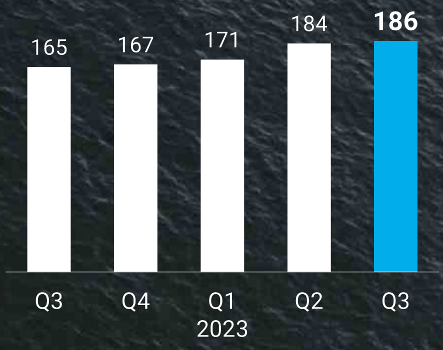
odfjell drilling

Q3 2023 Report

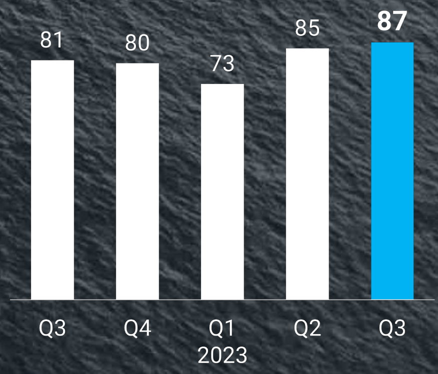
2 November 2023

Q3 Key Financials

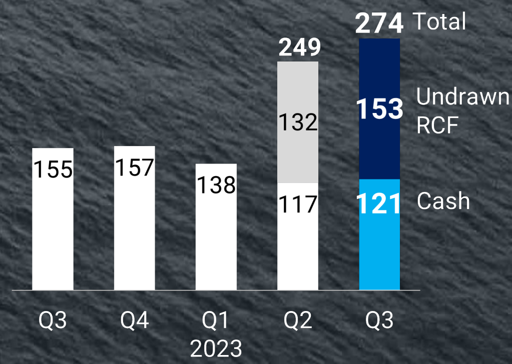
REVENUE ($m)



EBITDA ($m)



LIQUIDITY ($m)



EQUITY RATIO

NET DEBT ($m) &
LEVERAGE RATIO

QUARTERLY DIVIDEND

$0.06 / share

Q3 Highlights

Another quarter of record financial results

- EBITDA of USD 87 million, a 7.4% increase on Q3 2022
- Revenue of USD 186 million, a 12.7% increase on Q3 2022
- Good visibility for further cash generation with order backlog of USD 2.1 billion

Entire fleet deployed, working on some of the most demanding projects globally

- Average financial utilisation across own fleet of 98.4%
  - All own units drilling offshore Norway
- Managed fleet deployed
  - Three units drilling throughout the period while Hercules completed one well for Exxon Mobil
  - Units were active in Norway, Canada and Namibia

Quarterly dividend of USD 14.2 million, in line with shareholder distribution strategy

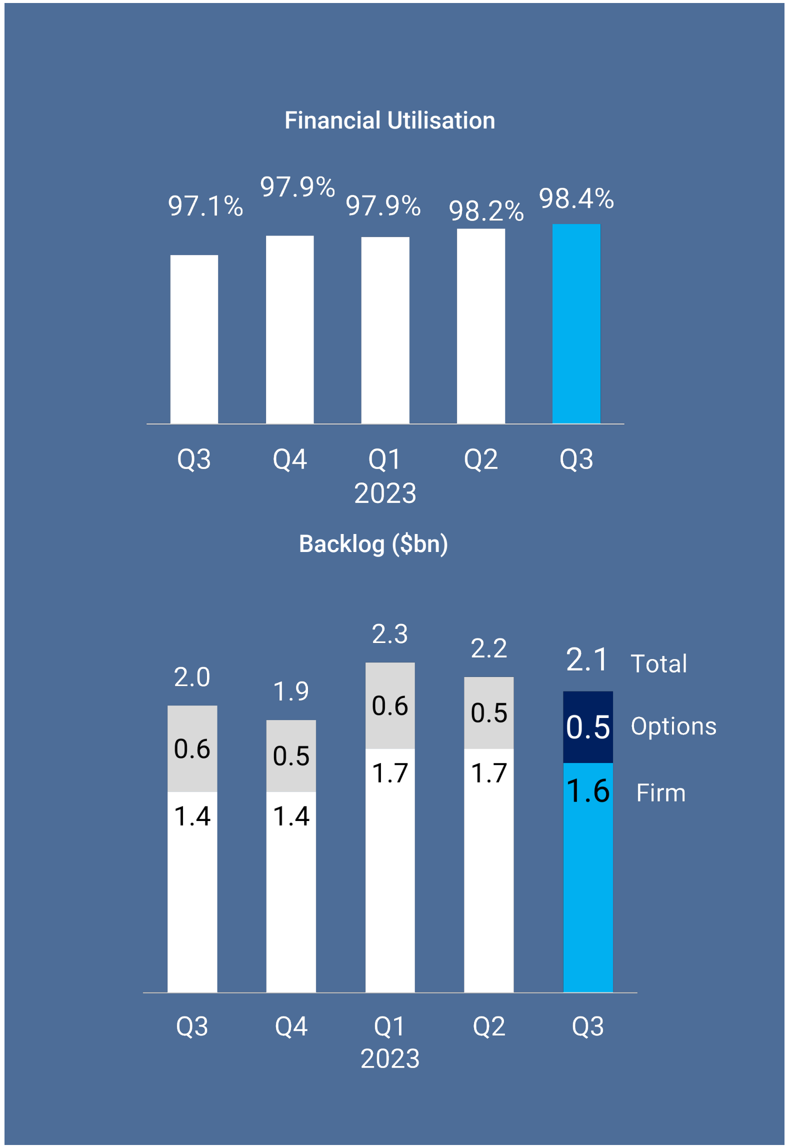
- Combined with Q2 dividend, total distribution for 2023 so far of USD 28.4 million

Increased liquidity

- Total liquidity of USD 274 million, increased by USD 25 million from prior quarter

Reversal of impairment

- Identified and recognised impairment reversal of USD 71 million for Deepsea Atlantic and USD 92 million for Deepsea Stavanger



Kjetil Gjersdal Odfjell Drilling AS CEO commented:

“During Q3, Odfjell Drilling has achieved multiple new records across the business and set new standards operationally. For the first time in our fifty year history, our Company had eight units operational during the quarter; drilling in both harsh environment and deepwater locations. Our rigs drilled on some of the most technically challenging and exciting projects which our industry is currently working on and we are pleased by the results.

