



Odfjell Rig III Ltd
Report for the 1st quarter
of 2024

Key figures for the Odfjell Rig III Group

All figures in USD million

	Q1 24	Q1 23*	FY 23
Operating revenue	78	71	303
EBITDA	42	37	166
EBIT	17	12	138
Net profit	7	6	97
EBITDA margin	54%	52%	55%
Total assets	1,069		1,093
Net interest bearing debt	324		304
Equity	614		611
Equity ratio	57%		56%

* Predecessor carve-out combined comparatives

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

Profit Q1 2024

Operating revenue for Q1 2024 was USD 78 million (USD 71 million), an increase of USD 7 million. The increase is driven by higher bonus, rate increase, and higher add-on sales on the Deepsea Atlantic, and rate increase on the Deepsea Aberdeen which was partly offset by lower utilisation.

EBITDA in Q1 2024 was USD 42 million (USD 37 million), an increase of USD 5

million. The EBITDA margin in Q1 2024 was 54% (52%).

Balance sheet

Total assets as at 31 March 2024 amounted to USD 1,069 million (USD 1,093 million as at 31 December 2023), a decrease of USD 14 million.

Total equity as at 31 March 2024 amounted to USD 614 million, and the equity ratio was 57% (USD 304 million and a equity ratio on 56% at 31 December 2023).

Net interest bearing debt as at 31 March 2024 amounted to USD 324 million (USD 304 million as at 31 December 2023), a increase of USD 20 million.

At 31 March 2024, cash amounted to USD 52 million, (USD 63 million as at 31 December 2023), a decrease of USD 11 million.

Cash flow Q1 2024

Net cash flow from operating activities in Q1 2024 was USD 16 million (USD 21 million). This includes paid net interest of

USD 0.2 million (USD 2.1 million) and income taxes of USD 2 million (USD 0 million).

Net cash outflow from investing activities in Q1 2024 was USD 22 million (USD 10 million) related to purchases of fixed assets.

Net cash outflow from financing activities in Q1 2024 was USD 3 million (USD 4 million) related to instalment on leases.

St. Julian's, Malta

14 May 2024

Board of Directors of Odfjell Rig III Ltd.

John Carbone, Director

Erik Askvik, Director

Øivind Haraldsen, Director

Condensed Consolidated Financial Statements



Condensed Consolidated Income Statement

<i>USD million</i>	Note	Q1 24	Q1 23*	FY 23
OPERATING REVENUE	3	77.8	70.6	302.6
Other gains and losses		0.8	-	-
Personnel expenses		(18.6)	(18.5)	(71.8)
Other operating expenses		(18.2)	(15.4)	(64.9)
EBITDA		41.8	36.8	165.9
Depreciation, amortisation and impairment	5	(25.1)	(24.4)	(27.8)
OPERATING PROFIT (EBIT)		16.7	12.4	138.1
Net financial expenses	4	(8.9)	(6.2)	(43.2)
Profit before income tax		7.8	6.2	95.0
Income tax expense		(0.9)	(0.3)	1.7
NET PROFIT		6.9	5.9	96.7
Profit (loss) attributable to:				
Owners of the parent		6.9	5.9	96.7

* Predecessor carve-out combined comparatives

Condensed Consolidated Statement of Comprehensive Income

<i>USD million</i>	Q1 24	Q1 23*	FY 23
Net profit	6.9	5.9	96.7
Items that are or may be reclassified to profit or loss:			
Cash flow hedges, net of tax	(1.6)	-	0.2
Currency translation differences	(1.7)	(1.5)	(1.1)
OTHER COMPREHENSIVE INCOME, NET OF TAX	(3.2)	(1.5)	(0.9)
TOTAL COMPREHENSIVE INCOME	3.7	4.4	95.8
Total comprehensive income attributable to:			
Owners of the parent	3.7	4.4	95.8

