



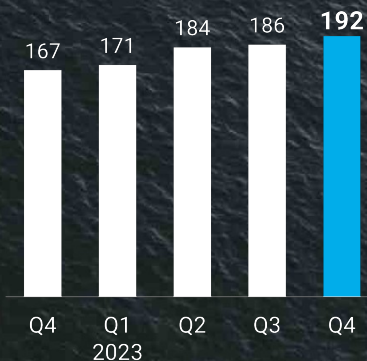
# Report for 4th Quarter of 2023 and Preliminary Results for the Financial Year Ending 31 December 2023

15 February 2024

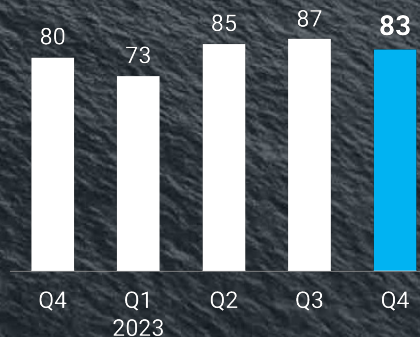


# Q4 Key Financials

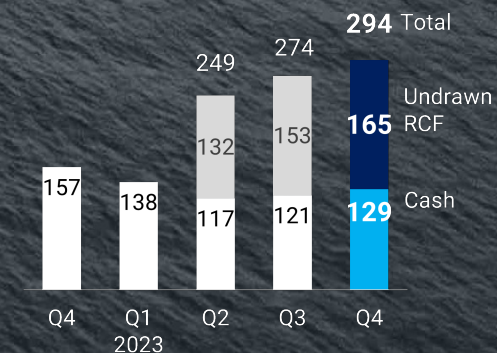
REVENUE (\$m)



EBITDA (\$m)



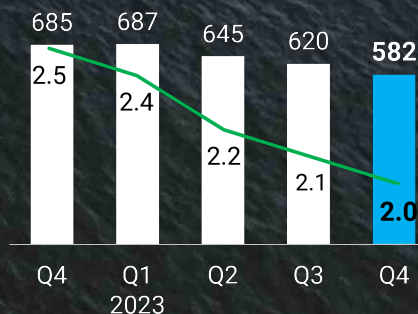
LIQUIDITY (\$m)



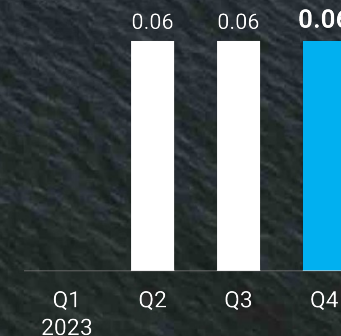
EQUITY RATIO



NET DEBT (\$m) & LEVERAGE RATIO



2023 Dividend Per Share (\$)



# Q4 Highlights

## Strong financial performance, despite unplanned downtime

- Q4 EBITDA of USD 83 million
  - 2023 EBITDA of 329 million, a 6.5% increase on 2022
- Q4 Revenue of USD 192 million
  - 2023 Revenue of 732 million, a 12.8% increase on 2022
- Q4 Financial utilisation of 94.5% due to downtime on Deepsea Stavanger
  - 2023 average financial utilisation of 97.3%

## USD 2bn of Firm Backlog Secured

- Total order backlog of USD 2.1 billion

## High Value Firm Contracts Secured

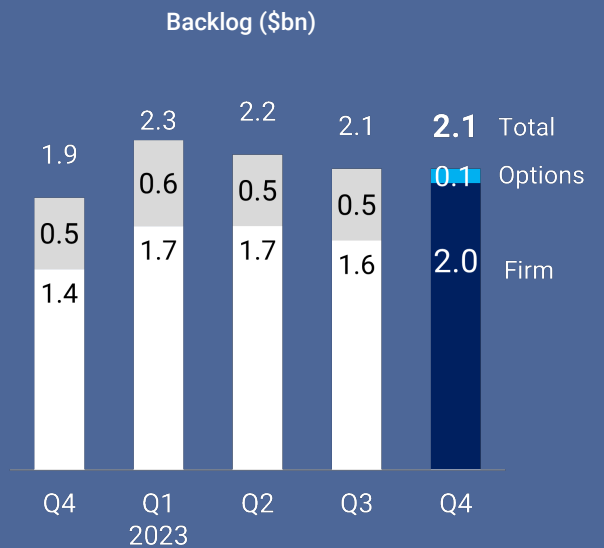
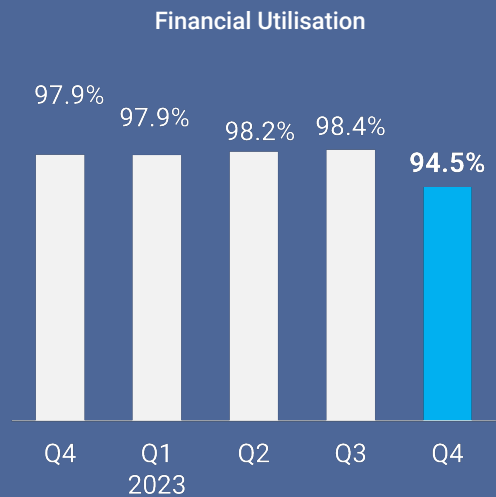
- Deepsea Aberdeen secured contracts with Equinor for 10 months for a total contract value of USD 138 million
- Deepsea Nordkapp existing contract with Aker BP amended and extended. Additional year agreed for a total contract value of USD 179 million
- All contract values exclude fuel-incentives, add-on sales, mobilisation fees and performance bonuses

## Successfully completed SPS

- Deepsea Nordkapp SPS completed entirely at sea with no downtime

## Shareholder Distributions

- Q4 Quarterly Dividend of USD 14.2 million declared
  - Three dividends declared post refinancing in Q2 2023, resulting in USD 42.6 million cumulatively being returned to shareholders



## Kjetil Gjersdal Odfjell Drilling AS CEO Commented:

*"In the fourth quarter of 2023, Odfjell Drilling continued to build on the momentum generated during the rest of the year by delivering a strong financial performance, whilst also securing new contracts which will see all of our owned fleet busy with firm backlog until at least 2026.*

*"As we enter 2024, it is my belief that Odfjell Drilling is in an extremely enviable position. Increasing cash generation is secured, our performance capabilities have remained at the forefront of our industry and our balance sheet gives us additional flexibility to grow our business.*

*"All this has positioned our Company in the healthiest position it has ever been, with our Company well placed to enact its strategy for stakeholder value generation."*

## Q4 Dividend Details

- Announced currency: USD
- Dividend amount: 0.06 USD / share
- Payment amount: USD 14.2 million
- Last day including right: 29 February 2024
- Ex-Dividend date: 1 March 2024
- Record date: 4 March 2024
- Payment date: 14 March 2024

The dividend has been declared in USD with actual NOK payments per share to be determined based on the Norges Bank exchange rate at the last day including rights.