“Our financial utilisation was the highest it has been since Q1 2022 and our crews continued to achieve strong performance bonuses from our units; resulting in our highest quarterly revenue and EBITDA since the Odfjell Technology spin off. The cash generation achieved is testament to the hard work of all of our staff and crews and, as we continue to move onto contracts with higher dayrates, we look forward to continuing to set new records.

"Our wider industry continues to perform well with significant demand, while supply remains tight. Encouragingly, we believe that demand will remain solid for the long term, allowing dayrates to continue to retain the positive momentum seen in recent months. We continue to see no realistic situation where newbuilds start entering the market.

“Ultimately, as a result of the strong performance of our business, the continued strengthening of our industry and our focus on delivering shareholder returns, we are pleased to once again declare a quarterly dividend for the period of USD 14.2 million.”

Q3 Dividend

- Announced currency: USD
- Dividend amount: 0.06 USD / share
- Payment amount: USD 14.2 million
- Last day including right: 9 November
- Ex-Dividend date: 10 November
- Record date: 13 November
- Payment date: 22 November
- Date of approval: 1 November

Key figures for the Group

All figures in USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Operating revenue	186	165	541	483	650
EBITDA	87	81	245	228	308
EBIT *	204	37	272	101	137
Net profit (loss)	184	12	198	54	83
EBITDA margin	47%	49%	45%	47%	47%
Total assets			2,293	2,231	2,219
Net interest bearing debt			620	647	685
Equity			1,382	1,270	1,208
Equity ratio			60%	57%	54%

** Including reversal of impairment losses of USD 163 million. Refer to Note 5 for further information.*

Setting Standards

As has become a regular occurrence for Odfjell Drilling, the third quarter of 2023 saw the Company pushing itself to the limits whilst setting new standards in its industry. As a result, Q3 has seen the Company setting multiple records across the business.

Operationally, the Company, for the first time in its 50 year history, had eight units drilling at the same time. Spread across the globe, our units worked on some of the most exciting and technically challenging projects which the industry is currently drilling and operated in both harsh and deepwater environments.

During Q3, the Company's own fleet drilled in the Norwegian Continental Shelf on various projects for Equinor and Aker BP. The Deepsea Aberdeen, Deepsea Atlantic and Deepsea Nordkapp were drilling on the Breidablikk, Johan Sverdrup Phase II and the Alvheim Field developments respectively while the Deepsea Stavanger, which also worked with Equinor, focused on various exploration projects. Combined, the Company's own fleet averaged a financial utilisation of 98.4%, the highest financial utilisation achieved since Q4 2020.

The Company's managed fleet had all four units on contract during the period, with the Deepsea Yantai drilling offshore Norway for Wellesley Petroleum and DNO, while the Hercules completed a drilling project offshore Canada for ExxonMobil before mobilising for Namibia. The Deepsea Mira and Deepsea Bollsta were drilling offshore Namibia throughout the quarter on the Venus discovery appraisal well for Total Energies and various exploration projects for Shell.

The wells drilled offshore Namibia are located in deepwater (Venus was drilled at nearly 3,000 metres water depth) and the unpredictability of the currents and weather makes it similar to other harsh environment locations. Despite this challenge, the Company successfully completed several wells in these conditions efficiently.

Following completion of operations at Venus, the Deepsea Mira was also able to move to the next location whilst the BOP (blow out preventer) string was still suspended at 3000 meters, increasing the efficiency of mobilisation to the next drilling location and further proving the capability of harsh environment semi-submersibles to drill in deepwater locations such as offshore Namibia.

Further to the Company's operational performance, the Company was also pleased to sign a new contract for the Hercules, which will see it returning to Canada for Equinor, following completion of work with Galp Energia in Namibia. Under the terms of the contract, the Hercules will drill one well plus one optional well; with an expected commencement in Q2 2024.

In addition to the Company setting new operational standards, Odfjell Drilling was pleased during the quarter that it received an industry leading B+ grade from the Position Green ESG 100 Report for 2023. The annual report evaluates the quality in the reporting from the 100 largest listed companies in Norway and recognised the Company's disclosures as being the best in the drilling sector, and in the top 35% of all companies which were graded.

Focused on disciplined financial stewardship

Following completion of the Company's planned refinancing in early July, which saw the Company refinance its debt with secured bonds of USD 390 million and bank facilities of USD 497 million, the Company continued its focus on strong financial discipline and hit new records for revenue and EBITDA. Achieving a revenue of USD 186 million and EBITDA of USD 87 million during the quarter, the Company has continued to focus on deleverage its debt to 2.1 x whilst also increasing its liquidity to USD 274 million.

As a result of the continued strong performance of the business and the wider market, the Company is pleased to declare a quarterly dividend of USD 14.2 million for the third quarter of the year, adding to the Q2 dividend of the same sum. As previously reported, the Company has the ambition to continue to declare regular and consistent quarterly dividends and increase these in line with reducing capex requirements as the Company's fleet completes its planned special periodic survey program.

