Annual Report 2022

BUILT ON HERITAGE, INNOVATING FOR THE FUTURE

odfjell technology

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Highlights

Combining 50 years of industry experience with the technology of tomorrow, we develop solutions for the changing energy market.

Well Services

- ✓ Tubular running
- ✓ Rental services
- ✓ Well intervention
- ✓ Wired drillpipe
- ✓ Casing drilling

Projects & Engineering

- ✓ Project and Engineering
- ✓ Modifications and upgrades
- ✓ Construction and installation
- ✓ Asset integrity & rig inspection
- ✓ Marine & subsea services

Operations

- ✓ Platform drilling contracts for 16 installations in Norway and the UK
- ✓ Management of MOUs and jack-ups
- ✓ Contract lead for providing integrated service solutions for P&A market
- ✓ Drilling and maintenance crews
- ✓ Equipment maintenance and recertification

Integrated supplier of offshore operations, well services technology, and engineering solutions, with over 2,100 employees operating in more than 30 countries worldwide.

KEY FIGURES 2022

NOK 3,885m	1.2x	NOK 673m	NOK 560m	NOK 11.0b	2.2x
Revenue	Leverage ratio (adj)	EBITDA	Cash and cash equivalents	Revenue Backlog	EBITDA backlog vs NIBD

CEO Letter

Simen Lieungh,
CEO Odfjell Technology AS

I am delighted to be writing this first CEO letter for Odfjell Technology, following the spin-off from Odfjell Drilling. Splitting the company is something that we had considered for some time, to better position the businesses to execute strategies for the future opportunities that lie ahead. With this recent undertaking, we have been able to unlock the full value of our Technology business and thus simplify its structure so that the market can more easily evaluate its worth, and we can develop shareholder value.

When we announced the spin-off at the beginning of the year, we set a deadline of the end of March to restructure the Group, raise a NOK 1.1 billion bond, secure a $25 million revolving credit facility, and list the newly formed Odfjell Technology Ltd on the Oslo Stock Exchange. Nobody thought this was possible in this timescale. However, we delivered, and none of this would be possible without the hard work, determination, and competency of the people within our organisation.

With Odfjell Technology, we take with us 50 years of experience from our time as Odfjell Drilling, and going forward I will ensure that we work to maintain our unique Odfjell culture, driven by our core values. As a highly integrated drilling and well services Group, enabled by our engineering expertise, we deliver specialist services, technology, and competence across the global energy value chain. Our new Northern Lights branding, demonstrates the value of integrated services, showing the power that can be created when the right conditions exist to produce something greater than the sum of its parts.

As both a company, and as individuals, we have faced one global crisis after another. We finally started coming out of the pandemic, only to be presented with the tragic war between Russia and Ukraine. This has had an impact on countries seeking to secure energy supply. I have always stated that the key word for the move towards renewables is TRANSITION. There will be a continuing demand for oil and gas for some years to come, while we make a responsible move toward new energy sources. We are well positioned to use our experience and expertise in this transition, either leading from the front with our investment in Odfjell Oceanwind to develop offshore mobile wind units, or by supporting clients with services such as our Combined Energy Management Screening.

Throughout the year we have also worked on human rights and climate risk assessments to ensure we have ESG embedded throughout our supply chain and in all our operational activities.

Even though this is just our first year, we have had many achievements - winning work with new clients, contract extensions, and developing and implementing new technology such as our Well Services Continuous Circulation System. In February 2022 we also made our first move into jack-up rig management, when we agreed with SFL Corporation Ltd to provide management services for the harsh environment jack-up drilling rig, Linus. To do this we had to qualify as a shipping company and obtain Acknowledgement of Compliance from the Petroleum Safety Authority. This was completed in just a few months with Odfjell Technology taking over rig management at the end of September, thanks to an impressive, combined effort across several of our disciplines.

It is however with great sadness that I must report one of our employees suffered a debilitating injury on the Linus in November. This incident is a serious reminder of the importance of HSE in our workplace and valuable lessons were taken and shared. There is never any room for complacency with regard to safety, and we must work harder to make improvements every single day to avoid these events in the future.

In 2022, the world has seen heightened risks from cyber security. Our IT department has played an important role in protecting the Group and this is also an area where we must remain vigilant.

My belief is that key to delivering on our ambitions lies with our people, and it makes me incredibly proud to see what we have all achieved over the last year. This truly demonstrates our core values of being committed and result oriented. We again took on new apprentices, and I look forward to following them as they continue to grow and progress within the organisation.

These are very exciting times for Odfjell Technology, as we develop our strategy and continue to explore the role we want to play in the energy transition. We must continue to focus on our core services and grow our foothold in oil and gas. The cashflow generated from this can be used to focus on innovation and developing new services, technologies, and products required in the energy transition. We are well positioned to take advantage of these opportunities with our immense experience, competency, and expertise and I look forward to what the future will bring.

Strategic Report

Ambitions

Our ambition is to combine our 50 years of industry experience with the technology of tomorrow to develop solutions for the changing energy market. We deliver safe, efficient, and sustainable solutions, which reduce time, cost, and carbon emissions for our clients.

Of utmost importance is safe operations, with QHSE being central to everything we do. Our target is zero accidents and incidents, and we expect commitment to rigorous QHSE practices. Through a relentless pursuit of the best QHSE standards, we can safeguard health and environment, as well ensuring high quality deliveries for our clients.

Our corporate values define and instruct our business, forming the foundations of the Group. They allow us to grow, meet fresh challenges, develop technology, and work with people in a manner that supports our culture, objectives, and high organisational standards. By staying true to these values, we believe we can continue to meet requirements, overcome challenges, deliver on promises and surpass expectations.