## Key figures for the Group

All figures in USD million	Q4 23	Q4 22	FY 23	FY 22
Operating revenue	192	167	732	650
EBITDA	83	80	329	308
EBIT	35	36	306	137
Net profit (loss)	24	29	222	83
EBITDA margin	44%	48%	45%	47%
Total assets			2,309	2,219
Net interest bearing debt			582	685
Equity			1,394	1,208
Equity ratio			60%	54%

# Progress Across the Business

## Harsh and Deepwater Drilling

During the fourth quarter, Odfjell Drilling had all eight units in operation throughout the period.

The Company's four owned units remained drilling in the Norwegian Continental Shelf. The Deepsea Atlantic and Deepsea Stavanger were working with Equinor on the Johan Sverdrup Phase II development and on various exploration projects respectively and the Deepsea Nordkapp was working on the Alvheim area for Aker BP. Of note this quarter, was the Deepsea Aberdeen moving off its ongoing development project on the Breidablikk development and moving to drill several wells on the Svalin field for Equinor. As noted in our press release on 4 May 2023, the Deepsea Aberdeen will continue to work on the Svalin field for approximately 174 days, at an approximate total contract value of USD 67 million, excluding integrated services, performance and fuel incentives. Following completion of this work, the Deepsea Aberdeen will then return to the Breidablikk development under the previous contract terms.

During the period, the owned fleet achieved an average financial utilisation of 95%, lower than in previous quarters of 2023. This was due to unplanned downtime of around two weeks on the Deepsea Stavanger in early December; resulting in a financial utilisation for the rig of 84%. The rig was brought back online mid-December

before continuing with its planned drilling campaign.

The Company's external fleet was on contract throughout the period, with the Deepsea Yantai drilling offshore Norway for Neptune Energy and Vår Energi while the Deepsea Mira and Deepsea Bollsta were drilling for Total Energies and Shell respectively offshore Namibia. The Hercules concluded its drilling campaign offshore Canada for ExxonMobil before joining the Deepsea Mira and Deepsea Bollsta offshore Namibia, drilling for Galp Energia. The Hercules arriving in Namibia brought the total number of floaters in the region to four, with three of them being Odfjell Drilling managed.

## One Down, Three To Go

During the quarter, the Company completed the planned Special Periodic Survey ("SPS") on the Deepsea Nordkapp, with the unit remaining on contract throughout. This is the first time this has been achieved by any rig offshore Norway. As a result of the SPS being able to be carried out entirely at sea, the Deepsea Nordkapp was still able to achieve a financial utilisation during Q4 of 99%.

This is an exceptional achievement for the Company and all those involved.

For the remaining three SPS projects for the rest of its fleet, the Company reiterates previous indications of 2-4 weeks

downtime and a cost of USD40-45 million per rig.

## Solidifying Cash Generation

Also during the quarter, the Company was pleased to note two new agreements for use of the Deepsea Aberdeen and Deepsea Nordkapp.

Under the terms of an exercise of options with Equinor, the Deepsea Aberdeen will now continue to work on the Breidablikk development, extending the firm backlog on the unit until the end of 2025. The exercised options have a value of approximately USD 138 million, excluding integrated services, performance and fuel incentives. In addition to the exercised wells, the contract now includes further optional periods which could keep the Deepsea Aberdeen contracted to 2029.

During the quarter, the Company also amended its contract with Aker BP for use of the Deepsea Nordkapp, which has extended the units firm backlog for two years. As agreed with Aker BP, the contract value for use of the Deepsea Nordkapp during 2025 has a floor and ceiling day rate, resulting in a contract value for 2025 of USD 124 million to USD 146 million. Under the terms of the amendment, the total contract value for use of the Deepsea Nordkapp during 2026 is now at a higher rate of approximately 179 million.

In addition to this, the contract now includes rolling one-year un-priced optional periods. The price shall be based on market rates set in advance of each respective optional year.

Further to these new agreements, the Company was also pleased to note options being exercised by Equinor for use of the Deepsea Stavanger, taking the firm backlog on the rig to mid-Q3 2024, whereafter Equinor has further priced options that last until the end of the year.

## Continuing to Deliver for Shareholders

The Company maintained its run of new achievements during Q4, noting a record revenue of USD 193 million, largely driven by increasing revenue from the external fleet. Despite this, the Company's EBITDA was down from prior quarters, due to unplanned downtime in the Own Fleet segment. The Company maintained its focus on strong financial discipline and deleveraging, ending the quarter with cash and undrawn facilities of USD 294 million and a leverage ratio of 2.0x.

As a result of the performance of the business, the continued strong backlog coverage and the prevailing market conditions, the Company has elected to pay a dividend for the quarter of USD 14.2 million.

# Outlook

## Market Outlook

During Q4 the Company continued to see good demand for its services, evidenced by further firm backlog being secured on three of its four owned rigs at competitive day rates. Currently, between 2024 and 2027, 85% of the Company's own fleet drilling capacity is covered by firm backlog, with the remaining 15% being priced and unpriced options.

Supply and demand for our units continues to bolster the Company's position in

negotiations, particularly for contracts beginning in 2025, 2026 and 2027. The Company sees the likelihood of newbuilds extremely unlikely and does not expect significantly more supply to come from stacked capacity. The Company expects that day rates will continue to rise for tier 1 units in the long to medium term.

As per previous quarters, the Company continues to see international demand for sixth-generation semi-subs, particularly in places such as West Africa, Australia, UK and Brazil.