* Predecessor carve-out combined comparatives

Condensed Consolidated Statement of Financial Position

<i>USD million</i>	Note	31.03.2024	31.03.2023*	31.12.2023
ASSETS				
Property, plant and equipment	5	968.8	939.8	987.4
Deferred tax asset		4.0	0.8	4.3
TOTAL NON-CURRENT ASSETS		972.9	940.6	991.6
Trade receivables		36.1	32.9	31.6
Other current assets		7.8	18.8	7.3
Cash and cash equivalents		51.7	82.4	62.8
TOTAL CURRENT ASSETS		95.6	134.2	101.7
TOTAL ASSETS		1,068.5	1,074.7	1,093.4

* Predecessor carve-out combined comparatives

<i>USD million</i>	Note	31.03.2024	31.03.2023*	31.12.2023
EQUITY AND LIABILITIES				
Paid-in capital		290.0	131.0	290.0
Other equity		324.3	724.4	320.6
TOTAL EQUITY		614.3	855.4	610.6
Non-current interest-bearing borrowings	6	324.7	79.7	324.3
Non-current lease liabilities	7	3.7	10.9	6.0
TOTAL NON-CURRENT LIABILITIES		328.4	90.6	330.4
Current interest-bearing borrowings	6	51.4	53.7	42.9
Current lease liabilities	7	11.5	17.8	17.2
Contract liabilities		26.5	7.0	20.7
Trade payables		24.4	23.9	41.5
Other current liabilities		12.1	26.3	30.2
TOTAL CURRENT LIABILITIES		125.9	128.8	152.4
TOTAL LIABILITIES		454.2	219.4	482.8
TOTAL EQUITY AND LIABILITIES		1,068.5	1,074.7	1,093.4

* Predecessor carve-out combined comparatives

Condensed Consolidated Statement of Changes in Equity

<i>USD million</i>	Note	Paid-in capital	Other equity	Total equity
Balance at 1 January 2023		131.0	720.0	851.0
Profit/(loss) for the period		-	5.9	5.9
Other comprehensive income for the period		-	(1.5)	(1.5)
Total comprehensive income for the period		-	4.4	4.4
Transactions with owners		-	-	-
BALANCE AT 31 MARCH 2023		131.0	724.4	855.4
Total comprehensive income for the period Q2 - Q4 2023		-	91.4	91.4
Transactions with owners for the period Q2 - Q4 2023		159.0	(495.2)	(336.2)
BALANCE AT 31 DECEMBER 2023		290.0	320.6	610.6
Profit/(loss) for the period		-	6.9	6.9
Other comprehensive income for the period		-	(3.2)	(3.2)
Total comprehensive income for the period		-	3.7	3.7
Transactions with owners		-	-	-
BALANCE AT 31 MARCH 2024		290.0	324.3	614.3

Condensed Consolidated Statement of Cash Flows

<i>USD million</i>	Note	Q1 24	Q1 23*	FY 23
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit/(loss) before tax		7.8	6.2	95.0
Adjustment for interest, provisions and non-cash elements		33.0	29.7	72.3
Changes in working capital		(23.2)	(13.0)	10.0
Cash generated from operations		17.6	22.9	177.2
Net interest paid		(0.2)	(2.1)	(24.9)
Net income tax paid		(1.7)	-	(0.9)
NET CASH FLOW FROM OPERATING ACTIVITIES		15.7	20.8	151.4
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment		(22.0)	(10.5)	(41.1)
Proceeds from grants		-	-	5.8
Cash used in obtaining control of subsidiaries		-	-	(291.9)
NET CASH FLOW FROM INVESTING ACTIVITIES		(22.0)	(10.5)	(327.2)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from borrowings		-	-	390.0
Payment of transaction costs related to borrowings		-	-	(6.7)
Repayment of borrowings external		-	-	(153.0)
Repayment of borrowings related parties		-	-	(41.3)
Repayment of lease liabilities	7	(3.4)	(3.8)	(15.5)
Group contributions to companies in Odfjell Drilling Ltd. Group		-	-	(6.7)
NET CASH FLOW FROM FINANCING ACTIVITIES		(3.4)	(3.8)	166.9
Effects of exchange rate changes on cash and cash equivalents		(1.4)	(3.3)	(7.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(11.1)	3.2	(16.4)
Cash and cash equivalents at beginning of period		62.8	79.2	79.2
CASH AND CASH EQUIVALENTS AT PERIOD END		51.7	82.4	62.8

* Predecessor carve-out combined comparatives

| Note 1 Accounting Principles

General information

Odfjell Rig III Ltd ('the Company') is incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is tax resident in Malta with its head office at 132, Portomaso Business Centre, Portomaso Avenue, St. Julian's STJ 4011, Malta.