The transition to greener energy is expected over the coming decades and the focus on the future mix of energy sources remains strong. However, the need for continued exploration and production of oil and gas in the meantime, is viewed as vital to bridge the energy gap, as new energy sources take time to implement. In 2022, we saw that the oil service market developed positively, with an increased number of active rigs and drilling operations globally.

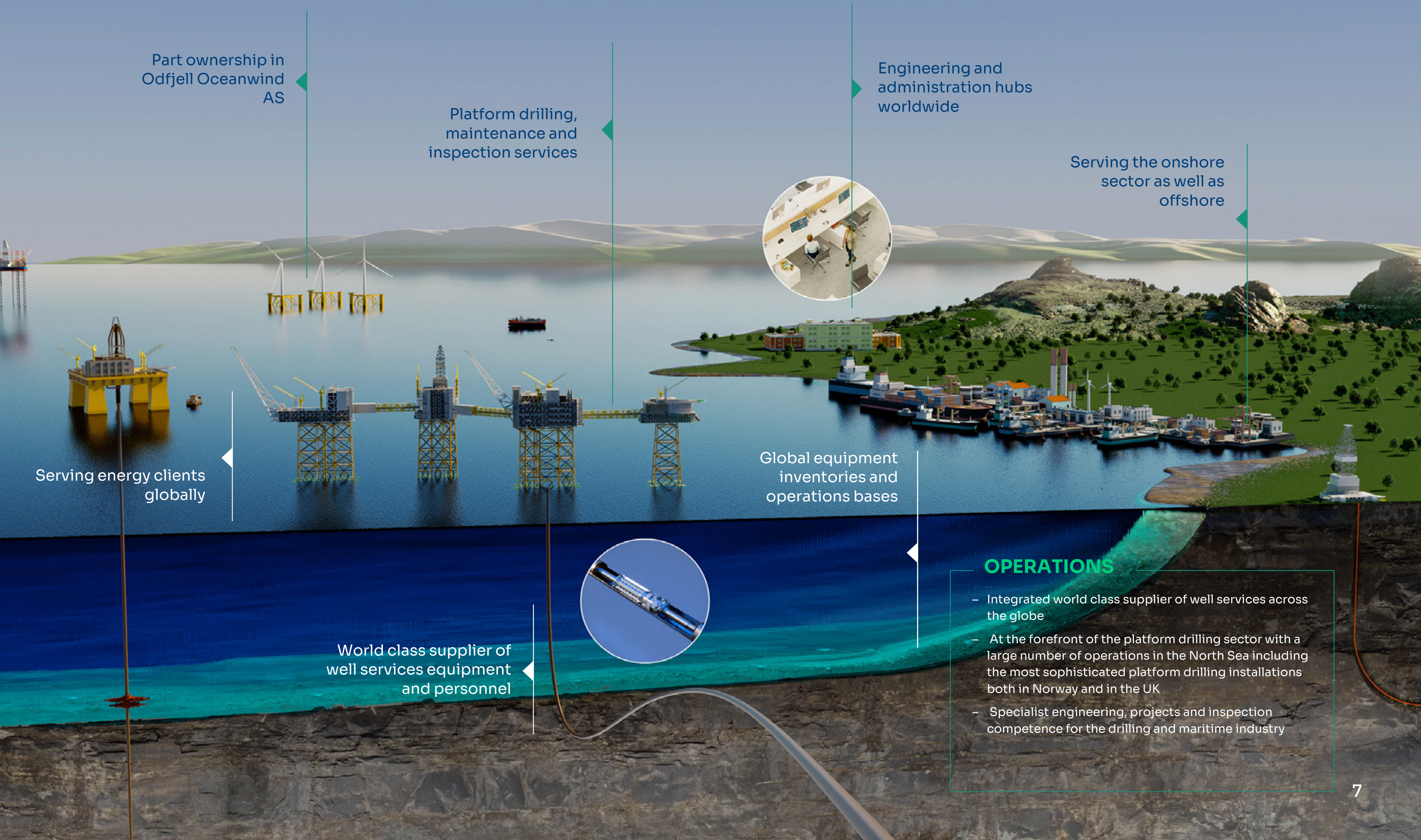
Well Services operates in a competitive market, but the increase in drilling activity and field investments will increase demand for our services, and our strategy is to develop new product lines, technologies, and services, with decommissioning and plug and abandonment services being a target. In Operations, activity is increasing due to growth in investments, modifications, and maintenance. Following the signing of a new jack-up management contract, this is another area of potential growth. Projects & Engineering is a core enabling service we are looking to grow with the engineering market improving both in existing deliverables and green initiatives. Our ambition is to expand through offering all these services as integrated solutions.

Odfjell Oceanwind, in which we hold an investment, edges closer to realising its ambition of providing mobile offshore wind power. In addition to wind, we are exploring other renewable opportunities.

Odfjell Technology's corporate management team has been assembled to provide the optimum combination of relevant skills, business acumen and industry experience to deliver our strategy. We target continuous improvement with lean processes and digitalisation, and our commitment to sustainability is based on high ethical standards, integrity, respect for people and care for the environment. Underpinning our strategy is flexible financing and strong backlog, which gives the business security.

With five decades of experience operating worldwide, serving both offshore and onshore markets, our integrated business model enables us to provide a comprehensive portfolio of products and services designed to create value for clients. The shift in energy focus creates new requirements, technology, exciting initiatives, and cross discipline creativity. The energy transition is one of today's greatest challenges and our vision is to use our heritage and expertise to support the industry as it transitions to new energy solutions. Our highly competent, dedicated, and experienced workforce are well equipped to find solutions to the challenges of today and tomorrow.

