



Odfjell Rig III Ltd
Report for the 4th quarter of 2024
and Preliminary Results for the Financial Year
ending 31 December 2024

Key figures for the Odfjell Rig III Group

<i>All figures in USD million</i>	Q4 24	Q4 23	FY 24	FY 23
Operating revenue	85	80	313	303
EBITDA	49	45	174	166
EBIT	11	19	66	138
Net profit	1	8	27	97
EBITDA margin	57%	56%	55%	55%
Total assets			1,040	1,093
Net interest bearing debt			296	304
Equity			624	611
Equity ratio			60%	56%

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

Profit Q4 2024

Operating revenue for Q4 2024 was USD 85 million (USD 80 million), an increase of USD 5 million mainly driven by higher revenue for Deepsea Atlantic due to rate uplift in addition to other income, offset by lower revenue for Deepsea Aberdeen due to lower day rate and lower bonus.

EBITDA in Q4 2024 was USD 49 million (USD 45 million), an increase of USD 4 million. The increase in EBITDA for Deepsea Atlantic was partly offset by reduced EBITDA for Deepsea Aberdeen. The EBITDA margin in Q4 2024 was 57% (56%).

Depreciation, amortisation and impairment cost in Q4 2024 was USD 38 million (USD 26 million).

Net financial expenses in Q4 2024 amounted to USD 9 million (USD 13 million), a decrease of USD 4 million mainly due to lower interest expenses

Net profit in Q4 2024 was USD 1 million (USD 8 million).

Profit FY 2024

Operating revenue FY 2024 was USD 313 million (USD 303 million), an increase of USD 10 million. The increase is mainly driven by higher revenue on Deepsea Atlantic due to increase in day rate and higher bonus offset by the SPS yard stay. This is partly offset by lower revenue for

Deepsea Aberdeen due to lower average day rate and lower bonus.

EBITDA FY 2024 was USD 174 million (USD 166 million), an increase of USD 8 million, mainly driven by improved EBITDA for Deepsea Atlantic partly offset by lower EBITDA for Deepsea Aberdeen. The EBITDA margin FY 2024 was 55% (55%).

Depreciation, amortisation and impairment cost FY 2024 was USD 107 million (USD 28 million). The FY 2023 figures included a USD 71 million reversal of impairment losses recognised in prior periods, which is the main reason for the variance from 2023 to 2024.

Net financial expenses YTD 2024 amounted to USD 36 million (USD 43 million), a decrease of USD 7 million, mainly

due to a positive change in net currency gains in 2024 compared to net currency losses in 2023.

Net profit FY 2024 was USD 27 million (USD 97 million). The decrease is mainly explained by the reversal of impairment as described above.

Cash flow Q4 2024

Net cash flow from operating activities in Q4 2024 was USD 48 million (USD 50 million). This includes paid net interest of USD 17 million (USD 19 million).

Net cash outflow from investing activities in Q4 2024 was USD 36 million (USD 4.5 million) related to purchases of fixed assets.

Net cash outflow from financing activities in Q4 2024 was USD 28 million (USD 24 million). The Group paid USD 22 million (USD 24 million) related to instalment on leases and bond loan, and paid a dividend of USD 6 million to the shareholder.

Cash flow FY 2024

Net cash flow from operating activities FY 2024 was USD 135 million (USD 151 million). This includes paid net interest of

USD 35 million (USD 25 million) and paid income taxes of USD 3 million (USD 1 million).

Net cash outflow from investing activities FY 2024 was USD 106 million related to purchases of fixed assets.

Net cash outflow from financing activities FY 2024 was USD 57 million. The Group paid USD 51 million related to instalment on leases and bond loan, and paid a

dividend of USD 6 million to the shareholder.

Balance sheet

Total assets as at 31 December 2024 amounted to USD 1,040 million (USD 1,073 million as at 31 December 2023), a decrease of USD 33 million.

Total equity as at 31 December 2024 amounted to USD 624 million, and the equity ratio was 60% (USD 611 million and

a equity ratio on 56% at 31 December 2023).