Odfjell Rig III Ltd and its subsidiaries (together 'the OR III group') owns and operates two high quality harsh environment mobile offshore drilling units.

The ultimate parent company Odfjell Drilling Ltd ('ODL') is listed on the Oslo Stock Exchange.

These condensed interim financial statements were approved by the Board of Directors on 14 May 2024 and have not been audited.

Basis for preparation

These condensed interim financial statements for the three months period ended 31 March 2024 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 2023.

Principles used related to predecessor combined comparatives

The legal formation of the Group was completed on 1 June 2023 as a result of an internal reorganization within the Odfjell Drilling Ltd Group.

The carrying amounts of the assets and liabilities in the comparative periods are

based on the values of Odfjell Drilling Ltd, the ultimate parent company.

For more information on the principles applied in determining the comparative figures please refer to note 2 in the 2023 Consolidated Group Financial Statements for Odfjell Rig III Ltd

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 OR III 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 OR III 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 2023.

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

| Note 2 Segment summary

The OR III group receives strategic direction from its ultimate parent company, Odfjell Drilling Ltd. The internal management

reporting to the Board is integrated with the Odfjell Drilling Ltd group reporting.

The OR III group provides drilling and related services to oil and gas companies. The OR III group own two mobile offshore drilling units with similar services, revenues,

customers and production processes. Own drilling units (Own Fleet) is therefore assessed as one reporting segment.

Note 3 Revenue

<i>USD million</i>		Q1 24	Q1 23	FY 23
Revenue from contracts with customers		41.6	39.4	156.4
Lease component in drilling contracts		36.2	31.2	146.2
OPERATING REVENUE		77.8	70.6	302.6

Disaggregation of revenue - Primary geographical markets

All revenue is related to operations on the Norwegian Continental shelf and is therefore allocated to Norway.

Note 4 Net financial expenses

<i>USD million</i>	Note	Q1 24	Q1 23	FY 23
Interest income		1.0	0.7	2.8
Interest expense lease liabilities	7	(0.5)	(0.6)	(2.2)
Other interest expenses		(9.3)	(2.7)	(35.0)
Other borrowing expenses		(0.4)	(0.4)	(2.7)
Change in fair value of derivatives		-	(0.0)	-
Net currency gain/(loss)		0.2	(3.2)	(5.0)
Other financial items		(0.0)	(0.0)	(1.1)
NET FINANCIAL EXPENSES		(8.9)	(6.2)	(43.2)

Note 5 Property, plant and equipment

Specification and movements YTD 2024

<i>USD million</i>	Mobile drilling units	Periodic maintenance	Right-of-use assets	Total fixed assets
Opening net book amount as at 1 January 2024	923.7	42.5	21.1	987.4
Additions	3.3	7.4	-	10.7
Disposals	-	-	(3.4)	(3.4)
Depreciation	(15.8)	(5.9)	(3.4)	(25.1)
Currency translation differences	-	-	(0.7)	(0.7)
NET BOOK AMOUNT AS AT 31 MARCH 2024	911.3	44.0	13.6	968.8
<i>Useful lifetime</i>	<i>5 - 30 years</i>	<i>5 years</i>	<i>2-4 years</i>	
<i>Depreciation schedule</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>	

The right-of-use assets are mooring and drilling equipment leased from companies in the Odfjell Technology group (related to the main shareholder).