Outlook

Market Outlook

Buoyed by a strong oil price during the quarter, the Company sees strong demand for its services, persisting in the medium and long term.

The supply and demand dynamics which have resulted in the significant increase in day rate for our services have largely continued, with several stand out contracts in our sector, demonstrating the healthy rates which our units can command. The Company expects to see the trend of more units leaving Norway for international contracts continuing and the likelihood of newbuilds, extremely unlikely. With demand continuing to be strong, the Company expects day rates to continue to rise in the months and years ahead.

In Norway, the Company noted the results of tenders which our own fleet was not available for, which were below market rate. The Company considers these awards as not being indicative of the value which its own high spec, 6th generation semi-submersibles, which continue to be highly sought after by operators, would achieve.

Internationally we see strong demand in locations such as Namibia, Australia and Brazil. The Company notes recent results from Namibia, where TotalEnergies was quoted as suggesting the Venus discovery alone might contain between 1-2 billion barrels, suggesting that offshore Namibia may contain a substantial hydrocarbon province. As evidence by operations by both the Deepsea Mira and Deepsea Bollsta, we expect that the unique capabilities of high-spec semisubmersibles make them ideally suited to working in this location relative to drillships, potentially further increasing demand for our services.

Company Outlook

The Company remains highly optimistic about its outlook, both in the near term and the long term.

The Company has firm backlog across all of its own units, which will see the average day rates for its services increasing continually, adding further to our already increasing revenue and EBITDA. We expect further contract awards to also be secured in the near future, with the Company's units actively involved in several tenders.

Looking ahead, the Company looks forward to completing the first of its four special periodic survey's ("SPS") for its fleet, with the Deepsea Nordkapp anticipated to completing its SPS during Q4 2023. Significant work has been completed on the Deepsea Nordkapp ahead of its SPS and the Company anticipates downtime to be kept to a minimum.

Segments

Own Fleet

All figures in USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Operating revenue	147	144	426	428	567
EBITDA	83	79	236	227	304
EBIT	201	36	265	103	137
EBITDA margin	57%	55%	55%	53%	54%

(Comparable figures for last comparable period in brackets)

Q3 2023

Operating revenue for the Own Fleet segment in Q3 2023 was USD 147 million (USD 144 million).

EBITDA for the Own Fleet segment in Q3 2023 was USD 83 million (USD 79 million), driven by improved EBITDA for Deepsea Atlantic (USD 3 million) due to higher bonus and Deepsea Aberdeen (USD 3 million) due to higher bonus and lower OPEX, offset by reduced EBITDA for Deepsea Nordkapp (USD 2 million) driven by lower bonus.

In Q3 23 there was a USD 163 million reversal of impairment losses recognised in prior periods. Refer to Note 5 for further information.

YTD 2023

Operating revenue for the Own Fleet segment YTD 2023 was USD 426 million (USD 428 million). The main driver for the decrease is negative variance for Deepsea Nordkapp of USD 8 million, driven by a lower daily rate from Aker BP after the market adjustment set in Q1 2021 took effect in June 2022, and Deepsea Aberdeen USD 1 million due to lower daily rate in the Equinor contract, which started in May 2022, compared to the BP/ Wintershall contract, which ended in April 2022. The lower rate with Equinor is offset almost in full by higher add on sales, bonus and fuel incentives. Deepsea Stavanger has a positive variance of USD 5 million due to idle time during first quarter in 2022 and higher bonus in 2023. Deepsea Atlantic has a positive variance of MUSD 1 due to higher bonus offset by lower add on sales during 2023.

EBITDA for the Own Fleet segment YTD 2023 was USD 236 million (USD 227 million), driven by improved EBITDA for Deepsea Stavanger (USD 6 million), Deepsea Atlantic (USD 6 million) and Deepsea Aberdeen (USD 1 million) but offset by reduced EBITDA for Deepsea Nordkapp (MUSD 5).

Own Fleet - Financial Utilisation

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

	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Deepsea Stavanger	98.1 %	93.7 %	97.4 %	96.2 %	96.9 %
Deepsea Atlantic	99.3 %	96.9 %	99.0 %	97.5 %	97.7 %
Deepsea Aberdeen	96.6 %	98.7 %	96.8 %	98.7 %	98.7 %
Deepsea Nordkapp	99.7 %	99.1 %	99.5 %	99.3 %	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 2023 is due to maintenance on the BOP during June and July 2023.
- Deepsea Nordkapp has been operating for Aker BP on the NCS during 2023.

External Fleet

All figures in USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Operating revenue	39	20	113	52	78
EBITDA	6	3	16	7	11
EBIT	6	3	16	7	11
EBITDA margin	15%	17%	14%	13%	14%

(Comparable figures for last comparable period in brackets)

Q3 2023

Operating revenue for the External Fleet in Q3 2023 was USD 39 million (USD 20 million). The main driver for the increase is more rigs in operation during 2023. In Q3 2022 Deepsea Mira and Deepsea Bollsta were in layup/reactivation phase, while Hercules was included during Q4 2022. Three management rigs have been fully operational through Q3 2023 whereas Hercules has been partly drilling in Canada and mobilising to Namibia.

EBITDA for the External Fleet in Q3 2023 was USD 6 million (USD 3 million). The main driver is higher management fee for Deepsea Bollsta, Deepsea Mira and Hercules due to start of operation.

YTD 2023

Operating revenue for the External Fleet YTD 2023 was USD 113 million (USD 52 million). The main driver for the increase is more rigs in operation during 2023.

EBITDA for the External Fleet YTD 2023 was USD 16 million (USD 7 million). The main driver is higher management fee for Deepsea Bollsta, Deepsea Mira and Hercules due to start of operation.