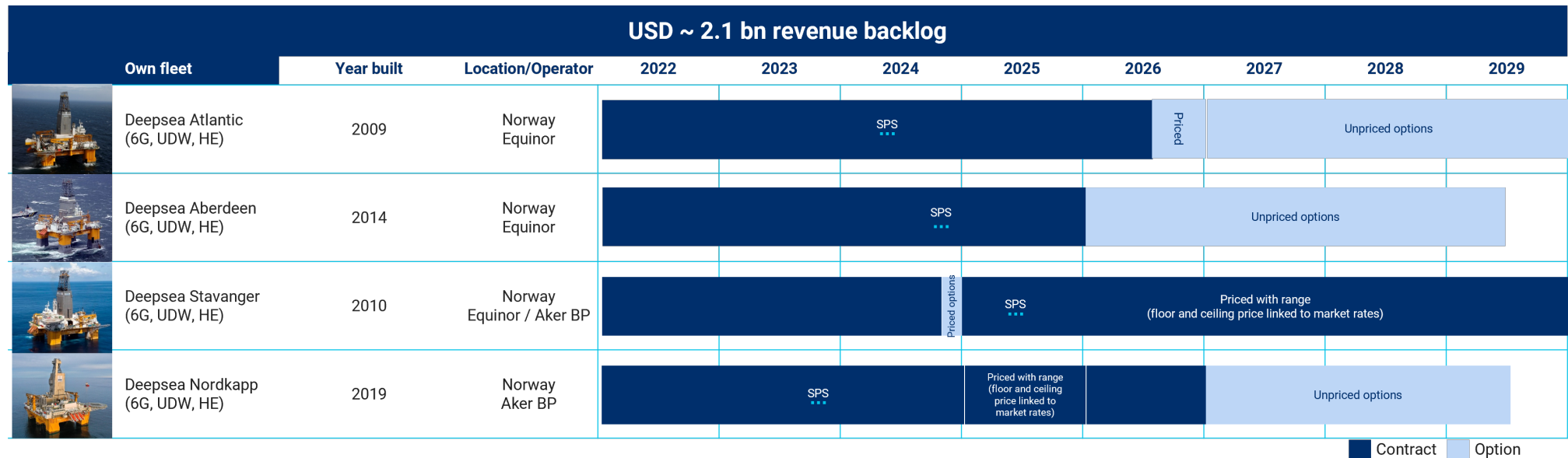
## Company Outlook

Further contract awards are expected to be secured during 2024, with the Company being actively involved in new tenders. The Company notes the trend of operators seeking longer term contracts with high performing units, such as those within its fleet, and expects this to continue.

During 2024, the Company anticipates beginning its SPS on the Deepsea Atlantic in Q2 2024 and the Deepsea Aberdeen around Q4 2024. Currently the Deepsea

Stavanger is expected to begin its SPS in Q1 2025.

With the fleet moving to higher value contracts and with significant firm backlog secured across its owned fleet for years to come, Odfjell Drilling remains highly optimistic about the future. The Company is well funded, with flexible covenants on its financing facilities and maintains a strong see-through to significant cash flow in the years ahead.



# Segments

## Own Fleet

All figures in USD million	Q4 23	Q4 22	FY 23	FY 22
Operating revenue	147	139	573	567
EBITDA	79	77	315	304
EBIT	31	34	296	137
EBITDA margin	54%	55%	55%	54%

*(Comparable figures for last comparable period in brackets)*

### Q4 2023

Operating revenue for the Own Fleet segment in Q4 2023 was USD 147 million (USD 139 million) driven by higher rates and bonuses on Deepsea Nordkapp (USD 6 million), Deepsea Aberdeen (USD 5 million) while working on the Svalin field and the Deepsea Atlantic (USD 2 million). The high revenue is offset by a decrease for Deepsea Stavanger (USD 7 million) driven by lower utilisation caused by unplanned downtime.

EBITDA for the Own Fleet segment in Q4 2023 was USD 79 million (USD 77 million), driven by improved EBITDA for Deepsea Nordkapp (USD 6 million) and Deepsea Aberdeen (USD 3 million) and offset by reduced EBITDA for Deepsea Stavanger (USD 8 million).

### FY 2023

Operating revenue for the Own Fleet segment was USD 573 million (USD 567 million). The main driver is a positive variance for Deepsea Aberdeen (USD 4 million), due to higher rate while working on the Svalin field in Q4 but partially offset by a lower day rate during Q1 2023 when compared to Q1 2022 when the rig worked for BP/Wintershall. Deepsea Atlantic has a positive variance (USD 2 million) due to higher bonus. Deepsea Nordkapp has a negative variance (USD 2 million) driven by

a lower day rate from Aker BP after the market adjustment from June 2022, partly offset by higher bonus in 2023. Deepsea Stavanger has a negative variance (USD 2 million) due to unplanned downtime in Q4 2023.

EBITDA for the Own Fleet segment FY 2023 was USD 315 million (USD 304 million), driven by improved EBITDA for Deepsea Atlantic (USD 8 million), Deepsea Aberdeen (USD 4 million), Deepsea Nordkapp (USD 1 million), but offset by reduced EBITDA for Deepsea Stavanger (USD 2 million).

## Own Fleet - Financial Utilisation

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

	Q4 23	Q4 22	FY 23	FY 22
Deepsea Stavanger	83.9 %	96.0 %	94.1 %	96.9 %
Deepsea Atlantic	97.6 %	98.2 %	98.6 %	97.7 %
Deepsea Aberdeen	97.6 %	98.3 %	97.0 %	98.7 %
Deepsea Nordkapp	99.2 %	99.1 %	99.4 %	99.2 %

- Deepsea Stavanger, Deepsea Atlantic and Deepsea Aberdeen have been operating for Equinor on the NCS during 2023. Deepsea Stavanger had somewhat lower utilisation in the quarter caused by unplanned downtime.
- Deepsea Nordkapp has been operating for Aker BP on the NCS during 2023.

## External Fleet

All figures in USD million	Q4 23	Q4 22	FY 23	FY 22
Operating revenue	44	26	156	78
EBITDA	7	4	24	11
EBIT	7	4	24	11
EBITDA margin	17%	16%	15%	14%

*(Comparable figures for last comparable period in brackets)*

### Q4 2023

Operating revenue for the External Fleet was USD 44 million (USD 26 million). The main drivers of the increase are Hercules and Deepsea Mira, which were in full operation during Q4 2023.