Specification and movements YTD 2023

<i>USD million</i>	Mobile drilling units	Periodic maintenance	Right-of-use assets	Total fixed assets
Opening net book amount as at 1 January 2023	885.5	38.7	30.1	954.3
Additions	1.3	9.1	0.7	11.1
Depreciation	(14.8)	(5.8)	(3.8)	(24.4)
Currency translation differences	-	-	(1.2)	(1.2)
NET BOOK AMOUNT AS AT 31 MARCH 2023	872.0	42.0	25.8	939.8
<i>Useful lifetime</i>	<i>5 - 30 years</i>	<i>5 years</i>	<i>2-4 years</i>	
<i>Depreciation schedule</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>	

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 Rig III has not identified any impairment indicators as at 31 March 2024.

Note 6 Interest-bearing borrowings

Interest-bearing borrowings specification

<i>USD million</i>	31.03.2024	31.03.2023	31.12.2023
Non-current interest-bearing borrowings external	324.7	79.7	324.3
Current interest-bearing borrowings	51.4	53.7	42.9
TOTAL	376.1	133.4	367.2

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

<i>USD million</i>	31.03.2024			31.03.2023		
	Non-current	Current	Total	Non-current	Current	Total
Carrying amount as at 1 January	324.3	42.9	367.2	79.3	53.3	132.6
CASH FLOWS:			-			-
Repayment external borrowings	-	-	-	-	-	-
NON-CASH FLOWS:						
Change in transaction cost, unamortised	0.4	-	0.4	0.4	-	0.4
Change in accrued interest cost	-	8.5	8.5	-	0.4	0.4
CARRYING AMOUNT AS AT PERIOD END	324.7	51.4	376.1	79.7	53.7	133.4

Available drawing facilities

The OR III group has a frame loan with the parent company with undrawn amount of USD 400 million, refer to note 11.

Covenants

The OR III group is compliant with all financial covenants as at 31 March 2024, and Odfjell Drilling group is compliant as a 31 March 2024 with all financial covenants that could impact the OR III group through cross default clauses.

Note 7 Leases

The OR III group leases mooring and drilling equipment from companies in the Odfjell Technology group (related to the main shareholder).

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>	31.03.2024	31.03.2023	31.12.2023
Non-current	3.7	10.9	6.0
Current	11.5	17.8	17.2
TOTAL	15.1	28.7	23.2

Movements in lease liabilities are analysed as follows:

<i>USD million</i>	31.03.2024			31.03.2023		
	Non-current	Current	Total	Non-current	Current	Total
Carrying amount as at 1 January	6.0	17.2	23.2	14.3	18.0	32.3
CASH FLOWS:						
Payments for the principal portion of the lease liability	-	(3.4)	(3.4)	-	(3.8)	(3.8)
Payments for the interest portion of the lease liability	-	(0.5)	(0.5)	-	(0.6)	(0.6)
NON-CASH FLOWS:						
New lease liabilities recognised in the year	-	-	-	0.7	-	0.7
Interest expense on lease liabilities	0.5	-	0.5	0.6	-	0.6
Reclassified	(2.7)	(1.5)	(4.2)	(3.8)	3.8	-
Currency exchange differences	(0.1)	(0.3)	(0.4)	(0.9)	0.4	(0.5)
CARRYING AMOUNT AS AT END OF PERIOD	3.7	11.5	15.1	10.9	17.8	28.7

Note 8 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 foreign exchange agreements. Foreign exchange agreements are fair valued using forward rates extracted from observable yield curves. Foreign exchange agreements are recognised according to mark-to-market reports from external financial institutions.