Consolidated group financials

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

Profit Q3 2023

Operating revenue for Q3 2023 was USD 186 million (USD 165 million), an increase of USD 21 million, due to increased activity in the External Fleet segment.

EBITDA in Q3 2023 was USD 87 million (USD 81 million), an increase of USD 6 million. The EBITDA margin in Q3 2023 was 47% (49%).

Depreciation and amortisation cost in Q3 2023 was USD 46 million (USD 44 million), an increase of USD 2 million.

In Q3 2023 there was a USD 163 million reversal of impairment losses recognised in prior periods. Refer to Note 5 for further information.

Net financial expenses in Q3 2023 amounted to USD 18 million (USD 25 million), a decrease of USD 7 million. Interest expenses have increased by USD 5 million mainly due to increased floating interest rates. There is a positive change of USD 10 million in net currency loss compared to 2022.

Net profit from continuing operations in Q3 2023 was USD 184 million (USD 12 million).

Cash flow Q3 2023

Net cash flow from continuing operating activities in Q3 2023 was USD 76 million (USD 64 million). The Group paid net interest of USD 3 million (USD 11 million).

Net cash outflow from investing activities in Q3 2023 was USD 18 million (USD 17 million), related to purchases of fixed assets.

Net cash outflow from financing activities in Q3 2023 was USD 55 million (USD 27 million). The Group paid USD 14 million in ordinary instalments on credit facilities and leases and further repaid USD 26 million on the Revolving credit facility (RCF). A dividend of USD 14 million was paid to the shareholders in Q3 2023.

Balance sheet

Total assets as at 30 September 2023 amounted to USD 2,293 million (USD 2,219 million as at 31 December 2022), an increase of USD 74 million.

Total equity as at 30 September 2023 amounted to USD 1,382 million (USD 1,208 million as at 31 December 2022), an increase of USD 174 million, mainly due to the reversal of impairment losses recognised in Q3 2023.

Net interest bearing debt as at 30 September 2023 amounted to USD 620 million (USD 685 million as at 31 December 2022), a decrease of USD 65 million.

At 30 September 2023, cash amounted to USD 121 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)	1.1	0.7
Total recordable incident frequency (as per 1 million working hours)	3.2	4.8
Sick leave (percentage)	4.7	5.1
Dropped objects frequency (as per 1 million working hours)	3.5	4.8

London, United Kingdom

1 November 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	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
CONTINUING OPERATIONS						
Operating revenue	2,3	**186.0**	**164.8**	**540.7**	**482.7**	**649.5**
Other gains and losses		-	-	-	-	0.0
Personnel expenses		(65.6)	(48.3)	(193.3)	(152.6)	(206.5)
Other operating expenses		(33.6)	(35.4)	(102.4)	(102.1)	(135.0)
EBITDA		**86.8**	**81.2**	**245.0**	**228.1**	**308.0**
Depreciation, amortisation and impairment	5,6	117.3	(44.1)	26.6	(127.4)	(171.5)
Operating profit (EBIT)		**204.1**	**37.1**	**271.6**	**100.6**	**136.5**
Net financial items	4	(17.6)	(24.9)	(68.1)	(43.2)	(48.3)
Profit before taxes		**186.5**	**12.2**	**203.5**	**57.4**	**88.3**
Income taxes		(2.1)	(0.5)	(5.7)	(3.3)	(5.4)
Net profit from continuing operations		**184.5**	**11.6**	**197.9**	**54.1**	**82.9**
Profit from discontinued operations		-	-	-	46.7	46.7
Profit (loss)		**184.5**	**11.6**	**197.9**	**100.8**	**129.6**
Profit (loss) attributable to:						
Owners of the parent		184.5	11.6	197.9	100.8	129.6
EARNINGS PER SHARE (USD)						
Basic earnings per share	13	0.78	0.04	0.84	0.40	0.51
Diluted earnings per share	13	0.78	0.04	0.84	0.40	0.51
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (USD)						
Basic earnings per share	13	0.78	0.04	0.84	0.20	0.32
Diluted earnings per share	13	0.78	0.04	0.84	0.20	0.32

Condensed Consolidated Statement of Comprehensive Income

USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
PROFIT (LOSS)	**184.5**	**11.6**	**197.9**	**100.8**	**129.6**
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations (net of tax)	-	-	-	-	(0.0)
Items that are or may be reclassified to profit or loss:					
Cash flow hedges	(1.0)	2.5	(5.8)	12.0	10.0
Currency translation differences	2.1	(4.2)	(4.9)	(15.5)	(8.9)
Reclassification of foreign currency translation reserve	-	-	-	27.0	27.0
Other comprehensive income, net of tax	**1.1**	**(1.7)**	**(10.7)**	**23.5**	**28.0**
Total comprehensive income	**185.6**	**9.9**	**187.1**	**124.3**	**157.6**
Total comprehensive income attributable to:					
Owners of the parent	185.6	9.9	187.1	124.3	157.6

Condensed Consolidated Statement of Financial Position

USD million	Note	30.09.2023	30.09.2022	31.12.2022
ASSETS				
Property, plant and equipment	5	2,013.9	1,953.2	1,937.9
Intangible assets	6	2.9	3.1	3.4
Deferred tax asset		0.6	0.6	0.4
Non-current receivable	11	28.8	-	-
Other non-current assets	9	0.3	9.5	7.5
Total non-current assets		**2,046.5**	**1,966.5**	**1,949.2**
Trade receivables		102.8	86.1	91.0
Contract assets		8.0	7.9	8.6
Other current assets		15.5	15.1	13.3
Cash and cash equivalents		120.6	155.3	157.2
Total current assets		**246.9**	**264.4**	**270.1**
TOTAL ASSETS		**2,293.4**	**2,230.9**	**2,219.3**