EBITDA for the External Fleet in Q4 2023 was USD 7 million (USD 4 million). The main driver is Hercules (USD 2 million) due to the start of operations for Galp Energia in Namibia, Deepsea Mira (USD 1 million) due to higher management fees from operations in Q4 2023 vs reactivation in 2022, and Deepsea Yantai (USD 1 million) driven by incentive fees related to EBITDA.

### FY 2023

Operating revenue for the External Fleet FY 2023 was USD 156 million (USD 78 million). The main driver for the increase is more rigs in operation during 2023.

EBITDA for the External Fleet FY 2023 was USD 24 million (USD 11 million). The main

driver is higher management fee for Deepsea Mira (USD 5 million), Deepsea Bollsta (USD 3 million), and Hercules (USD 3 million) due to more days in operation than the previous year.



# Consolidated group financials

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

## Profit Q4 2023

Operating revenue for Q4 2023 was USD 192 million (USD 167 million), an increase of USD 25 million, mainly due to increased activity in the External Fleet segment.

EBITDA in Q4 2023 was USD 83 million (USD 80 million), an increase of USD 3 million. The EBITDA margin in Q4 2023 was 44% (48%).

Depreciation and amortisation cost in Q4 2023 was USD 49 million (USD 44 million), an increase of USD 5 million.

Net financial expenses in Q4 2023 amounted to USD 16 million (USD

5 million), an increase of USD 11 million. Interest expenses have increased by USD 2 million mainly due to increased floating interest rates. There is a negative change of USD 7 million related to fair value of derivatives compared to 2022.

The income taxes in Q4 2023 were affected by the completion of a tax relocation of the rig owning companies to Malta. The true-up of the tax value of the rigs to market values led to deferred tax assets of USD 7.5 million being recognised.

Net profit from continuing operations in Q4 2023 was USD 24 million (USD 29 million).

## Cash flow Q4 2023

Net cash flow from operating activities in Q4 2023 was USD 66 million (USD 78

million). The Group paid net interest of USD 23 million (USD 12 million).

Net cash outflow from investing activities in Q4 2023 was USD 16 million (USD 20 million), mainly related to purchases of fixed assets.

Net cash outflow from financing activities in Q4 2023 was USD 44 million (USD 64 million). The Odfjell Invest term loan was drawn with net proceeds of USD 120 million. The Group repaid the direct loan of USD 95 million and further repaid USD 17 on the Revolving Credit Facility (RCF). The Group also paid USD 38 million in ordinary instalments on debt facilities and leases. A dividend of USD 14 million was paid to the shareholders in Q4 2023.

## Balance sheet

Total assets as at 31 December 2023 amounted to USD 2,309 million (USD 2,219 million), an increase of USD 90 million.

Total equity as at 31 December 2023 amounted to USD 1,394 million (USD 1,208 million), an increase of USD 186 million, mainly due to the reversal of impairment losses recognised in Q3 2023.

Net interest bearing debt as at 31 December 2023 amounted to USD 582 million (USD 685 million), a decrease of USD 103 million.

At 31 December 2023, cash amounted to USD 129 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

	FY 23	FY 22
Lost time incident frequency (as per 1 million working hours)	0.7	0.7
Total recordable incident frequency (as per 1 million working hours)	2.6	4.8
Sick leave (percentage)	4.7	5.1
Dropped objects frequency (as per 1 million working hours)	3.3	4.8

London, United Kingdom

14 February 2024

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

<i>USD million</i>	Note	Q4 23	Q4 22	FY 23	FY 22
<b>Continuing operations</b>					
<b>OPERATING REVENUE</b>	2,3	<b>191.8</b>	<b>166.8</b>	<b>732.5</b>	<b>649.5</b>
Other gains and losses		-	0.0	-	0.0
Personnel expenses		(69.1)	(54.0)	(262.4)	(206.5)
Other operating expenses		(39.2)	(32.9)	(141.6)	(135.0)
<b>EBITDA</b>		<b>83.5</b>	<b>79.9</b>	<b>328.5</b>	<b>308.0</b>
Depreciation, amortisation and impairment	5,6	(48.7)	(44.0)	(22.1)	(171.5)
<b>Operating profit (EBIT)</b>		<b>34.8</b>	<b>35.9</b>	<b>306.4</b>	<b>136.5</b>
Net financial items	4	(15.9)	(5.1)	(84.0)	(48.3)
<b>Profit before taxes</b>		<b>18.9</b>	<b>30.9</b>	<b>222.4</b>	<b>88.3</b>
Income taxes	7	5.4	(2.1)	(0.3)	(5.4)
<b>Net profit from continuing operations</b>		<b>24.2</b>	<b>28.8</b>	<b>222.1</b>	<b>82.9</b>
Profit from discontinued operations		-	-	-	46.7
<b>PROFIT (LOSS)</b>		<b>24.2</b>	<b>28.8</b>	<b>222.1</b>	<b>129.6</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		24.2	28.8	222.1	129.6
<b>Earnings per share (USD)</b>					
Basic earnings per share	14	0.10	0.12	0.94	0.51
Diluted earnings per share	14	0.10	0.12	0.94	0.51
<b>Earnings per share from continuing operations (USD)</b>					
Basic earnings per share	14	0.10	0.12	0.94	0.32
Diluted earnings per share	14	0.10	0.12	0.94	0.32

## Condensed Consolidated Statement of Comprehensive Income

<i>USD million</i>	Q4 23	Q4 22	FY 23	FY 22
<b>PROFIT (LOSS)</b>	<b>24.2</b>	<b>28.8</b>	<b>222.1</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)	(0.4)	(0.0)	(0.4)	(0.0)
<b>Items that are or may be reclassified to profit or loss:</b>				
Cash flow hedges	(1.8)	(2.0)	(7.6)	10.0
Currency translation differences	4.4	6.6	(0.5)	(8.9)
Reclassification of foreign currency translation reserve	-	-	-	27.0
<b>Other comprehensive income, net of tax</b>	<b>2.2</b>	<b>4.6</b>	<b>(8.5)</b>	<b>28.0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>26.4</b>	<b>33.3</b>	<b>213.6</b>	<b>157.6</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	26.4	33.3	213.6	157.6