Our Business



OPERATIONS

- Integrated world class supplier of well services across the globe
- At the forefront of the platform drilling sector with a large number of operations in the North Sea including the most sophisticated platform drilling installations both in Norway and in the UK
- Specialist engineering, projects and inspection competence for the drilling and maritime industry

Worldwide Experience

30 countries where we provide services

15 offices and bases around the world

COMPANY

- Following the spin-off from Odfjell Drilling, Odfjell Technology takes with it five decades of experience from worldwide drilling, engineering and well service operations
- Continued investment in the latest and best technological solutions
- Multiple revenue sources from complementary Business Areas
- Our main clients are public and state owned international and national oil companies within the oil gas sector

PEOPLE

- 2,172 employees
- Odfjell Technology is a people business where we search for, invest in, and retain people of the highest quality and competence. Our people are motivated and ambitious to deliver the best standards and services
- Highly specialised engineers supporting all Business Areas
- Highly specialised and competent offshore workforce
- Expansive management training on various levels

SUPPLY CHAIN

- Global and fully integrated part of operations
- 6,000 suppliers on the Approved Vendor List (AVL)
- Centrally led standardised processes and policies
- Supplier qualification and quality systems
- Global logistics and inventory management

ETHICS & QUALITY

- Odfjell Technology is committed to follow the Code of Business Conduct and adhere to internationally recognised human rights which ensures that our operations, corporate governance, and employees adhere to the highest standards
- Our vision is to “use our heritage and expertise to support the energy transition"
- Odfjell Technology's vision is supported by our five core values: committed, safety conscious, creative, competent and result oriented
- The Group vision and core values are our foundation in making sure we employ the right people for the right job at the right time
- Odfjell Technology recognises the importance of diversity as an added value to all our business activities, and does not discriminate against employees on any grounds

STRUCTURE

- Odfjell Technology Ltd is an exempted company incorporated in Bermuda, registration number 202100770 (the "Company"). It's registered address is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda
- Odfjell Technology Ltd is tax resident in the UK and has its head office in Aberdeen, Scotland, UK.
- The Ordinary shares of Odfjell Technology Ltd are listed on the Oslo Stock Exchange
- Organised into three main business segments: Well Services, Operations and Projects & Engineering
- Operational Management are primarily located in Bergen, UK and Dubai

Well Services

"2022 presented us with two of the toughest challenges in recent times: a pandemic and a war. COVID-19 made it extremely difficult for us to expand into new geographical regions. Though the intensity of the pandemic reduced, there was no respite because of the Russia-Ukraine war. However, it makes me extremely proud to inform you that Well Services has bounced back strongly after the impact of COVID-19 and has achieved good financial performance in 2022. We have won several global contracts and initiated new start-up activities in Norway and MEAA. This year, we also secured our first direct contracts in Malaysia and Saudi Arabia. In terms of finding new industry solutions, products such as CCS and rigless P&A were introduced in 2022. New functions were also designed for many of our existing equipment. As we start 2023, I have no doubt that the Well Services team will continue to make us proud with their performance.

Elisabeth Haram, **EVP Well Services**

Achieving steady growth

As a globally recognised name within the Well Services area of the upstream oilfield service sector, Odfjell Technology made significant progress in 2022.

Faced with a challenging business environment, resulting from unstable markets and the energy crisis, the Group was able to achieve steady growth, sustain high activity levels and explore several new opportunities.

Many businesses in Europe and the surrounding markets experienced difficulties in 2022 because of the Russia-Ukraine war. Odfjell Technology experienced only minor difficulties, since we had no direct business in Russia or Ukraine.

Business operations were hampered by factors such as cost increases in raw materials, extending lead-times in the supply chain and a lack of resources for the industry after the global COVID-19 pandemic.

The strength of our global brand is demonstrated in the way we managed to successfully recruit 107 new personnel to support our growth in 2022, an increase of 11%, with 45% of our employees working offshore. At the same time we continued to invest in our facilities, making significant upgrades to our largest and busiest workshop in Tananger, Norway. These are upgrades we expect will bring improved working conditions for our employees and more efficient operations for our clients as we go forward.

Our key milestones

In spite of these challenges, we are pleased to report we achieved several key milestones in 2022, as summarised below.

- Re-entered the Saudi Arabian market, securing a direct Tubular Running Services (TRS) contract with Saudi Aramco
- Several other TRS contract awards in Norway, Malaysia, UK and Netherlands
- Delivered a world first, running different sizes of our patented DrillRDillo's in tandem for ADNOC in Abu Dhabi
- Achieved our highest level of Defuse™ casing reamer sales, with deliveries in all geomarkets
- Delivered two packages of VX-57 drillpipe and accessories to bp in the UK
- Secured a second package of Wired Drillpipe and accessories for Aker BP
- Onboarding of Shell Albania and Dosco Israel as new clients

In terms of technology development, we made a significant breakthrough in 2022, successfully installing and running our fully automated and hands-free Continuous Circulation System (CCS) on Deepsea Aberdeen. This technology is critical to areas/wells where the operating envelope for pore pressure is narrow. This Odfjell Technology system is market leading and differentiates itself with the ability to be operated remotely, removing the need for people to enter the red-zone of the drill-floor and is fully compatible with wired drill-pipe.

In order to meet the increasing demands from our clients, we also made improvements to several of our core products this year—improvements that are targeted to increase efficiency and reduce the cost of operations.

Caring for the environment and people

Caring for the environment is always considered in our planning and execution. In 2022, as part of our upgrade of the Tananger facility, we replaced the acid baths with modern ultrasound cleaning facilities and replaced the fleet of diesel forklifts with electric forklifts.