USD million	Note	30.09.2023	30.09.2022	31.12.2022
EQUITY AND LIABILITIES				
Paid-in capital	12	370.2	445.2	370.2
Other equity		1,011.5	825.1	838.3
Total equity		**1,381.7**	**1,270.3**	**1,208.5**
Non-current interest-bearing borrowings	7	599.8	661.8	529.0
Non-current lease liabilities	8	29.5	38.6	41.7
Other non-current liabilities		0.8	2.7	3.4
Total non-current liabilities		**630.1**	**703.0**	**574.1**
Current interest-bearing borrowings	7	141.1	140.8	313.5
Current lease liabilities	8	26.1	25.2	26.5
Contract liabilities		8.0	18.6	13.7
Trade payables		40.1	31.8	35.8
Other current liabilities		66.3	41.2	47.2
Total current liabilities		**281.6**	**257.6**	**436.7**
Total liabilities		**911.7**	**960.6**	**1,010.8**
TOTAL EQUITY AND LIABILITIES		**2,293.4**	**2,230.9**	**2,219.3**

Condensed Consolidated Statement of Changes in Equity

USD million	Paid-in capital	Other equity	Attributable to owners of the parent	Attributable to common shares	Attributable to preference shares	Total equity
Balance at 1 January 2022	**565.0**	**703.2**	**1,268.2**	**1,178.6**	**89.5**	**1,268.2**
Profit/(loss) for the period	-	100.8	100.8	94.1	6.8	100.8
Other comprehensive income for the period	-	23.5	23.5	23.5	-	23.5
Total comprehensive income for the period	**-**	**124.3**	**124.3**	**117.5**	**6.8**	**124.3**
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	-	0.3	0.3	0.3	-	al;t0.2
Settlement of share-based option plan	-	(0.5)	(0.5)	(0.5)	-	(0.5)
Transactions with owners	**(119.8)**	**(2.4)**	**(122.2)**	**(120.0)**	**(2.2)**	**(122.2)**
Balance at 30 September 2022	**445.2**	**825.1**	**1,270.3**	**1,176.2**	**94.1**	**1,270.3**
Total comprehensive income for the period Q4 22	-	33.3	33.3	31.8	1.5	33.3
Transactions with owners for the period Q4 22	(75.0)	(20.1)	(95.1)	0.5	(95.6)	(95.1)
Balance at 31 December 2022	**370.2**	**838.3**	**1,208.5**	**1,208.5**	**-**	**1,208.5**
Profit/(loss) for the period	-	197.9	197.9	197.9	-	197.9
Other comprehensive income for the period	-	(10.7)	(10.7)	(10.7)	-	(10.7)
Total comprehensive income for the period	**-**	**187.1**	**187.1**	**187.1**	**-**	**187.1**
Dividends paid	-	(14.2)	(14.2)	(14.2)	-	(14.2)
Cost of share-based option plan	-	0.3	0.3	0.3	-	0.3
Transactions with owners	**-**	**(13.9)**	**(13.9)**	**(13.9)**	**-**	**(13.9)**
Balance at 30 September 2023	**370.2**	**1,011.5**	**1,381.7**	**1,381.7**	**-**	**1,381.7**

Condensed Consolidated Statement of Cash Flows

USD million	Note	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Cash flows from operating activities:						
Profit/(loss) before tax from continuing operations		186.5	12.2	203.5	57.4	88.3
Profit before tax from discontinued operations		-	-	-	10.3	10.3
Adjustment for interest, provisions and non-cash elements		(95.2)	65.6	37.8	185.2	232.7
Changes in working capital		(11.6)	(2.4)	(4.3)	(21.1)	(8.9)
Cash generated from operations		**79.7**	**75.4**	**237.0**	**231.8**	**322.4**
Net interest paid		(3.4)	(10.5)	(33.1)	(32.9)	(45.0)
Net income tax paid		(0.0)	(0.5)	(5.8)	(1.4)	(2.1)
Net cash flow from operating activities		**76.3**	**64.4**	**198.2**	**197.6**	**275.2**
-of which from continuing operations		76.3	64.4	198.2	185.3	263.0
Cash flows from investing activities:						
Purchase of property, plant and equipment	5,6	(17.5)	(17.1)	(52.1)	(46.4)	(66.6)
Proceeds from grants		-	-	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)
Net cash flow from investing activities		**(17.5)**	**(17.1)**	**(70.2)**	**(90.9)**	**(111.0)**
-of which from continuing operations		(17.5)	(17.1)	(39.4)	(31.8)	(52.0)
Cash flows from financing activities:						
Proceeds from borrowings	7	(0.2)	-	414.7	146.5	241.5
Repayment of borrowings	7	(34.7)	(21.1)	(536.4)	(239.2)	(317.1)
Repayment of lease liabilities	8	(5.6)	(5.6)	(16.5)	(13.3)	(18.6)
Payment acquisition of treasury preference shares		-	-	-	-	(75.2)
Dividends paid		(14.2)	-	(14.2)	(2.2)	(2.2)
Net cash flow from financing activities		**(54.7)**	**(26.7)**	**(152.4)**	**(108.1)**	**(171.6)**
-of which from continuing operations		(54.7)	(26.7)	(152.4)	(254.0)	(317.5)
Effects of exchange rate changes on cash and cash equivalents		(0.7)	(9.3)	(12.2)	(16.3)	(8.5)
Net increase (decrease) in cash and cash equivalents		**3.3**	**11.4**	**(36.6)**	**(17.7)**	**(15.9)**
Cash and cash equivalents at beginning of period		117.2	143.9	157.2	173.0	173.0
Cash and cash equivalents at period end		**120.6**	**155.3**	**120.6**	**155.3**	**157.2**

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 1 November 2023 and have not been audited.