Net interest bearing debt as at 31 December 2024 amounted to USD 296 million (USD 304 million as at 31 December 2023), a decrease of USD 8 million.

At 31 December 2024, cash amounted to USD 33 million, (USD 63 million as at 31 December 2023), a decrease of USD 30 million.

St. Julian's, Malta

12 February 2025

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	Q4 24	Q4 23	FY 24	FY 23
OPERATING REVENUE	3	85.3	80.0	313.1	302.6
Other gains and losses		(0.0)	-	0.6	-
Personnel expenses		(19.6)	(18.5)	(72.7)	(71.8)
Other operating expenses		(17.1)	(16.9)	(67.3)	(64.9)
EBITDA		48.6	44.6	173.6	165.9
Depreciation, amortisation and impairment	5	(37.8)	(26.0)	(107.3)	(27.8)
OPERATING PROFIT (EBIT)		10.8	18.6	66.4	138.1
Net financial expenses	4	(9.0)	(13.2)	(36.1)	(43.2)
Profit before income tax		1.8	5.4	30.2	95.0
Income tax expense		(0.4)	2.9	(3.2)	1.7
NET PROFIT		1.3	8.3	27.0	96.7
Profit attributable to:					
Owners of the parent		1.3	8.3	27.0	96.7

Condensed Consolidated Statement of Comprehensive Income

<i>USD million</i>	Q4 24	Q4 23	FY 24	FY 23
Net profit	1.3	8.3	27.0	96.7
Items that are or may be reclassified to profit or loss:				
Cash flow hedges, net of tax	(1.2)	0.3	(3.4)	0.2
Currency translation differences	(2.4)	1.7	(3.6)	(1.1)
OTHER COMPREHENSIVE INCOME, NET OF TAX	(3.6)	2.0	(7.0)	(0.9)
TOTAL COMPREHENSIVE INCOME	(2.3)	10.3	20.0	95.8
Total comprehensive income attributable to:				
Owners of the parent	(2.3)	10.3	20.0	95.8

Condensed Consolidated Statement of Financial Position

<i>USD million</i>	Note	31.12.2024	31.12.2023
ASSETS			
Property, plant and equipment	5	971.9	987.4
Deferred tax asset		3.3	4.3
TOTAL NON-CURRENT ASSETS		975.2	991.6
Trade receivables		30.2	31.6
Other current assets		1.6	7.3
Cash and cash equivalents		33.0	62.8
TOTAL CURRENT ASSETS		64.7	101.7
TOTAL ASSETS		1,039.9	1,093.4

<i>USD million</i>	Note	31.12.2024	31.12.2023
EQUITY AND LIABILITIES			
Paid-in capital		283.8	290.0
Other equity		340.6	320.6
TOTAL EQUITY		624.4	610.6
Non-current interest-bearing borrowings	6	285.8	324.3
Non-current lease liabilities	7	3.6	6.0
TOTAL NON-CURRENT LIABILITIES		289.3	330.4
Current interest-bearing borrowings	6	42.7	42.9
Current lease liabilities	7	7.5	17.2
Contract liabilities		35.4	20.7
Trade payables		27.2	41.5
Other current liabilities		13.2	30.2
TOTAL CURRENT LIABILITIES		126.1	152.4
TOTAL LIABILITIES		415.4	482.8
TOTAL EQUITY AND LIABILITIES		1,039.9	1,093.4

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 for the period		-	96.7	96.7
Other comprehensive income for the period		-	(0.9)	(0.9)
Total comprehensive income for the period		-	95.8	95.8
Group contribution to other companies in Odfjell Drilling Ltd. Group		-	(6.7)	(6.7)
Continuity difference		-	(488.5)	(488.5)
Capital contribution		159.0	-	159.0
Transactions with owners		159.0	(495.2)	(336.2)
BALANCE AT 31 DECEMBER 2023		290.0	320.6	610.6
Profit for the period		-	27.0	27.0
Other comprehensive income for the period		-	(7.0)	(7.0)
Total comprehensive income for the period		-	20.0	20.0
Dividends paid to shareholders		(6.2)	-	(6.2)
Transactions with owners		(6.2)	-	(6.2)
BALANCE AT 31 DECEMBER 2024		283.8	340.6	624.4