## Condensed Consolidated Statement of Financial Position

<i>USD million</i>	Note	31.12.2023	31.12.2022
<b>ASSETS</b>			
Property, plant and equipment	5	2,013.0	1,937.9
Intangible assets	6	3.0	3.4
Deferred tax asset	7	8.5	0.4
Non-current receivable	12	30.2	-
Other non-current assets	10	-	7.5
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,054.7</b>	<b>1,949.2</b>
Trade receivables		100.0	91.0
Contract assets		8.4	8.6
Other current assets		16.6	13.3
Cash and cash equivalents		129.2	157.2
<b>TOTAL CURRENT ASSETS</b>		<b>254.2</b>	<b>270.1</b>
<b>TOTAL ASSETS</b>		<b>2,308.8</b>	<b>2,219.3</b>

<i>USD million</i>	Note	31.12.2023	31.12.2022
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	13	370.2	370.2
Other equity		1,023.9	838.3
<b>TOTAL EQUITY</b>		<b>1,394.0</b>	<b>1,208.5</b>
Non-current interest-bearing borrowings	8	561.8	529.0
Non-current lease liabilities	9	38.4	41.7
Other non-current liabilities		2.1	3.4
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>602.3</b>	<b>574.1</b>
Current interest-bearing borrowings	8	149.6	313.5
Current lease liabilities	9	24.9	26.5
Contract liabilities		22.1	13.7
Trade payables		48.9	35.8
Other current liabilities		67.0	47.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>312.5</b>	<b>436.7</b>
<b>TOTAL LIABILITIES</b>		<b>914.8</b>	<b>1,010.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,308.8</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>	565.0	703.2	1,268.2	1,178.6	89.5	1,268.2
Profit/(loss) for the period	-	129.6	129.6	121.3	8.3	129.6
Other comprehensive income for the period	-	28.0	28.0	28.0	-	28.0
<b>Total comprehensive income for the period</b>	-	<b>157.6</b>	<b>157.6</b>	<b>149.4</b>	<b>8.3</b>	<b>157.6</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)
Acquisition of treasury preference shares	(75.0)	(20.2)	(95.2)	0.4	(95.6)	(95.2)
Cost of share-based option plan	-	0.4	0.4	0.4	-	0.4
Settlement of share-based option plan	-	(0.5)	(0.5)	(0.5)	-	(0.5)
<b>Transactions with owners</b>	<b>(194.8)</b>	<b>(22.5)</b>	<b>(217.3)</b>	<b>(119.5)</b>	<b>(97.8)</b>	<b>(217.3)</b>
<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>1,208.5</b>
Profit/(loss) for the period	-	222.1	222.1	222.1	-	222.1
Other comprehensive income for the period	-	(8.5)	(8.5)	(8.5)	-	(8.5)
<b>Total comprehensive income for the period</b>	-	<b>213.6</b>	<b>213.6</b>	<b>213.6</b>	-	<b>213.6</b>
Dividends paid	-	(28.4)	(28.4)	(28.4)	-	(28.4)
Cost of share-based option plan	-	0.4	0.4	0.4	-	0.4
<b>Transactions with owners</b>	-	<b>(28.0)</b>	<b>(28.0)</b>	<b>(28.0)</b>	-	<b>(28.0)</b>
<b>BALANCE AT 31 DECEMBER 2023</b>	<b>370.2</b>	<b>1,023.9</b>	<b>1,394.0</b>	<b>1,394.0</b>	-	<b>1,394.0</b>

## Condensed Consolidated Statement of Cash Flows

<i>USD million</i>	Note	Q4 23	Q4 22	FY 23	FY 22
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Profit/(loss) before tax from continuing operations		18.9	30.9	222.4	88.3
Profit before tax from discontinued operations		-	-	-	10.3
Adjustment for interest, provisions and non-cash elements		71.6	47.5	109.4	232.7
Changes in working capital		(0.6)	12.2	(4.9)	(8.9)
<b>Cash generated from operations</b>		<b>89.9</b>	<b>90.6</b>	<b>326.9</b>	<b>322.4</b>
Net interest paid		(23.2)	(12.2)	(56.2)	(45.0)
Net income tax paid		(0.3)	(0.8)	(6.0)	(2.1)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>66.5</b>	<b>77.6</b>	<b>264.7</b>	<b>275.2</b>
-of which from continuing operations		66.5	77.6	264.7	263.0
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of property, plant and equipment	5,6	(14.1)	(20.2)	(66.2)	(66.6)
Proceeds from grants		-	-	12.7	6.4
Disposal of discontinued operations, net cash disposed of		-	-	-	(49.7)
Payment regarding letter of indemnity to Odfjell Technology Ltd.	12	-	-	(30.8)	-
Other investing activities		(1.6)	0.1	(1.6)	(1.1)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(15.7)</b>	<b>(20.1)</b>	<b>(85.9)</b>	<b>(111.0)</b>
-of which from continuing operations		(15.7)	(20.1)	(55.1)	(52.0)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Proceeds from borrowings	8	120.2	95.0	534.9	241.5
Repayment of borrowings	8	(143.7)	(77.9)	(680.2)	(317.1)
Repayment of lease liabilities	9	(6.2)	(5.4)	(22.7)	(18.6)
Payment acquisition of treasury preference shares		-	(75.2)	-	(75.2)
Dividends paid		(14.2)	-	(28.4)	(2.2)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(44.0)</b>	<b>(63.5)</b>	<b>(196.4)</b>	<b>(171.6)</b>
-of which from continuing operations		(44.0)	(63.5)	(196.4)	(317.5)
Effects of exchange rate changes on cash and cash equivalents		1.9	7.9	(10.3)	(8.5)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8.6</b>	<b>1.9</b>	<b>(28.0)</b>	<b>(15.9)</b>
Cash and cash equivalents at beginning of period		120.6	155.3	157.2	173.0
<b>CASH AND CASH EQUIVALENTS AT PERIOD END</b>		<b>129.2</b>	<b>157.2</b>	<b>129.2</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 14 February 2024 and have not been audited.

### Basis for preparation

These condensed interim financial statements for the twelve months period ended 31 December 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.