Basis for preparation

These condensed interim financial statements for the nine months period ended 30 September 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, with the exception of the estimation of recoverable amount for the previously impaired drilling rigs described in Note 5, which was not relevant for the 2022 financial statements.

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.

	Own Fleet		External Fleet		Corporate / other		Consolidated	
USD million	Q3 23	Q3 22	Q3 23	Q3 22	Q3 23	Q3 22	Q3 23	Q3 22
External segment revenue	146.7	144.1	38.6	20.1	0.7	0.7	186.0	164.8
Inter segment revenue	-	-	-	-	-	-	-	-
Total revenue	**146.7**	**144.1**	**38.6**	**20.1**	**0.7**	**0.7**	**186.0**	**164.8**
EBITDA	**83.1**	**79.3**	**5.9**	**3.4**	**(2.2)**	**(1.6)**	**86.8**	**81.2**
Depreciation, amortisation and impairment	118.2	(43.1)	-	-	(0.8)	(1.0)	117.3	(44.1)
EBIT	**201.3**	**36.2**	**5.9**	**3.4**	**(3.1)**	**(2.6)**	**204.1**	**37.1**
Net financial items							(17.6)	(24.9)
PROFIT BEFORE TAX - CONSOLIDATED GROUP							**186.5**	**12.2**

	Own Fleet			External Fleet			Corporate / other			Consolidated		
USD million	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	425.7	428.4	567.3	112.7	51.9	78.0	2.3	2.5	4.3	540.7	482.7	649.5
Inter segment revenue	-	-	-	-		-	-	-	-	-	-	-
Total revenue	**425.7**	**428.4**	**567.3**	**112.7**	**51.9**	**78.0**	**2.3**	**2.5**	**4.3**	**540.7**	**482.7**	**649.5**
EBITDA	**236.0**	**227.2**	**303.9**	**16.2**	**6.9**	**11.0**	**(7.1)**	**(6.1)**	**(7.0)**	**245.0**	**228.1**	**308.0**
Depreciation, amortisation and impairment	29.1	(124.1)	(167.1)	-	-	-	(2.5)	(3.4)	(4.4)	26.6	(127.4)	(171.5)
EBIT	**265.1**	**103.2**	**136.9**	**16.2**	**6.9**	**11.0**	**(9.6)**	**(9.5)**	**(11.3)**	**271.6**	**100.6**	**136.5**
Net financial items										(68.1)	(43.2)	(48.3)
PROFIT BEFORE TAX - CONSOLIDATED GROUP										**203.5**	**57.4**	**88.3**

Note 3 Revenue

USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Revenue from contracts with customers	108.9	90.6	329.6	297.3	393.7
Lease component in Own Fleet contracts	77.0	74.2	210.7	185.1	255.2
Other operating revenue	0.1	-	0.3	0.4	0.6
Operating revenue - Continuing operations	**186.0**	**164.8**	**540.7**	**482.7**	**649.5**

Disaggregation of revenue - Primary geographical markets

	Own Fleet		External Fleet		Corporate / Other		Consolidated	
USD million	Q3 23	Q3 22	Q3 23	Q3 22	Q3 23	Q3 22	Q3 23	Q3 22
Norway	146.7	144.1	18.2	20.1	0.7	0.7	165.6	164.8
Namibia	-	-	20.4	-	-	-	20.4	-
Canada	-	-	-	-	-	-	-	-
Total operating revenue	**146.7**	**144.1**	**38.6**	**20.1**	**0.7**	**0.7**	**186.0**	**164.8**

	Own Fleet			External Fleet			Corporate / Other			Consolidated		
USD million	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	425.7	428.4	567.3	61.9	51.9	74.9	2.3	2.5	4.3	489.9	482.7	646.4
Namibia	-	-	-	49.7	-	3.1	-	-	-	49.7	-	3.1
Canada				1.2	-					1.2	-	
Total operating revenue	**425.7**	**428.4**	**567.3**	**112.7**	**51.9**	**78.0**	**2.3**	**2.5**	**4.3**	**540.7**	**482.7**	**649.5**

Note 4 Net financial items

USD million	Note	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Interest income		1.2	0.8	4.5	1.0	2.8
Interest expense lease liabilities	8	(1.0)	(1.2)	(3.2)	(3.0)	(4.2)
Other interest expenses		(16.3)	(11.3)	(47.1)	(31.3)	(45.0)
Other borrowing expenses *		(0.5)	(1.3)	(7.4)	(4.7)	(6.3)
Change in fair value of derivatives **		(2.3)	(2.5)	(3.3)	3.1	9.2
Net currency gain / (loss)		1.4	(8.4)	(9.8)	(7.3)	(3.6)
Other financial items		(0.1)	(0.9)	(1.7)	(1.1)	(1.2)
Net financial items		**(17.6)**	**(24.9)**	**(68.1)**	**(43.2)**	**(48.3)**

** YTD 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	14.3	31.1	0.5	7.2	**53.1**
Depreciation	(86.6)	(33.2)	(0.3)	(16.5)	**(136.6)**
Reversal of impairment	163.4	-	-	-	**163.4**
Currency translation differences	-	-	(0.1)	(3.8)	**(3.9)**
Net book amount as at 30 September 2023	**1,886.5**	**75.0**	**1.8**	**50.7**	**2,013.9**
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.

Odfjell Drilling has not identified any impairment indicators as at 30 September 2023.

