	Other fixed assets	Right-of-use assets	Total fixed assets
Opening net book amount as at 1 January 2023	1,795.3	77.1	1.7	63.8	1,937.9
Additions	9.5	15.4	0.5	7.3	32.7
Depreciation	(57.8)	(21.8)	(0.2)	(10.8)	(90.6)
Currency translation differences	-	-	(0.2)	(4.4)	(4.5)
<b>Net book amount as at 30 June 2023</b>	<b>1,747.0</b>	<b>70.8</b>	<b>1.8</b>	<b>55.9</b>	<b>1,875.5</b>
Useful lifetime	5 - 30 years	5 years	3 - 5 years	2-12 years	
Depreciation schedule	Straight line	Straight line	Straight line	Straight line	

### 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 2023.

## Note 6 Intangible assets

### Specification and movements 2023

USD million	Goodwill	Software and other intangible assets	Total intangible assets
Opening net book amount as at 1 January 2023	3.0	0.4	3.4
Additions	-	-	-
Amortisation	-	(0.1)	(0.1)
Currency translation differences	(0.3)	(0.0)	(0.3)
<b>Closing net book amount as at 30 June 2023</b>	<b>2.7</b>	<b>0.2</b>	<b>2.9</b>

### 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 2023.

## Note 7 Interest-bearing borrowings

USD million	30.06.2023	30.06.2022	31.12.2022
Non-current	634.2	681.1	529.0
Current	128.4	140.0	313.5
<b>Total</b>	<b>762.6</b>	<b>821.1</b>	<b>842.5</b>

### Refinancing

Odfjell Drilling has in Q2 2023 completed its planned refinancing through the issuance of a secured bond and through amending, extending and securing bank facilities.

The new bank facilities carry a floating average interest rate of Secured Overnight Financing Rate (SOFR) + 324 basis points.

### The Odfjell Rig III Ltd senior secured bond

The company issued a USD 390 million secured bond maturing in May 2028. The bond has a fixed interest of 9.25% p.a. and semi-annual instalments of USD 20 million. The bond is secured by standard first lien security related to the Deepsea Aberdeen and Deepsea Atlantic, as well as guaranteed by Odfjell Drilling Ltd and various subsidiaries.

Odfjell Drilling Ltd. currently holds USD 7.5 million of the bond. The bond liability in

the consolidated balance sheet at 30 June 2023 is therefore 382.5 million.

### The Odfjell Invest Ltd. facilities

Remaining contractual amount for the old senior bank facility of USD 220 million and USD 100 million for the junior facility was repaid in June 2023.

A new USD 300 million bank facility on Deepsea Stavanger, maturing in February 2028, was secured in Q2 2023. The facility consist of a USD 125 million term loan tranche and a USD 175 million reducing

revolving credit facility ("RCF"). USD 43 million was drawn on the RCF in June 2023. The term loan will be made available in due course upon final license approval of the contract with Aker BP for Deepsea Stavanger.

### The Odfjell Rig III Ltd. facility

The remaining contractual amount of USD 107 million of the old facility was repaid in June 2023.

### The Odfjell Rig V Ltd. facility

The facility with a remaining contractual amount of USD 197 million was amended and extended to January 2029.

### Repayment of seller's credit

USD 20 million was repaid in June 2023.

### Available drawing facilities

Odfjell Drilling has USD 132 million available on the RCF facility as per 30 June 2023.

In addition, the term loan of USD 125 million will be made available in due course, see above.

## Covenants

The main financial covenants are listed below. The covenants are calculated based on Odfjell Drilling Ltd consolidated financial statements. Odfjell Drilling is compliant with all financial covenants as at 30 June 2023

Financial covenants	The Odfjell Rig III Ltd senior secured bond	The Odfjell Invest Ltd. RCF and Term loan	The Odfjell Rig V Ltd. Facility
Equity	n/a	≥ USD 600m	≥ USD 600m
Equity ratio	≥ 30%	≥ 30%	≥ 30%
Total liquidity	n/a	≥ 7.5% of Interest-bearing debt	≥ 5% of Interest-bearing debt
Free liquidity	≥ USD 50m	≥ USD 50m	≥ USD 50m
Current ratio	≥ 1.0x	≥ 1.0x	≥ 1.0x
Leverage ratio	n/a	≤ 3.0x	≤ 5.0x