USD million	Own Fleet		External Fleet		Corporate / other		Consolidated	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
External segment revenue	147.2	138.9	43.6	26.1	1.0	1.8	191.8	166.8
Inter segment revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>147.2</b>	<b>138.9</b>	<b>43.6</b>	<b>26.1</b>	<b>1.0</b>	<b>1.8</b>	<b>191.8</b>	<b>166.8</b>
<b>EBITDA</b>	<b>79.1</b>	<b>76.7</b>	<b>7.4</b>	<b>4.1</b>	<b>(3.0)</b>	<b>(0.8)</b>	<b>83.5</b>	<b>79.9</b>
Depreciation, amortisation and impairment	(47.9)	(43.0)	-	-	(0.8)	(1.0)	(48.7)	(44.0)
<b>EBIT</b>	<b>31.2</b>	<b>33.7</b>	<b>7.4</b>	<b>4.1</b>	<b>(3.9)</b>	<b>(1.8)</b>	<b>34.8</b>	<b>35.9</b>
Net financial items							(15.9)	(5.1)
<b>PROFIT BEFORE TAX - CONSOLIDATED GROUP</b>							<b>18.9</b>	<b>30.9</b>

USD million	Own Fleet		External Fleet		Corporate / other		Consolidated	
	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22
External segment revenue	572.9	567.3	156.3	78.0	3.3	4.3	732.5	649.5
Inter segment revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>572.9</b>	<b>567.3</b>	<b>156.3</b>	<b>78.0</b>	<b>3.3</b>	<b>4.3</b>	<b>732.5</b>	<b>649.5</b>
<b>EBITDA</b>	<b>315.1</b>	<b>303.9</b>	<b>23.6</b>	<b>11.0</b>	<b>(10.2)</b>	<b>(7.0)</b>	<b>328.5</b>	<b>308.0</b>
Depreciation, amortisation and impairment	(18.8)	(167.1)	-	-	(3.3)	(4.4)	(22.1)	(171.5)
<b>EBIT</b>	<b>296.3</b>	<b>136.9</b>	<b>23.6</b>	<b>11.0</b>	<b>(13.5)</b>	<b>(11.3)</b>	<b>306.4</b>	<b>136.5</b>
Net financial items							(84.0)	(48.3)
<b>PROFIT BEFORE TAX - CONSOLIDATED GROUP</b>							<b>222.4</b>	<b>88.3</b>

## Note 3 Revenue

<i>USD million</i>	Q4 23	Q4 22	FY 23	FY 22
Revenue from contracts with customers	119.1	96.4	448.7	393.7
Lease component in Own Fleet contracts	72.6	70.2	283.4	255.2
Other operating revenue	0.1	0.2	0.4	0.6
<b>OPERATING REVENUE - CONTINUING OPERATIONS</b>	<b>191.8</b>	<b>166.8</b>	<b>732.5</b>	<b>649.5</b>

### Disaggregation of revenue - Primary geographical markets

<i>USD million</i>	Own Fleet		External Fleet		Corporate / Other		Consolidated	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
Norway	147.2	138.9	10.9	23.0	1.0	1.8	159.1	163.7
Namibia	-	-	32.7	3.1	-	-	32.7	3.1
Canada	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>147.2</b>	<b>138.9</b>	<b>43.6</b>	<b>26.1</b>	<b>1.0</b>	<b>1.8</b>	<b>191.8</b>	<b>166.8</b>

<i>USD million</i>	Own Fleet		External Fleet		Corporate / Other		Consolidated	
	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22
Norway	572.9	567.3	65.5	74.9	3.3	4.3	641.7	646.4
Namibia	-	-	82.4	3.1	-	-	82.4	3.1
Canada	-	-	8.4	-	-	-	8.4	-
<b>TOTAL OPERATING REVENUE</b>	<b>572.9</b>	<b>567.3</b>	<b>156.3</b>	<b>78.0</b>	<b>3.3</b>	<b>4.3</b>	<b>732.5</b>	<b>649.5</b>

## Note 4 Net financial items

<i>USD million</i>	Note	Q4 23	Q4 22	FY 23	FY 22
Interest income		0.8	1.7	5.3	2.8
Interest expense lease liabilities	8	(1.0)	(1.2)	(4.2)	(4.2)
Other interest expenses		(16.0)	(13.7)	(63.1)	(45.0)
Other borrowing expenses *		(0.6)	(1.6)	(7.9)	(6.3)
Change in fair value of derivatives **		(0.5)	6.1	(3.8)	9.2
Net currency gain / (loss)		1.3	3.7	(8.6)	(3.6)
Other financial items		(0.0)	(0.1)	(1.7)	(1.2)
<b>NET FINANCIAL ITEMS</b>		<b>(15.9)</b>	<b>(5.1)</b>	<b>(84.0)</b>	<b>(48.3)</b>

\* FY 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 22 figures include a realised gain on derivatives of USD 13.7 million.

## Note 5 Property, plant and equipment

### Specification and movements 2023

<i>USD million</i>	Mobile drilling units	Periodic maintenance	Other fixed assets	Right-of-use assets	Total fixed assets
<b>OPENING NET BOOK AMOUNT AS AT 1 JANUARY 2023</b>	<b>1,795.3</b>	<b>77.1</b>	<b>1.7</b>	<b>63.8</b>	<b>1,937.9</b>
Additions	26.9	51.8	0.6	19.7	<b>98.9</b>
Depreciation	(118.0)	(45.0)	(0.4)	(21.8)	<b>(185.3)</b>
Reversal of impairment	163.4	-	-	-	<b>163.4</b>
Currency translation differences	-	-	(0.0)	(2.0)	<b>(2.0)</b>
<b>NET BOOK AMOUNT AS AT 31 DECEMBER 2023</b>	<b>1,867.6</b>	<b>83.9</b>	<b>1.8</b>	<b>59.7</b>	<b>2,013.0</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.

Odfjell Drilling has not identified any impairment indicators as at 31 December 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.

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.

assessed the two impaired drilling rigs for impairment reversal.

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.

Odfjell Drilling did per 30 September 2023 identify indications that there are significant

On the basis of the identified indicators of impairment reversal, Odfjell Drilling has

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.

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

<i>Key assumptions</i>	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

<i>Estimated impairment write-down if:</i>		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

<i>USD million</i>	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	-	(0.3)	(0.3)
Currency translation differences	(0.1)	(0.0)	(0.1)
<b>CLOSING NET BOOK AMOUNT AS AT 31 DECEMBER 2023</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>

### Impairment test for goodwill

All goodwill is allocated to the External Fleet segment.