We launched GO GREEN, our campaign under our "People Initiative" that aims to raise environmental awareness of our people and challenge them to perform small and sustainable acts to "Reduce, Reuse and Recycle" at work and at home. We took various steps in our other global offices and workshops to reduce energy consumption and increase the recycling and reuse of waste.

Odfjell Technology continues to significantly invest in our people and their safety.

Our mental health campaign "I see you" was rolled out this year. We also completed 7 years without a loss time incident (LTI) in Turkmenistan and 9 years without an LTI in the UK. Global leadership insight programs were conducted along with local leadership masterclasses in all areas.

Outlook

Though the uncertainty around the global political situation is likely to remain unchanged in 2023, Odfjell Technology is confident in our strategic direction and ability to reach our long-term targets.

In the coming years our Well Services division has ambitions to realise significant growth through diversification of product offerings and new sectors such as geothermal and increased geographical footprint in new territories, including Africa.

Tubular Running Services

Top Drive TRS (CRT)
Remote Operated TRS
Integrated TRS (iTRS)
Casing Accessories

Casing Drilling

Non-Directional CWD
Casing Reaming

Well Intervention

Wired Drill Pipe
Conventional Drill Pipe
Tubular Handling Tools
Downhole Tools

Drilling Tool Rental

Wellbore Cleanup
Fishing & Remedial
Sidetracking
Rigless Intervention
Plug & Abandonment

Integrity Services

Integrated Drilling Services
Integrated P&A Services

Operations

"Committed, Safety Conscious, Creative, Competent and Result Oriented. These are our core values which clearly describe the first year of operations under the new Odfjell Technology banner. We built the foundations this year to gain strength and capabilities for the future. It was exciting to expand into a new market by taking over the management of the Linus jack-up rig. We are proud of how we delivered a successful transition and look forward to continuing our operation of Linus. Our 2022 QHSE program addressed the increase in LTIs during 2021. Throughout the year we have seen good trends for total recordable incidents. Regretfully, there was a safety incident on Linus which caused concern. This was investigated, and we have reinforced the commitment to safety at all leadership levels.

Kurt Meinert Fjell, **EVP Operations**

Putting our core values into operations

This year we successfully separated our platform drilling services from Odfjell Drilling, forming the new and focused Operations Business Area within Odfjell Technology.

We provide drilling operations to 16 fixed installations across Norway and the UK (10 operative and 6 in maintenance mode). In addition, we now also provide services to the Linus jack-up rig which is an exciting first for Odfjell Technology. Moving into this area will enable us to grow and develop in the jack-up rig market.

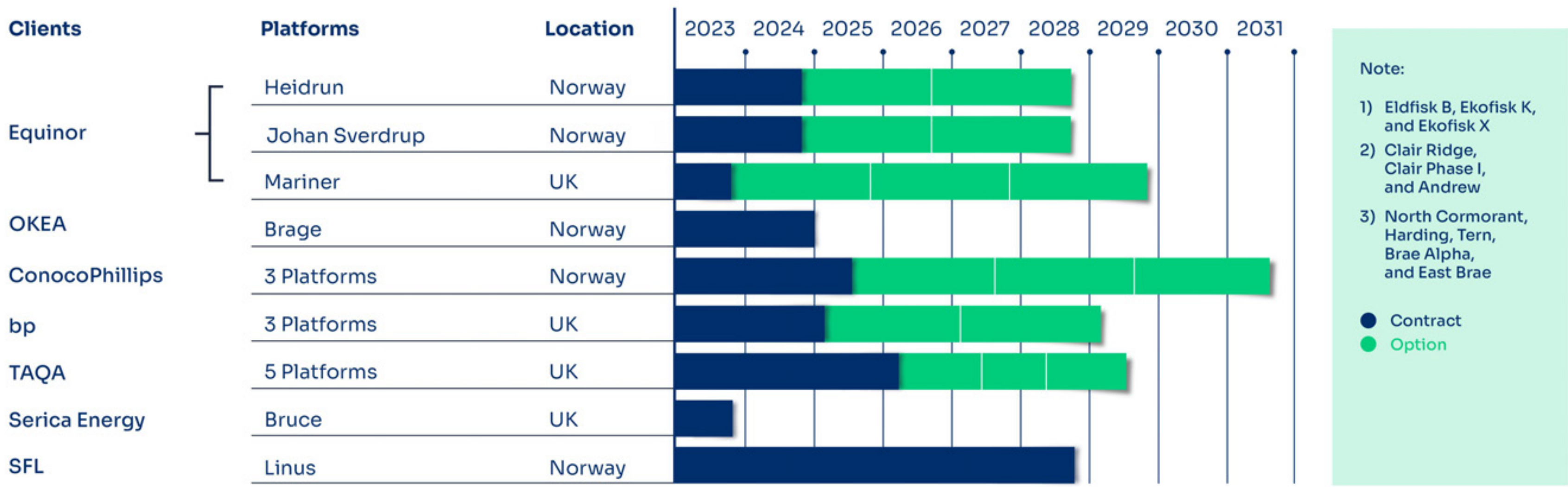
We have delivered efficient operations and a stable and strong order backlog, whilst safeguarding margins. Going forward, we will continue to enhance the collaboration capabilities across our business, utilising our internal competence to its fullest.