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

USD million	30.06.2023		Total
	Non-current	Current	
Carrying amount as at 1 January	529.0	313.5	842.5
<b>CASH FLOWS:</b>			
New borrowings	425.6	-	425.6
Paid transaction costs related to new borrowings	(10.8)	-	(10.8)
Repayment borrowings and seller's credit	(296.5)	(205.3)	(501.7)
<b>NON-CASH FLOWS:</b>			
Reclassified from / (to) current borrowings	(20.1)	20.1	-
Change in transaction cost, unamortised	6.9	-	6.9
Change in accrued interest cost	-	0.0	0.0
<b>Carrying amount as at end of period</b>	<b>634.2</b>	<b>128.4</b>	<b>762.6</b>

## Repayment schedule for interest-bearing borrowings

USD million	30.06.2023	30.06.2022	31.12.2022
Maturity within 3 months	8.6	21.1	19.6
Maturity between 3 and 6 months	28.6	47.1	45.6
Maturity between 6 and 9 months	58.9	21.1	19.6
Maturity between 9 months and 1 year	28.6	47.1	225.2
Maturity between 1 and 2 years	114.2	689.1	437.3
Maturity between 2 and 3 years	129.2	-	95.0
Maturity between 3 and 4 years	74.2	-	-
Maturity between 4 and 5 years	299.9	-	-
Maturity beyond 5 years	25.7	-	-
<b>Total contractual amounts</b>	<b>767.7</b>	<b>825.3</b>	<b>842.2</b>

The table above 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.

## Note 8 Leases

The Right-of-use assets are included in the line item "Property, plant and equipment" in the balance sheet, refer to Note 5.

### Lease liabilities:

<i>USD million</i>	30.06.2023	30.06.2022	31.12.2022
Non-current	34.9	44.1	41.7
Current	26.0	25.1	26.5
<b>Total</b>	<b>60.8</b>	<b>69.2</b>	<b>68.2</b>

### Movements in lease liabilities are analysed as follows:

<i>USD million</i>	30.06.2023		Total
	Non-current	Current	
Carrying amount as at 1 January	41.7	26.5	68.2
<b>CASH FLOWS:</b>			
Payments for the principal portion of the lease liability	-	(10.9)	(10.9)
Payments for the interest portion of the lease liability	-	(2.2)	(2.2)
<b>NON-CASH FLOWS:</b>			
New lease liabilities recognised in the year	7.3	-	7.3
Interest expense on lease liabilities	2.2	-	2.2
Reclassified to current portion of lease liabilities	(13.5)	13.5	-
Currency exchange differences	(2.8)	(1.0)	(3.8)
<b>Carrying amount as at end of period</b>	<b>34.9</b>	<b>26.0</b>	<b>60.8</b>

## Note 9 Financial risk management and financial instruments

### 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 2023 related to the warrant agreements, nor to the modelling technique used to calculate fair value. Changes in book value relate to fair value changes.

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

USD million	Level	30.06.2023	30.06.2022	31.12.2022
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Derivatives not designated as hedging instruments				
- Foreign exchange forward contracts - Other current assets	2	-	-	2.4
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	-	7.0	7.5
- Interest rate swaps - Other current assets	2	3.5	-	-
<b>OTHER FINANCIAL ASSETS</b>				
Trade and other current receivables		104.4	106.2	100.6
Cash and cash equivalents		117.2	143.9	157.2
<b>Total financial assets</b>		<b>225.2</b>	<b>257.1</b>	<b>267.7</b>

USD million	Level	30.06.2023	30.06.2022	31.12.2022
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Derivatives not designated as hedging instruments				
- Foreign exchange forward contracts - Other current liabilities	2	0.3	-	-
Derivatives designated as hedging instruments				
- Foreign exchange forward contracts - Other non-current liabilities	2	0.9	-	-
Warrant liabilities - Other non-current liabilities	3	-	2.5	2.8
Warrant liabilities - Other current liabilities	3	1.3	-	-
<b>OTHER FINANCIAL LIABILITIES</b>				
Non-current interest-bearing borrowings		634.2	681.1	529.0
Current interest-bearing borrowings		128.4	140.0	313.5
Non-current lease liabilities		34.9	44.1	41.7
Current lease liabilities		26.0	25.1	26.5
Trade and other payables		76.2	70.9	63.7
<b>Total financial liabilities</b>		<b>902.0</b>	<b>963.8</b>	<b>977.2</b>

The fair value of financial assets and liabilities at amortised cost is not materially different from their carrying amount.