The recoverable amount of the CGUs has been determined based on value-in-use

calculations. These calculations use pretax cash flow projections based on prognoses made by management covering a five-year period. The prognosis for the EBITDA margin in 2024 and the following years is

based on past performance and expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used

are pre-tax weighted average cost of capital and reflect specific risks relating to the relevant operating segments.

	External Fleet
EBITDA margin in prognosis period	19% - 21%
Growth rate year 6 and forward	0.0%
Weighted Average Cost of Capital, pre-tax	10%

Impairment tests performed for goodwill for respective CGUs do not indicate any impairment as per 31.12.2023.

### Sensitivity analysis for goodwill impairment test as at 31.12.2023

The Group has performed sensitivity analysis for the goodwill impairment test by reducing operating income by one, five and ten percent and EBITDA margin by one, five and ten percentage points respectively.

None of the scenarios indicated any impairment write-down of goodwill as at 31 December 2023

## | Note 7 Income taxes

Odfjell Drilling is continuously evaluating its structure to ensure that it has the most suitable and efficient corporate organisation and set-up. Following the spin-off of Odfjell Technology in 2022, the rationale behind the previous set-up has lessened, and the reorganisation was initiated.

The mobile offshore rigs were up until December 2023 allocated to and operated

by Dubai registered branches of their respective UK tax resident companies. Net profit related to the rigs were attributable to the Dubai branch of the respective company in accordance with the foreign branch exemption, and were therefore not taxable in the UK. There were no company income tax for the Dubai branches in 2022 and 2023.

1 December 2023 the rig owning subsidiaries together with their immediate parent companies completed a tax relocation from the United Kingdom to Malta. Later in December 2023 the mobile offshore rigs were transferred from the Dubai branches to the Malta taxable companies.

The tax value of the rigs when entering Malta tax jurisdiction were set to estimated

market values, which was higher than the book value of the assets. This resulted in a deferred income tax asset of USD 8 million being recognised.

The deferred tax asset is calculated using a tax rate of 5% which represent the statutory tax rate expected to apply when the temporary differences reverses.

## Note 8 Interest-bearing borrowings

<i>USD million</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Non-current	561.8	529.0
Current	149.6	313.5
<b>TOTAL</b>	<b>711.4</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 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 consisted 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. In September 2023 USD 26 million was repaid, and in October 2023, the remaining USD 17 million was repaid.

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.

### Repayment of Direct loan

USD 95 million was repaid in October 2023.

### Available drawing facilities

Odfjell Drilling has USD 165 million available on the RCF facility as per 31 December 2023.

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

	31.12.2023		
<i>USD million</i>	Non-current	Current	Total
Carrying amount as at 1 January	529.0	313.5	<b>842.5</b>
<b>CASH FLOWS:</b>			
New borrowings	547.1	-	<b>547.1</b>
Paid transaction costs related to new borrowings	(12.2)	-	<b>(12.2)</b>
Repayment borrowings and seller's credit	(434.6)	(245.5)	<b>(680.2)</b>
<b>NON-CASH FLOWS:</b>			
Reclassified from / (to) current borrowings	(75.4)	75.4	-
Change in transaction cost, unamortised	7.9	-	<b>7.9</b>
Change in accrued interest cost	-	6.2	<b>6.2</b>
<b>CARRYING AMOUNT AS AT END OF PERIOD</b>	<b>561.8</b>	<b>149.6</b>	<b>711.4</b>

**Covenants**

<i>Financial covenants</i>	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

**Repayment schedule for interest-bearing borrowings**

<i>USD million</i>	31.12.2023	31.12.2022
Within 3 months	64.5	19.6
Between 3 and 6 months	32.3	45.6
Between 6 and 9 months	12.3	19.6
Between 9 months and 1 year	32.3	225.2
Between 1 and 2 years	91.2	437.3
Between 2 and 3 years	93.3	95.0
Between 3 and 4 years	93.3	-
Between 4 and 5 years	284.8	-
Beyond 5 years	8.6	-
<b>TOTAL CONTRACTUAL AMOUNTS</b>	<b>712.6</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.

The main financial covenants are listed in the table to the left.

The covenants are calculated based on Odfjell Drilling Ltd consolidated financial statements.

Odfjell Drilling is compliant with all financial covenants as at 31 December 2023.



## Note 9 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>	31.12.2023	31.12.2022
Non-current	38.4	41.7
Current	24.9	26.5
<b>TOTAL</b>	<b>63.3</b>	<b>68.2</b>

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

<i>USD million</i>	31.12.2023		
	Non-current	Current	Total
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	-	(22.7)	(22.7)
Payments for the interest portion of the lease liability	-	(4.6)	(4.6)
<b>NON-CASH FLOWS:</b>			
New lease liabilities recognised in the year	19.7	-	19.7
Interest expense on lease liabilities	4.2	-	4.2
Reclassified to current portion of lease liabilities	(26.3)	26.3	-
Currency exchange differences	(0.9)	(0.6)	(1.5)
<b>CARRYING AMOUNT AS AT END OF PERIOD</b>	<b>38.4</b>	<b>24.9</b>	<b>63.3</b>

## | Note 10 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 31 December 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

<i>USD million</i>	Level	31.12.2023	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	-	7.5
- Foreign exchange forward contracts - Other current assets	2	1.6	-
Investment in bonds	2	1.6	-
<b>OTHER FINANCIAL ASSETS</b>			
Trade and other current receivables		111.3	100.6
Cash and cash equivalents		129.2	157.2
<b>TOTAL FINANCIAL ASSETS</b>		<b>243.8</b>	<b>267.7</b>

<i>USD million</i>	Level	31.12.2023	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	0.0	-
Derivatives designated as hedging instruments			
- Interest rate instruments - Other non-current liabilities	2	1.3	-
- Foreign exchange forward contracts - Other current liabilities	2	0.2	-
Warrant liabilities - Other non-current liabilities	3	-	2.8
Warrant liabilities - Other current liabilities	3	4.2	-
<b>OTHER FINANCIAL LIABILITIES</b>			
Non-current interest-bearing borrowings		561.8	529.0
Current interest-bearing borrowings		149.6	313.5
Non-current lease liabilities		38.4	41.7
Current lease liabilities		24.9	26.5
Trade and other payables		82.4	63.7
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>862.9</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 11 Commitments

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

<i>USD million</i>	31.12.2023	31.12.2022
Rig investments	51.5	46.7
<b>TOTAL</b>	<b>51.5</b>	<b>46.7</b>

The major part of committed capital expenditure as at 31 December 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 12 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 31 December 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 31 December 2023.