Contract successes

Our contract successes in 2022 were:

- Contract signed with SFL to provide management services for the harsh environment jack-up drilling rig Linus. The rig is contracted to ConocoPhillips in the North Sea until the fourth quarter of 2028.
- The Serica Energy contract has been successfully renewed for a further year and discussions are ongoing regarding future services.
- The Johan Sverdrup and Heidrun contracts with Equinor have been merged. The first option was exercised in October 2022 for two years with two 2-year options thereafter
- Mariner implemented a Performance Incentive Agreement with Equinor to drive improvements
- bp Clair Phase 1 moved into the deemed cost alliance model in December, in alignment with the Clair Ridge model
- Working with a new client, OKEA ASA who have taken over the Brage platform from Wintershall Dea

Our contract portfolio and backlog is presented below:



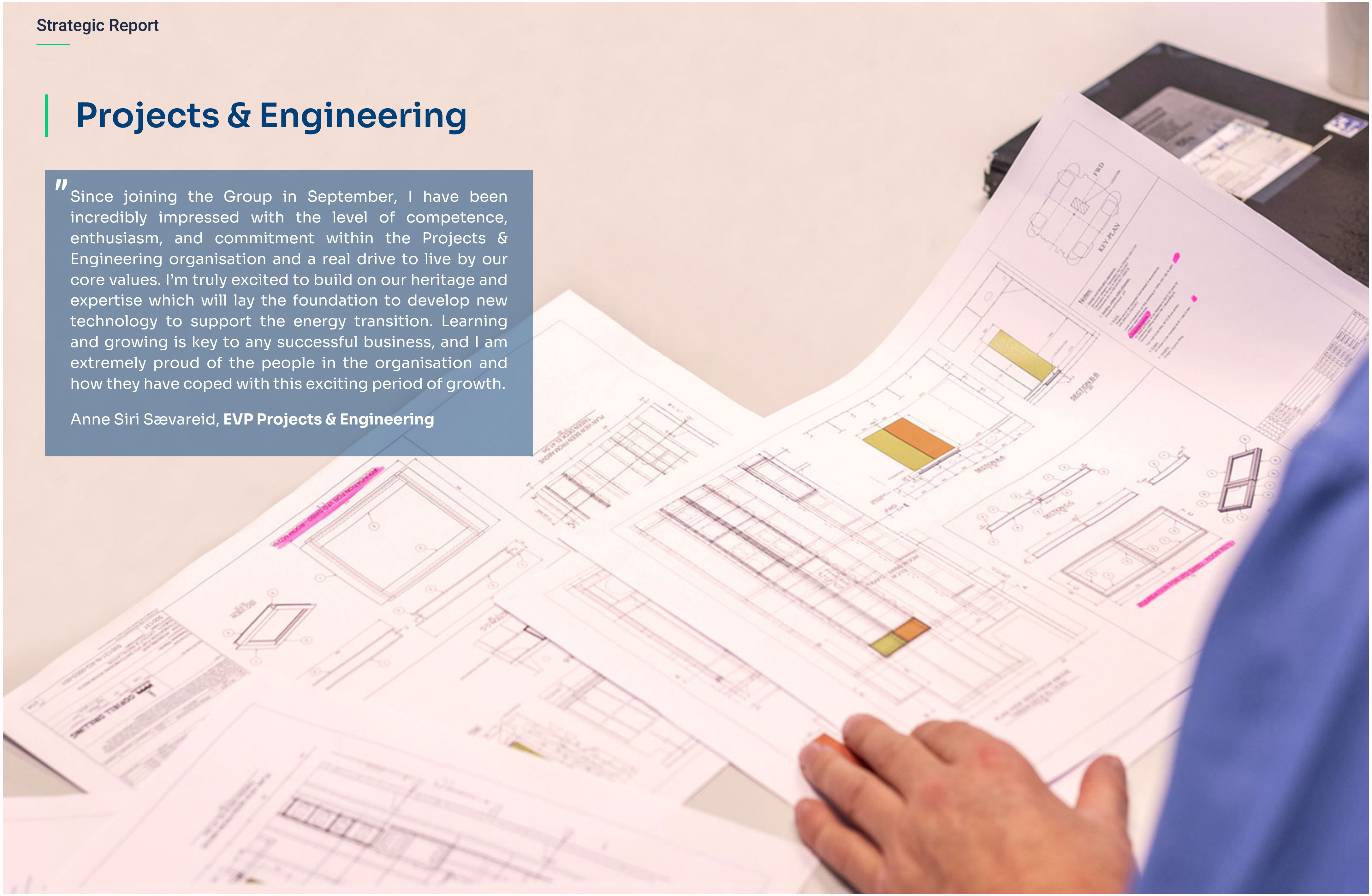
Highlights:

Our 2022 highlights include:

- Improved performance on Johan Sverdrup (JSDP) this year generated good results and key learnings will be used on Mariner to position us for an enhanced performance in 2023
- Effective reporting using Power BI software has significantly enhanced our management information and time efficiency
- Commercialisation of our environmental mapping system to offer it to clients
- Successfully obtained the Acknowledgement of Compliance (AoC) from the Norwegian Petroleum Safety Authorities for the Linus, and started our management services
- Implementation of Automated Drilling Control and Multi Machine Control on JSDP and working on Mariner with the same initiatives
- Successfully commenced operations on new units in our TAQA portfolio

We are pleased to see that Odfjell Technology has already consolidated its position in the drilling operations market after the spin-off from Odfjell Drilling. Now that we have become our own entity we are stronger, more focused and passionate about our operations and core business. We are committed to continue enhancing our reputation through excellent capabilities and offerings. 2023 will be a year to focus on stable and efficient operations in order to protect backlog and pursue key opportunities for growth, such as in the jack-up rig market.

Projects & Engineering



> "Since joining the Group in September, I have been incredibly impressed with the level of competence, enthusiasm, and commitment within the Projects & Engineering organisation and a real drive to live by our core values. I'm truly excited to build on our heritage and expertise which will lay the foundation to develop new technology to support the energy transition. Learning and growing is key to any successful business, and I am extremely proud of the people in the organisation and how they have coped with this exciting period of growth.
>
> Anne Siri Sævareid, **EVP Projects & Engineering**

Unique competence and service portfolio

Service Offering

This key business segment acts as an enabler for Odfjell Technology to deliver growth and value creation. It combines our previous Project and Engineering division, including Technical Integrity Management, Marine and HVAC services, with our Innovation and Development division, now referred to as Green Technology. As a highly integrated technology and engineering organisation, we deliver specialist services, technology, and competence across the global energy value chain.