## | Note 10 Commitments

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

USD million	30.06.2023	30.06.2022	31.12.2022
Rig investments	52.4	13.4	46.7
<b>Total</b>	<b>52.4</b>	<b>13.4</b>	<b>46.7</b>

The major part of committed capital expenditure as at 30 June 2023 is related to the new BOP for the rig Deepsea Atlantic, as well as the upcoming periodic maintenance for Deepsea Atlantic and Deepsea Nordkapp.



## Note 11 Contingencies

### Letter of indemnity and related receivable

In relation to the spin-off of Odfjell Technology in 2022, Odfjell Drilling Ltd issued a letter of indemnity to Odfjell Technology Ltd (OTL) to hold OTL indemnified in respect of any liability that may occur in relation to the Odfjell Offshore Ltd tax case. This includes financing of any (pre-)payments to the Norwegian Tax Authorities, and funds for any legal proceedings. 21 December 2022 Odfjell Offshore Ltd received a tax ruling from the Norwegian Tax Authorities where the tax loss on the realisation of shares in 2017 was denied on the basis of the anti-avoidance rule developed as tax case law. Refer to Note 29 in the Annual report 2022 for further details.

Odfjell Offshore Ltd has appealed the ruling, and both the company and the Group is still of the opinion that the most likely outcome of a court case is that the anti-avoidance rule should not be applicable and the denial of the tax loss should be revoked. The Group therefore has not recognised any liability as at 30 June 2023.

31 January 2023 Odfjell Drilling Ltd paid NOK 307 million, equal to approximately USD 31 million, to OTL, to fund the upfront payment made by Odfjell Offshore Ltd to the Norwegian Tax Authorities 1 February 2023. The payment covers taxes and interest for the financial years 2017 through to 2021, which Odfjell Drilling Ltd had to fund in accordance with the indemnity letter. As stated above, the Group estimates that the amount will most likely be refunded, and has therefore recognised a non-current receivable as at 30 June 2023.

There are no other material contingencies to be disclosed as per 30 June 2023.

## Note 12 Share information and dividend

	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
<b>Total share capital</b>			<b>2,529</b>

Authorised, not issued shares was 47,093,673 as at 30 June 2023.

As per 30 June 2023 the Group holds 16,123,125 treasury preference shares.

The Group has not acquired any of its own common shares in 2023, and no common shares are held by entities in the Group.

The Group has not paid any dividend in 2023.

There are no changes in issued shares in 2023. All issued shares are fully paid.

## Note 13 Earnings per share

The Company has issued warrants for 6,837,492 common shares, see Note 24 in the Annual report 2022 for further information. The Company has in addition a share option plan for 1,450,000 common

shares, see Note 35 in the Annual report 2022 for further information. The warrants represent contingently issuable shares.

Neither the warrants nor the options affect the basic or diluted number of shares in 2022 or 2023.

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

USD million	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Profit/(loss) due to owners of the parent	11.4	21.9	13.4	89.2	129.6
Adjustment for dividends on preference shares	-	(2.2)	-	(4.4)	(8.3)
<b>Profit/(loss) for the period due to holders of common shares</b>	<b>11.4</b>	<b>19.7</b>	<b>13.4</b>	<b>84.8</b>	<b>121.3</b>
Adjustment related to warrants and share option plan	-	-	-	-	-
<b>Diluted profit/(loss) for the period due to the holders of common shares</b>	<b>11.4</b>	<b>19.7</b>	<b>13.4</b>	<b>84.8</b>	<b>121.3</b>

	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Weighted average number of common shares in issue	236,783,202	236,783,202	236,783,202	236,783,202	236,783,202
<b>Effects of dilutive potential common shares:</b>					
• Warrants	-	-	-	-	-
• Share option plan	-	-	-	-	-
<b>Diluted average number of shares outstanding</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>

	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
<b>EARNINGS PER SHARE - TOTAL</b>					
Basic earnings per share (USD)	0.05	0.08	0.06	0.36	0.51
Diluted earnings per share (USD)	0.05	0.08	0.06	0.36	0.51
<b>EARNINGS PER SHARE - CONTINUING OPERATIONS</b>					
Profit/(loss) for the period due to holders of common shares	11.4	19.7	13.4	38.0	74.6
Diluted profit/(loss) for the period due to the holders of common shares	11.4	19.7	13.4	38.0	74.6
Basic earnings per share - continuing operations (USD)	0.05	0.08	0.06	0.16	0.32
Diluted earnings per share - continuing operations (USD)	0.05	0.08	0.06	0.16	0.32