Reversal of impairment losses recognised in prior periods

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 identified indications that there are significant favourable effects in the market environment, leading to changes in the estimate used to determine the recoverable amount when the rigs were impaired. These changes mainly impact the expected future day rates.

On the basis of the identified indicators of impairment reversal, Odfjell Drilling has assessed the two impaired drilling rigs for impairment reversal.

Based on the estimated recoverable amount for the previously impaired rigs, the group has recognised reversal of impairment of USD 71 million for Deepsea Atlantic and USD 92 million for Deepsea Stavanger as at 30 September 2023.

This is a reversal of all previous impairment for these rigs. The carrying amount for the rigs is now equal to the amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior periods.

The key assumptions used in the tests are listed in the table below.

Key assumptions	Deepsea Atlantic	Deepsea Stavanger
Weighted Average Cost of Capital (WACC)	11.0%	11.0%
Estimated firm contract days	984	2,101
Estimated average day rate for firm periods (USD thousand)	396	398
Future base case day rates (USD thousand)	450	450
Future base case OPEX day rates (USD thousand)	160	160
Financial utilisation in periods without firm contract	95%	95%

Sensitivity analysis - all amounts in USD million

Estimated impairment write-down if:		Deepsea Atlantic	Deepsea Stavanger
- WACC increased by	1,5 pp	-	-
- WACC increased by	3,0 pp	4	15
- Day rate level decreased by *	10%	-	-
- Day rate level decreased by *	20%	61	11
- Normalised opex level increased by	10%	-	-
- Normalised opex level increased by	20%	1	12
- Financial utilisation in normalised period decreased by	10 pp	-	-
- Financial utilisation in normalised period decreased by	20 pp	61	18

** excluding firm contractual day rates*

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	-	(0.2)	**(0.2)**
Currency translation differences	(0.2)	(0.0)	**(0.2)**
Closing net book amount as at 30 September 2023	**2.7**	**0.2**	**2.9**

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 September 2023.

Note 7 Interest-bearing borrowings

USD million	30.09.2023	30.09.2022	31.12.2022
Non-current	599.8	661.8	529.0
Current	141.1	140.8	313.5
Total	**741.0**	**802.6**	**842.5**

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 September 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, and USD 26 million was repaid in September 2023.

The term loan, less scheduled instalment of USD 3.6 million, was made available 5 October 2023.

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 153 million available on the RCF facility as per 30 September 2023.

In addition, the term loan of USD 121 million was utilised on 5 October 2023 and was partly used to repay the USD 95 million direct loan.

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 September 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:

	30.09.2023		
USD million	Non-current	Current	Total
Carrying amount as at 1 January	529.0	313.5	**842.5**
CASH FLOWS:			
New borrowings	425.6	-	**425.6**
Paid transaction costs related to new borrowings	(10.9)	-	**(10.9)**
Repayment borrowings and seller's credit	(322.6)	(213.8)	**(536.4)**
NON-CASH FLOWS:			
Reclassified from / (to) current borrowings	(28.6)	28.6	-
Change in transaction cost, unamortised	7.4	-	**7.4**
Change in accrued interest cost	-	12.8	**12.8**
Carrying amount as at end of period	**599.8**	**141.1**	**741.0**

Repayment schedule for interest-bearing borrowings

USD million	30.09.2023	30.09.2022	31.12.2022
Within 3 months	28.6	47.1	19.6
Between 3 and 6 months	59.8	21.1	45.6
Between 6 and 9 months	28.6	47.1	19.6
Between 9 months and 1 year	8.6	21.1	225.2
Between 1 and 2 years	144.2	668.4	437.3
Between 2 and 3 years	99.2	-	95.0
Between 3 and 4 years	74.2	-	-
Between 4 and 5 years	273.7	-	-
Beyond 5 years	17.1	-	-
Total contractual amounts	**733.9**	**804.6**	**842.2**

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:

USD million	30.09.2023	30.09.2022	31.12.2022
Non-current	29.5	38.6	41.7
Current	26.1	25.2	26.5
Total	**55.6**	**63.8**	**68.2**

Movements in lease liabilities are analysed as follows:

	30.09.2023		
USD million	Non-current	Current	Total
Carrying amount as at 1 January	41.7	26.5	**68.2**
CASH FLOWS:			
Payments for the principal portion of the lease liability	-	(16.5)	**(16.5)**
Payments for the interest portion of the lease liability	-	(3.2)	**(3.2)**
NON-CASH FLOWS:			
New lease liabilities recognised in the year	7.2	-	**7.2**
Interest expense on lease liabilities	3.2	-	**3.2**
Reclassified to current portion of lease liabilities	(20.2)	20.2	**-**
Currency exchange differences	(2.4)	(0.8)	**(3.2)**
Carrying amount as at end of period	**29.5**	**26.1**	**55.6**

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	30.09.2023	30.09.2022	31.12.2022
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
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	0.3	9.5	7.5
- Interest rate swaps - Other current assets	2	1.6	-	-
OTHER FINANCIAL ASSETS				
Trade and other current receivables		113.3	95.0	100.6
Cash and cash equivalents		120.6	155.3	157.2
Total financial assets		**235.7**	**259.8**	**267.7**

USD million	Level	30.09.2023	30.09.2022	31.12.2022
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives not designated as hedging instruments				
- Foreign exchange forward contracts - Other current liabilities	2	0.1	2.7	-
Derivatives designated as hedging instruments				
- Foreign exchange forward contracts - Other non-current liabilities	2	0.2	-	-
- Interest rate instruments - Other non-current liabilities	2	0.0	-	-
Warrant liabilities - Other non-current liabilities	3	-	2.2	2.8
Warrant liabilities - Other current liabilities	3	3.7		-
OTHER FINANCIAL LIABILITIES				
Non-current interest-bearing borrowings		599.8	661.8	529.0
Current interest-bearing borrowings		141.1	140.8	313.5
Non-current lease liabilities		29.5	38.6	41.7
Current lease liabilities		26.1	25.2	26.5
Trade and other payables		86.3	59.0	63.7
Total financial liabilities		**886.9**	**930.4**	**977.2**

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	30.09.2023	30.09.2022	31.12.2022
Rig investments	53.7	15.6	46.7
Total	**53.7**	**15.6**	**46.7**

The major part of committed capital expenditure as at 30 September 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 September 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 September 2023.