We offer the energy industry comprehensive experience across a range of disciplines. Our unique competence derived from five decades of operations, gives us a unique understanding of drilling facilities and offshore installations, enabling us to support clients with everything from feasibility and concept studies, FEEDs, EPCs, modifications and upgrades, and operational engineering. Our highly experienced engineering and procurement teams ensure safe and cost-effective planning, execution, and commissioning of complex projects. Using multi discipline teams and utilising the operational perspective we bring to the process, we define scope, design the engineering solution, and manage the project execution and installation.

Our unique operational legacy and complex project management capability, and inspection services makes us unmatched in delivering cost and time efficient yard stays and Special Periodic Surveys.

Odfjell Technology's unique competence and service portfolio

Project Services
- Project Management
- Reactivation Management
- SPS/RS Services
- Construction Services
- System Integration
- EPCIC

Engineering Services
- Concept
- Studies
- FEED
- Detail Design
- Reversed Engineering
- Greenfield / brownfield
- Technical Consultancy

Marine Technology
- Concepts & Studies
- Analyses
  - Mooring & Risers
  - Stability,Seakeeping
- Operations & Procedures

Green Technology
- Energy Management
- Power Optimisation/ Efficiency
- Hybrid Solutions
- Shore / Grid Solutions
- Founding Solutions

Asset Integrity Services
- Maintenance Management
- Technical Integrity Management
- Structural Integrity Management
- Risk Based Inspection Management
- Compliance Management
- New Tonnage Assessment

Inspection Services
- Non Destructive Testing
  - Lifting equipment
- Structural Integrity Management
- Derrick inspections
- DROPS management
- Hose management
- Equipment and Asset Condition

Installation & Field Services
- Installation Planning and Management
- Field Installation Service - all trades
- Rope Access Technicians - all trades
- Complex Lifting/Installation
- Decommissioning

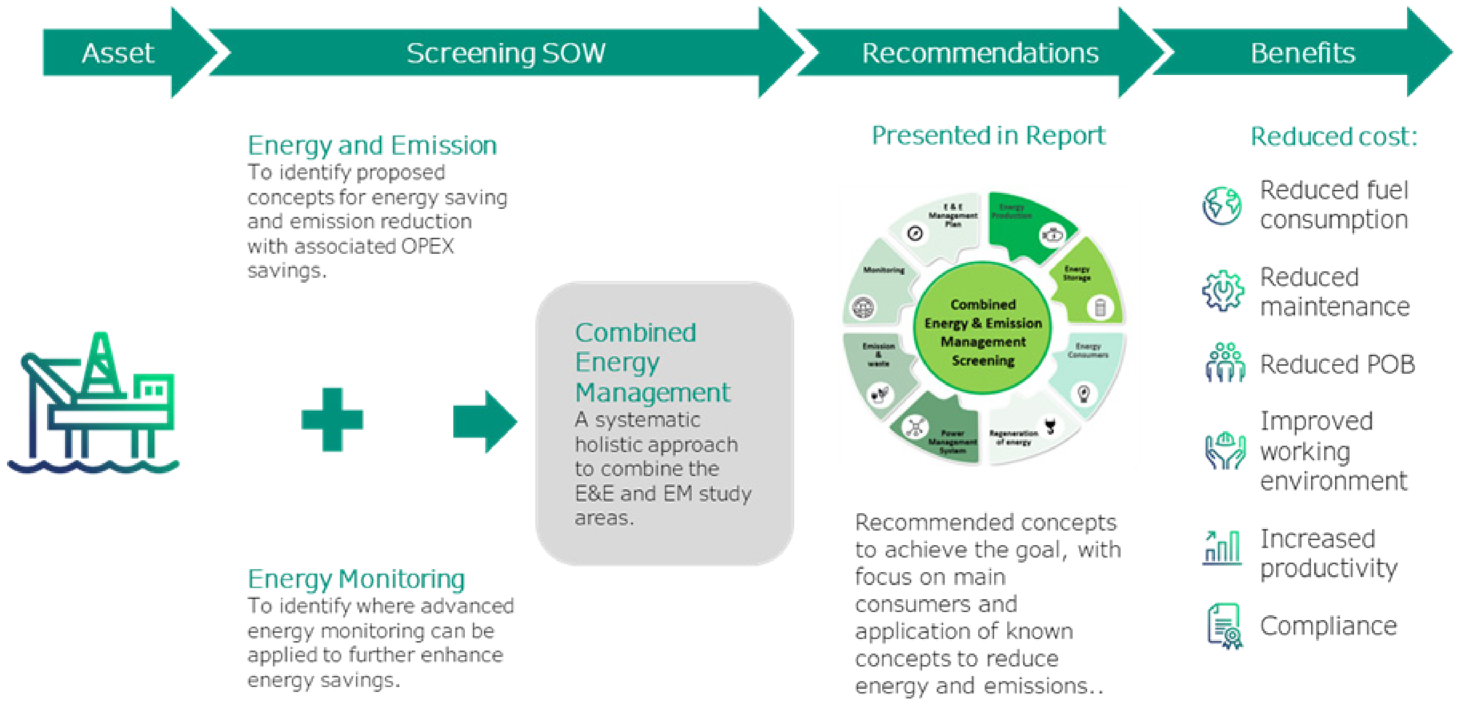
Highlights 2022

In 2022, we focused on increasing capacity and competency across all our service lines. Our employee and contractor headcount increased 13 % to around 200 people within the Projects & Engineering Business Area, with the successful recruitment, onboarding and training of resources within all departments.