Condensed Consolidated Statement of Cash Flows

<i>USD million</i>	Note	Q4 24	Q4 23	FY 24	FY 23
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit before tax		1.8	5.4	30.2	95.0
Adjustment for interest, provisions and non-cash elements		45.9	39.4	140.9	72.3
Changes in working capital		17.1	23.9	1.4	10.0
Cash generated from operations		64.8	68.7	172.5	177.2
Net interest paid		(16.7)	(18.7)	(34.9)	(24.9)
Net income tax paid		(0.2)	0.0	(2.7)	(0.9)
NET CASH FLOW FROM OPERATING ACTIVITIES		47.9	50.0	134.9	151.4
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(36.1)	(4.5)	(106.2)	(41.1)
Proceeds from grants		-	-	-	5.8
Cash used in obtaining control of subsidiaries		-	-	-	(291.9)
NET CASH FLOW FROM INVESTING ACTIVITIES		(36.1)	(4.5)	(106.2)	(327.2)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		-	-	-	390.0
Payment of transaction costs related to borrowings		-	(0.1)	-	(6.7)
Repayment of borrowings external		(20.0)	(20.0)	(40.0)	(153.0)
Repayment of borrowings related parties		-	-	-	(41.3)
Repayment of lease liabilities	7	(1.8)	(3.9)	(10.7)	(15.5)
Group contributions to companies in Odfjell Drilling Ltd. Group		-	-	-	(6.7)
Dividends paid to shareholders	10	(6.2)	-	(6.2)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		(27.9)	(23.9)	(56.8)	166.9
Effects of exchange rate changes on cash and cash equivalents		(1.4)	(0.5)	(1.7)	(7.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(17.5)	21.1	(29.8)	(16.4)
Cash and cash equivalents at beginning of period		50.5	41.7	62.8	79.2
CASH AND CASH EQUIVALENTS AT PERIOD END		33.0	62.8	33.0	62.8

| 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 12 February 2025 and have not been audited.

Basis for preparation

These condensed interim financial statements for the twelve months period ended 31 December 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>	Q4 24	Q4 23	FY 24	FY 23
Revenue from contracts with customers	40.0	40.8	154.9	156.4
Lease component in drilling contracts	45.3	39.3	158.2	146.2
OPERATING REVENUE	85.3	80.0	313.1	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	Q4 24	Q4 23	FY 24	FY 23
Interest income		0.1	0.8	2.1	2.8
Interest expense lease liabilities	7	(0.2)	(0.5)	(1.3)	(2.2)
Other interest expenses		(6.2)	(12.2)	(33.4)	(35.0)
Other borrowing expenses		(0.4)	(0.4)	(1.4)	(2.7)
Net currency gain/(loss)		1.6	0.0	1.9	(5.0)
Other financial items		(3.9)	(1.0)	(4.0)	(1.1)
NET FINANCIAL EXPENSES		(9.0)	(13.2)	(36.1)	(43.2)

Note 5 Property, plant and equipment

Specification and movements FY 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	41.6	51.3	5.1	97.9
Disposals	-	-	(5.1)	(5.1)
Depreciation	(79.2)	(19.0)	(9.1)	(107.3)
Currency translation differences	-	-	(0.9)	(0.9)
NET BOOK AMOUNT AS AT 31 DECEMBER 2024	886.1	74.8	11.0	971.9
<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).

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 December 2024.