There are no other material contingencies to be disclosed as per 30 September 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
Total share capital			**2,529**

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

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

As per 30 September 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.

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

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 1,850,000 common shares, of which 400,000 share options was awarded in 2023, see Note 35 in the Annual report 2022 for further information. The warrants represent contingently issuable shares.

USD million	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Profit/(loss) due to owners of the parent	184.5	11.6	197.9	100.8	129.6
Adjustment for dividends on preference shares	-	(2.3)	-	(6.8)	(8.3)
Profit/(loss) for the period due to holders of common shares	**184.5**	**9.3**	**197.9**	**94.1**	**121.3**
Adjustment related to warrants and share option plan	-	-	-	-	-
Diluted profit/(loss) for the period due to the holders of common shares	**184.5**	**9.3**	**197.9**	**94.1**	**121.3**

	Q3 23	Q3 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
Effects of dilutive potential common shares:					
• Warrants	214,202	-	-	-	-
• Share option plan	28,187	-	-	-	-
Diluted average number of shares outstanding	**237,025,591**	**236,783,202**	**236,783,202**	**236,783,202**	**236,783,202**

	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
EARNINGS PER SHARE - TOTAL					
Basic earnings per share (USD)	0.78	0.04	0.84	0.40	0.51
Diluted earnings per share (USD)	0.78	0.04	0.84	0.40	0.51
EARNINGS PER SHARE - CONTINUING OPERATIONS					
Profit/(loss) for the period due to holders of common shares	184.5	9.3	197.9	47.3	74.6
Diluted profit/(loss) for the period due to the holders of common shares	184.5	9.3	197.9	47.3	74.6
Basic earnings per share - continuing operations (USD)	0.78	0.04	0.84	0.20	0.32
Diluted earnings per share - continuing operations (USD)	0.78	0.04	0.84	0.20	0.32

Note 14 Related-party transactions

The Group had the following material transactions with related parties:

USD million	Relation	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	1.0	0.3	2.2	0.7	1.2
Odfjell Oceanwind AS	Related to main shareholder	0.1	0.1	0.4	0.4	0.5
Odfjell Land As	Related to main shareholder	0.1	0.1	0.3	0.5	0.6
Total sales of services to related parties		**1.2**	**0.6**	**2.9**	**1.7**	**2.3**

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

USD million	Relation	Q3 23	Q3 22	YTD 23	YTD 22	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	12.8	15.5	36.2	29.9	44.9
Odfjell Oceanwind AS	Related to main shareholder	0.0	-	0.1	-	-
Total purchases from related parties		**12.8**	**15.5**	**36.3**	**29.9**	**44.9**

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	30.09.2023	30.09.2022	31.12.2022
Trade receivables	0.6	0.2	0.5
Other current receivables	-	0.1	0.0
Trade payables	(5.8)	(9.6)	(10.1)
Other current payables	(3.2)	(3.7)	(1.5)
Net current payables related parties	**(8.4)**	**(13.0)**	**(11.0)**

Lease agreements

USD million			30.9.2023	Q3 23	YTD 23
Related party	Relation	Type of asset	Lease liability	Payments	Payments
Odfjell Land AS	Related to main shareholder	Properties	25.8	1.1	2.2
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	Mooring and drilling equipment	28.0	5.4	10.6
Total			**53.9**	**6.5**	**12.8**

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 September 2023.

Note 15 Events after the reporting period

1 November 2023, the Board of Directors approved a dividend distribution of 0.06 USD per share, equal to approximately USD 14.2 million, with payment later in November 2023.

The term loan of USD 121 million was utilised on 5 October 2023, and the proceeds were partly used to repay the direct loan of USD 95 million.

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

Appendix 1: Definitions of alternative performance measures

Contract backlog

The Company's fair estimation of basis revenue in firm contracts and relevant priced options (which are at clients discretion) for Own Fleet measured in USD - subject to variations in currency exchange rates.

The calculation does not include performance bonuses or fuel incentives.

The backlog is calculated based on estimated duration of wells or contracted number of days. Backlog does not provide a precise indication of the time period over which the Group is contractually entitled to receive such revenues and there is no assurance that such revenue will actually be realised in full.

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

		30.09.2023	
Non-current interest-bearing borrowings	USD	639.8	million
Current interest-bearing borrowings	USD	101.1	million
Non-current lease liabilities	USD	29.5	million
Current lease liabilities	USD	26.1	million
Adjustment for real estate lease liabilities	USD	(27.5)	million
A Adjusted financial indebtedness	**USD**	**769.1**	**MILLION**
Cash and cash equivalents	USD	120.6	million
Adjustment for restricted cash and other cash not readily available	USD	(14.0)	million
B Adjusted cash and cash equivalents	**USD**	**106.5**	**MILLION**
A-B=C Adjusted Net interest-bearing debt	**USD**	**662.6**	**MILLION**
EBITDA last 12 months	USD	325.0	million
Adjustment for effects of real estate leases	USD	(4.8)	million
D Adjusted EBITDA	**USD**	**320.2**	**MILLION**
C/D=E LEVERAGE RATIO		**2.1**	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