We have continued to support Odfjell Oceanwind in the design and development of industrial scale floating offshore wind turbines, as well as providing engineering services to Odfjell Drilling Ltd (ODL), in particular for their Special Periodic Survey program. In April, we worked with ODL on upgrade projects and modifications for Deepsea Aberdeen, including PowerBlade™ installations.

The PowerBlade ™ technology, developed in partnership by Odfjell Drilling and NOV, captures, stores, and reuses kinetic energy produced from operating equipment. With a potential 80% power consumption reduction in active heave compensation mode, this is a significant contributor to reducing fuel consumption and cutting emissions. We have also secured the Heidrun B modification and upgrade work for Equinor which will significantly reduce emissions. 2022 saw us winning work with new clients such as COSL, Saipem, Aker BP, and Aragon - all welcome additions to our portfolio.

An exciting area of growth during the year has been in our Green Technology division with their service, Combined Energy Management (CEM) Screening. This unique service assists clients in achieving their emission reduction goals on all kinds of offshore and maritime assets.



Our specialists in energy optimisation, extract and analyse the asset's energy consumption and establish a baseline. Next, by assessing findings vs. the available proven technologies, the cost-effective solutions will be recommended to asset owners for the purpose of reducing emissions and fuel consumption. Advice is also given on subsidies and funding available for implementation of such technologies, particularly on the Norwegian Continental shelf. This is an area we expect to grow even further in 2023.

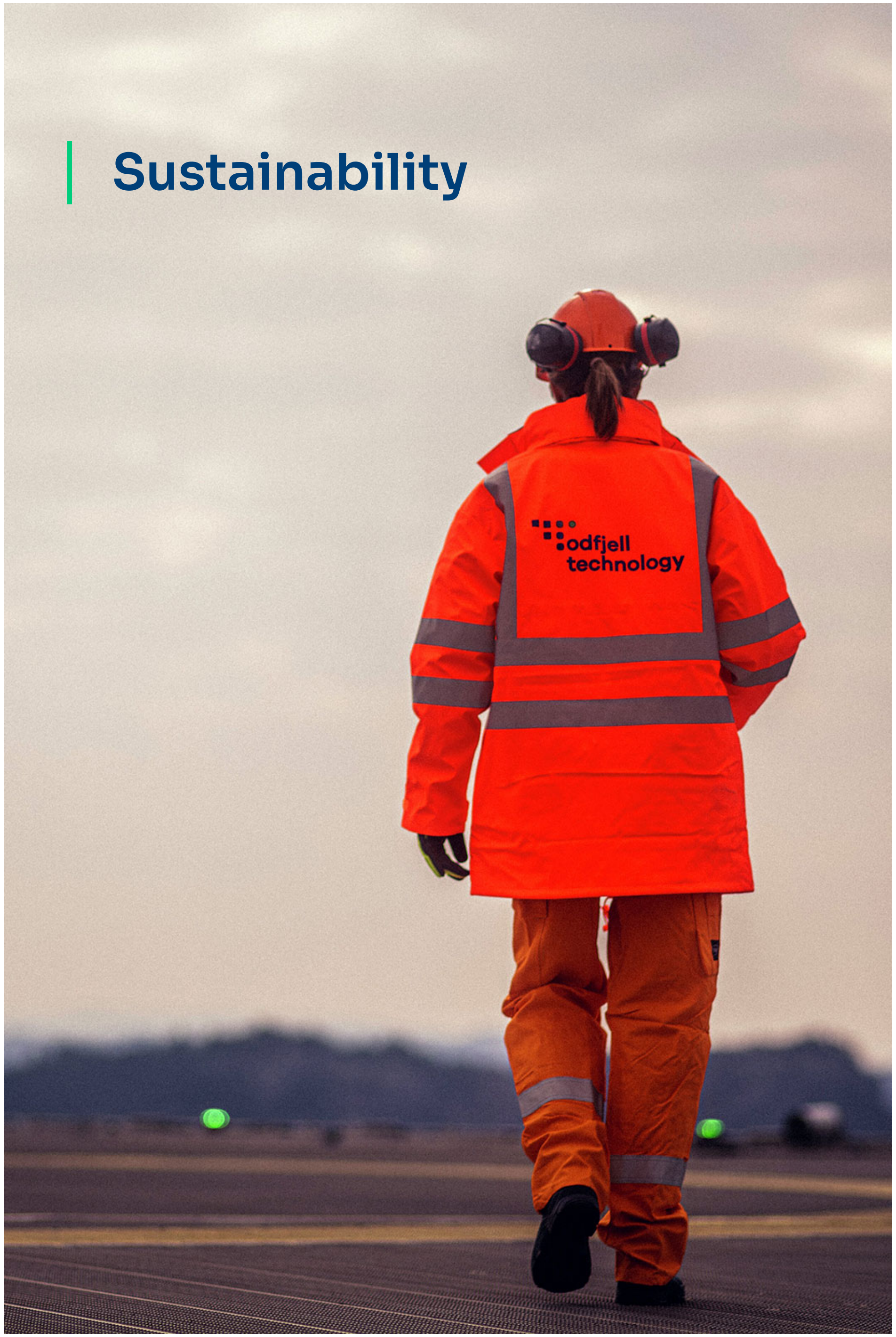
A project of note was the provision of services to our Operations Business Area for obtaining the Acknowledgement of Compliance (AOC) for taking on the Linus jack-up owned by SFL and operated by Odfjell Technology. This demanding project was delivered in a short timescale and illustrated the power of collaboration between our Business Areas to deliver on behalf of our clients.