There are no other material contingencies to be disclosed as per 31 December 2023.

## Note 13 Share information and dividend

	No. of shares	Nominal value	Share capital - USD thousands
Listed shares / Common shares issued as at 1 January 2023	236,783,202	USD 0.01	2,368
<b>LISTED SHARES / COMMON SHARES ISSUED AS AT 31 DECEMBER 2023</b>	<b>236,783,202</b>	<b>USD 0.01</b>	<b>2,368</b>
Preference shares issued as at 1 January 2023	16,123,125	USD 0.01	161
Cancellation of preference shares	(16,123,125)	USD 0.01	(161)
<b>TOTAL ISSUED PREFERENCE SHARES AS AT 31 DECEMBER 2023</b>	<b>-</b>		<b>-</b>
<b>TOTAL SHARE CAPITAL</b>			<b>2,368</b>

Authorised, not issued shares was 63,216,798 as at 31 December 2023.

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

In Q4 2023, the Odfjell Drilling Ltd cancelled the 16,123,125 treasury preference shares. As per 31 December 2023 the Group does not hold any treasury 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. 1 November 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 November 2023. Total dividend payments in 2023 was 0.12 USD per share equal to approximately USD 28.4 million.

## Note 14 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.

<i>USD million</i>	Q4 23	Q4 22	FY 23	FY 22
Profit/(loss) due to owners of the parent	24.2	28.8	222.1	129.6
Adjustment for dividends on preference shares	-	(1.5)	-	(8.3)
<b>PROFIT/(LOSS) FOR THE PERIOD DUE TO HOLDERS OF COMMON SHARES</b>	<b>24.2</b>	<b>27.3</b>	<b>222.1</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>24.2</b>	<b>27.3</b>	<b>222.1</b>	<b>121.3</b>
	Q4 23	Q4 22	FY 23	FY 22
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES IN ISSUE</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>
<b>Effects of dilutive potential common shares:</b>				
• Warrants	790,387	-	-	-
• Share option plan	246,707	-	-	-
<b>DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>237,820,296</b>	<b>236,783,202</b>	<b>236,783,202</b>	<b>236,783,202</b>
	Q4 23	Q4 22	FY 23	FY 22
<b>EARNINGS PER SHARE - TOTAL</b>				
Basic earnings per share (USD)	0.10	0.12	0.94	0.51
Diluted earnings per share (USD)	0.10	0.12	0.94	0.51
<b>EARNINGS PER SHARE - CONTINUING OPERATIONS</b>				
Profit/(loss) for the period due to holders of common shares	24.2	27.3	222.1	74.6
Diluted profit/(loss) for the period due to the holders of common shares	24.2	27.3	222.1	74.6
Basic earnings per share - continuing operations (USD)	0.10	0.12	0.94	0.32
Diluted earnings per share - continuing operations (USD)	0.10	0.12	0.94	0.32

## Note 15 Related-party transactions

The Group had the following material transactions with related parties:

<i>USD million</i>	Relation	Q4 23	Q4 22	FY 23	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	0.7	0.5	2.9	1.2
Odfjell Oceanwind AS	Related to main shareholder	0.1	0.1	0.5	0.5
Odfjell Land As	Related to main shareholder	0.1	0.1	0.4	0.6
<b>TOTAL SALES OF SERVICES TO RELATED PARTIES</b>		<b>0.8</b>	<b>0.7</b>	<b>3.7</b>	<b>2.3</b>

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

<i>USD million</i>	Relation	Q4 23	Q4 22	FY 23	FY 22
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	15.3	14.9	51.5	44.9
Odfjell Oceanwind AS	Related to main shareholder	-	-	0.1	-
<b>TOTAL PURCHASES FROM RELATED PARTIES</b>		<b>15.3</b>	<b>14.9</b>	<b>51.6</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 12 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.

<i>USD million</i>	31.12.2023	31.12.2022
Trade receivables	0.3	0.5
Other current receivables	0.4	0.0
Trade payables	(4.7)	(10.1)
Other current payables	(6.4)	(1.5)
<b>NET CURRENT PAYABLES RELATED PARTIES</b>	<b>(10.4)</b>	<b>(11.0)</b>

## Lease agreements

<i>USD million</i>			31.12.2023	Q4 23	FY 23
Related party	Relation	Type of asset	Lease liability	Payments	Payments
Odfjell Land AS	Related to main shareholder	Properties	25.2	2.1	5.4
Companies within the Odfjell Technology Ltd. Group	Related to main shareholder	Mooring and drilling equipment	36.3	5.4	21.4
<b>TOTAL</b>			<b>61.5</b>	<b>7.5</b>	<b>26.8</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 31 December 2023.

## | Note 16 Events after the reporting period

14 February 2024, the Board of Directors approved a dividend distribution of 0.06 USD per share, equal to approximately USD 14.2 million, with payment in March 2024.

There have been no other events after the balance sheet date with material effect on the interim financial statements ended 31 December 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

	31.12.2023		
Non-current interest-bearing borrowings	USD	561.8	million
Current interest-bearing borrowings	USD	149.6	million
Non-current lease liabilities	USD	38.4	million
Current lease liabilities	USD	24.9	million
Adjustment for real estate lease liabilities	USD	(26.9)	million
<b>A Adjusted financial indebtedness</b>	<b>USD</b>	<b>747.8</b>	<b>million</b>
Cash and cash equivalents	USD	129.2	million
Adjustment for restricted cash and other cash not readily available	USD	(18.4)	million
<b>B Adjusted cash and cash equivalents</b>	<b>USD</b>	<b>110.8</b>	<b>million</b>
<b>A-B=C Adjusted Net interest-bearing debt</b>	<b>USD</b>	<b>637.0</b>	<b>million</b>
EBITDA last 12 months	USD	328.5	million
Adjustment for effects of real estate leases	USD	(4.8)	million
<b>D Adjusted EBITDA</b>	<b>USD</b>	<b>323.7</b>	<b>million</b>
<b>C/D=E LEVERAGE RATIO</b>		<b>2.0</b>	



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