The Odfjell Rig III group had the following financial instruments at each reporting period

<i>USD million</i>	Level	31.03.2024	31.03.2023	31.12.2023
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives designated as hedging instruments				
- Foreign exchange forward contracts - Other current assets	2	-	-	0.4
OTHER FINANCIAL ASSETS				
Trade and other current receivables		43.3	47.4	37.2
Cash and cash equivalents		51.7	82.4	62.8
TOTAL FINANCIAL ASSETS		95.1	129.8	100.4

<i>USD million</i>	Level	31.03.2024	31.03.2023	31.12.2023
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives designated as hedging instruments				
- Foreign exchange forward contracts - Other current liabilities	2	1.5	-	0.2
OTHER FINANCIAL LIABILITIES				
Non-current interest-bearing borrowings		324.7	79.7	324.3
Non-current lease liabilities		3.7	10.9	6.0
Current interest-bearing borrowings		51.4	53.7	42.9
Current lease liabilities		11.5	17.8	17.2
Trade and other payables		33.4	48.4	68.6
TOTAL FINANCIAL LIABILITIES		426.1	210.5	459.2

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

| Note 9 Commitments

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

<i>USD million</i>	31.03.2024	31.12.2023
Rig investments	34.8	38.4
TOTAL	34.8	38.4

The major part of committed capital expenditure is expected to be paid within the next 12 months.

| Note 10 Share information and dividend

The shares in the Company are owned by Odfjell Rig Owning Ltd, which is a subsidiary of the ultimate parent company Odfjell Drilling Ltd.

The issued share capital consists of 10,000 shares with a nominal value of USD 1 each and all shares are fully paid up.

No dividend has been paid during 2024.

| Note 11 Related-party transactions

The company's ultimate parent company is Odfjell Drilling Ltd, and all companies in the Odfjell Drilling group is defined as a 'Group company' in the tables below. The main shareholder of Odfjell Drilling Ltd is also the main shareholder of Odfjell Technology Ltd. All companies in the Odfjell Technology group is therefore defined as 'Related to the main shareholder' in the tables below.

The OR III group had the following material transactions with related parties:

<i>USD million</i>	Relation	Q1 24	Q1 23	FY 23
Companies within the Odfjell Drilling group	Group company	0.1	0.2	0.5
Companies within the Odfjell Technology group	Related to main shareholder	-	-	-
TOTAL SALES OF SERVICES TO RELATED PARTIES		0.1	0.2	0.5

Sales of services include administration services and personnel hire.

<i>USD million</i>	Relation	Q1 24	Q1 23	FY 23
Companies within the Odfjell Drilling group	Group company	22.8	32.4	99.3
Companies within the Odfjell Technology group	Related to main shareholder	3.9	3.9	18.2
TOTAL PURCHASES FROM RELATED PARTIES		26.7	36.3	117.5

Purchases consist of hired personnel (mainly offshore), services and rentals, as well as global business services. 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 interest-bearing fram loan agreement

The Company has a frame loan agreement up to USD 400 million with parent company Odfjell Rig Owning Ltd. The loan is undrawn as at 31 March 2024.

As at 31 March 2024 the Company does not have any related party non-current interest-bearing borrowings.

Current receivables and liabilities

As a part of the day-to-day running of the business, the OR III group have the following current receivables and liabilities towards companies in the Odfjell Drilling Ltd group and Odfjell Technology Ltd. group. All receivables and liabilities have less than one year maturity.

<i>USD million</i>	31.03.2024	31.12.2023
Trade receivables	-	-
Other current receivables	5.4	3.1
Trade payables	(4.8)	(12.9)
Other current payables	(5.6)	(23.7)
NET CURRENT PAYABLES RELATED PARTIES	(5.0)	(33.4)

Lease liability

The OR III group have lease agreements regarding mooring and drilling equipment with companies in the Odfjell Technology group (related to the main shareholder).

<i>USD million</i>	31.03.2024	31.03.2023	31.12.2023
Mooring and drilling equipment	15.1	28.7	23.2
TOTAL LEASE LIABILITY	15.1	28.7	23.2

Lease payments

<i>USD million</i>	Q1 24	Q1 23	FY 23
Mooring and drilling equipment	3.9	4.4	17.7
TOTAL LEASE PAYMENTS (BOTH INTEREST AND INSTALMENTS)	3.9	4.4	17.7

| **Note 12** Events after the reporting period

There have been no events after the balance sheet date with material effect on the interim financial statements ended 31 March 2024.

| Appendix 1: Definitions of alternative performance measures

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.

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.

For more information visit odfjelldrilling.com