Note 6 Interest-bearing borrowings

Interest-bearing borrowings specification

<i>USD million</i>	Note	31.12.2024	31.12.2023
Non-current interest-bearing borrowings external		285.8	324.3
Current interest-bearing borrowings		42.7	42.9
TOTAL		328.5	367.2

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

<i>USD million</i>	Non-current	Current	Total
Carrying amount as at 1 January	324.3	42.9	367.2
CASH FLOWS:			-
Repayment external borrowings	-	(40.0)	(40.0)
NON-CASH FLOWS:			
Reclassification	(40.0)	40.0	- 0
Change in transaction cost, unamortised	1.4	-	1.4
Change in accrued interest cost	0.0	(0.2)	(0.2)
CARRYING AMOUNT AS AT 31 DECEMBER 2024	285.8	42.7	328.5

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 December 2024, and Odfjell Drilling group is compliant as a 31 December 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>	31.12.2024	31.12.2023
Non-current	3.6	6.0
Current	7.5	17.2
TOTAL	11.1	23.2

Movements in lease liabilities are analysed as follows:

<i>USD million</i>	Non-current	Current	Total
Carrying amount as at 1 January	6.0	17.2	23.2
CASH FLOWS:			
Payments for the principal portion of the lease liability	-	(10.7)	(10.7)
Payments for the interest portion of the lease liability	(1.3)	-	(1.3)
NON-CASH FLOWS:			
New lease liabilities recognised in the year	5.1	-	5.1
Disposals	(5.7)	-	(5.7)
Interest expense on lease liabilities	1.3	-	1.3
Reclassified to current portion of lease liabilities	(1.5)	1.5	-
Currency exchange differences	(0.3)	(0.4)	(0.8)
CARRYING AMOUNT AS AT 31 DECEMBER 2024	3.6	7.5	11.1

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	31.12.2024	31.12.2023	<i>USD million</i>	Level	31.12.2024	31.12.2023
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Derivatives designated as hedging instruments				Derivatives designated as hedging instruments			
- Foreign exchange forward contracts - Other current assets	2	-	0.4	- Foreign exchange forward contracts - Other current liabilities	2	3.4	0.2
OTHER FINANCIAL ASSETS				OTHER FINANCIAL LIABILITIES			
Trade and other current receivables		30.2	37.2	Non-current interest-bearing borrowings		285.8	324.3
Cash and cash equivalents		33.0	62.8	Non-current lease liabilities		3.6	6.0
TOTAL FINANCIAL ASSETS		63.2	100.4	Current interest-bearing borrowings		42.7	42.9
				Current lease liabilities		7.5	17.2
				Trade and other payables		34.9	68.6
				TOTAL FINANCIAL LIABILITIES		377.9	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>	31.12.2024	31.12.2023
Rig investments	15.1	38.4
TOTAL	15.1	38.4

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

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	Q4 24	Q4 23	FY 24	FY 23
Companies within the Odfjell Drilling group	Group company	(0.0)	0.1	0.3	0.5
TOTAL SALES OF SERVICES TO RELATED PARTIES		(0.0)	0.1	0.3	0.5

Sales of services include administration services and personnel hire.

<i>USD million</i>	Relation	Q4 24	Q4 23	FY 24	FY 23
Companies within the Odfjell Drilling group	Group company	24.7	22.2	96.2	99.3
Companies within the Odfjell Technology group	Related to main shareholder	4.0	4.8	15.1	18.2
TOTAL PURCHASES FROM RELATED PARTIES		28.8	27.0	111.3	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.

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.

In December 2024, the Board of Directors approved a dividend distribution of USD 615 per share, equal to USD 6.15 million.

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 December 2024.

As at 31 December 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>	31.12.2024	31.12.2023
Other current receivables	4.1	3.1
Trade payables	(10.9)	(12.9)
Other current payables	(5.2)	(23.7)
NET CURRENT PAYABLES RELATED PARTIES	(12.0)	(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>	31.12.2024	31.12.2023
Mooring and drilling equipment	11.1	23.2
TOTAL LEASE LIABILITY	11.1	23.2

Lease payments

<i>USD million</i>	Q4 24	Q4 23	FY 24	FY 23
Mooring and drilling equipment	2.0	4.4	11.9	17.7
TOTAL LEASE PAYMENTS (BOTH INTEREST AND INSTALMENTS)	2.0	4.4	11.9	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 December 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