## Note 14 Related-party transactions

The Group had the following material transactions with related parties:

USD million	Relation	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	0.6	0.4	1.2	0.4	1.2
Odfjell Oceanwind AS	Related to main shareholder	0.1	0.2	0.3	0.4	0.5
Odfjell Land As	Related to main shareholder	0.1	0.2	0.2	0.4	0.6
<b>Total sales of services to related parties</b>		<b>0.8</b>	<b>0.7</b>	<b>1.7</b>	<b>1.1</b>	<b>2.3</b>

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

USD million	Relation	Q2 23	Q2 22	YTD 23	YTD 22	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	13.1	14.4	23.4	14.4	44.9
Odfjell Oceanwind AS	Related to main shareholder	0.0	-	0.1	-	-
<b>Total purchases from related parties</b>		<b>13.1</b>	<b>14.4</b>	<b>23.4</b>	<b>14.4</b>	<b>44.9</b>

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.

### Non-current receivable

Refer to Note 11 for information regarding the non-current receivable towards Odfjell Technology Ltd.

### 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 million	30.06.2023	30.06.2022	31.12.2022
Trade receivables	0.1	0.5	0.5
Other current receivables	0.0	-	0.0
Trade payables	(5.6)	(7.4)	(10.1)
Other current payables	(3.7)	(9.2)	(1.5)
<b>Net current payables related parties</b>	<b>(9.2)</b>	<b>(16.1)</b>	<b>(11.0)</b>

### Lease agreements

<i>USD million</i>			30.06.2023	Q2 23	YTD 23
<i>Related party</i>	<i>Relation</i>	<i>Type of asset</i>	<i>Lease liability</i>	<i>Payments</i>	<i>Payments</i>
Odfjell Land AS	Related to main shareholder	Properties	26.2	1.1	2.2
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	Mooring and drilling equipment	32.7	5.3	10.6
<b>Total</b>			<b>59.0</b>	<b>6.4</b>	<b>12.8</b>

### Shareholdings by related parties

Helene Odfjell (Director), controls Odfjell Partners Holding Ltd, which owns 60.37% of the common shares in the Company as per 30 June 2023.

## | Note 15 Events after the reporting period

22 August 2023, the Board of Directors approved a dividend distribution of 0.06 USD per share, equal to approximately USD 14.2 million, with payment in September 2023.

There have been no other events after the balance sheet date with material effect on the interim financial statements ended 30 June 2023.

# 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 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a

true and fair view of the assets, liabilities, financial position and profit or loss of the group taken 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

22 August 2023

Board of Directors of Odfjell Drilling Ltd.

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Simen Lieungh, Chair

Helene Odfjell, Director

Harald Thorstein, Director

Knut Hatleskog, 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. The calculation does not include anything on performance bonuses and fuel incentives.

### 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.

### Leverage ratio

	30.06.2023		
Non-current interest-bearing borrowings	USD	634.2	million
Current interest-bearing borrowings	USD	128.4	million
Non-current lease liabilities	USD	34.9	million
Current lease liabilities	USD	26.0	million
Adjustment for real estate lease liabilities	USD	(28.0)	million
<b>A Adjusted financial indebtedness</b>	<b>USD</b>	<b>795.4</b>	<b>MILLION</b>
Cash and cash equivalents	USD	117.2	million
Adjustment for restricted cash and other cash not readily available	USD	(14.6)	million
<b>B Adjusted cash and cash equivalents</b>	<b>USD</b>	<b>102.7</b>	<b>MILLION</b>
<b>A-B=C Adjusted Net interest-bearing debt</b>	<b>USD</b>	<b>692.7</b>	<b>MILLION</b>
EBITDA last 12 months	USD	319.3	million
Adjustment for effects of real estate leases	USD	(4.7)	million
<b>D Adjusted EBITDA</b>	<b>USD</b>	<b>314.6</b>	<b>MILLION</b>
<b>C/D=E LEVERAGE RATIO</b>		<b>2.2</b>	

For more information visit [odfjelldrilling.com](http://odfjelldrilling.com)