Outlook

We have seen activity increase in 2022 and expect this will also be the case in 2023. Already we see more opportunities for integrated services across the Odfjell Technology portfolio. The execution of projects such as a study for assessing measures to improve material handling on the drill floor of Johan Sverdrup – where experts from both our Projects & Engineering and Operational Business Areas work closely together – demonstrates the unique opportunity we have for collaboration across all our specialist competence areas in the Group.

Within our Technical Integrity Management area, our experience database includes data from more than 600 operational years of Mobile Offshore Units in a harsh environment. The data is used for validation and improved prediction of failure potential of structural, drilling equipment and pressurised integrity. The improved predictions provide large cost savings and ensure at all times technical integrity of the assets. Utilisation in this area is high, and we expect this to continue to grow.

There is a great opportunity to use our heritage and expertise in each of our disciplines to support the energy transition. We look forward to expanding our resource base with new talent, who can be part of a team working on solutions to aid in the development of cleaner energy and help secure the energy supply for generations to come.



Sustainability

Environment, social responsibility and governance

The environmental, social responsibility and governance (ESG) strategy in the Group is based on the focus areas "Environmental Impact", "People & Safety" and "Ethics & Governance". The material and important topics under each focus area reflect the Group's significant economic, environmental, and social impacts. They are prioritised based on their impact on our stakeholders and the Group's business, and on our ability to make the greater difference based on Group capabilities.

More information is available in the Company's Sustainability Report for 2022, which has been prepared in accordance with the Global Reporting Initiative 2021 Sustainability Reporting Standards on www.odfjelltechnology.com/sustainability/esg-resources/.

Ambition

The overarching ambition of Odfjell Technology is to be a net zero emission company by 2050. The following ambitions are reflected in our material topics throughout the three focus areas:

- industry leader in environmental performance
- ensure the highest safety standard and protect our people's health and well-being
- committed to high ethical standards, compliance and integrity

How we manage sustainability

The Group's strategy is anchored on level 1 in the Company Management System. The purpose of the procedure is to align and link the Group's ESG effort and ambitions, it is important to make ESG visible in the Group's existing governing processes. This requires cooperation and coordination across the established governance models within Business Areas and Group level functions.

Sustainability is a consideration for the Odfjell Technology Ltd Board of Directors (the "Board"). The Board receives regular updates on sustainability matters and conducts deep dive discussions on sustainability topics as required. Heads of functions are responsible for strategy implementation and reporting on risk and performance to the Executive Management Team and the Board. The VP Sustainability is responsible for the design and implementation of the Group's ESG strategy, with input and in cooperation with each of the corporate and Group level functions as chair of the sustainability working group. For a detailed overview, see the Sustainability Report page 6.

Highlights

- First standalone Sustainability Report for Odfjell Technology since the spin-off from Odfjell Drilling Ltd in March 2022
- Successful reduction of approximately 80% in CO_2 emissions from the new electric forklift fleet in Tananger
- Implementation of stand-alone Human Rights policy and strengthened human rights risk assessment
- Suppliers' human rights risk profiles established on all new suppliers after July 1st
- Goal of 30% women in leadership roles surpassed
- Zero cases of corruption reported or identified

QHSE

"Odfjell Technology works relentlessly to strengthen our QHSE culture and ensure everyone returns home safely. Our ambition of operating "Always Safe" is based on understanding risk in daily operations and understanding the root causes when incidents happen. This approach is crucial for learning. Sharing the learnings openly helps us improve.

Eva Utskot, **SVP QHSE**

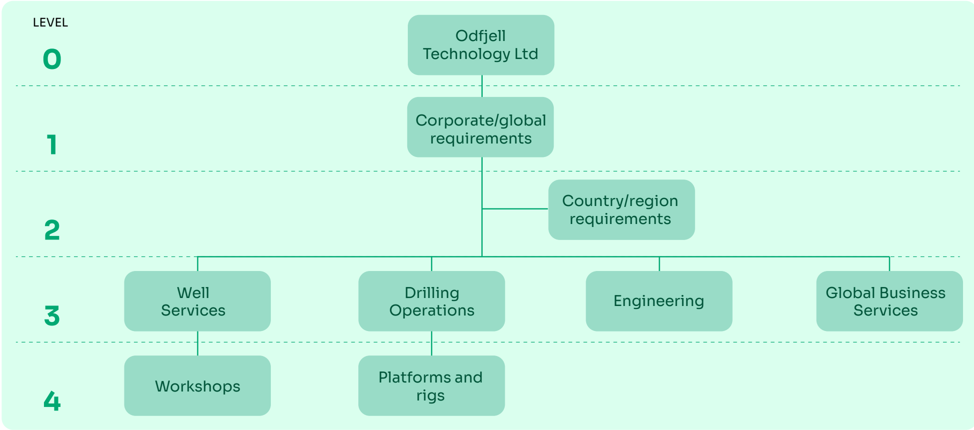
QHSE Management

Odfjell Technology works continually to maintain and develop the highest quality standards for our products and services, to protect assets, and to prevent harm to people and the environment. Leadership, strong understanding of risk and a continuous focus on QHSE performance are essential in achieving this. QHSE is a management responsibility starting with commitment from the top, cascaded down through line management.

Odfjell Technology promotes a QHSE culture based on competence, commitment, mutual respect, empowerment, and involvement. The Plan-Do-Check-Act cycle is an integral part of our work culture to ensure continual improvement.

Company Management System

Our Company Management System (CMS) containing policies, processes, and procedures, is the framework for operating our business, meeting the requirements and expectations of our owners, authorities, clients, and other stakeholders.



The CMS is built on 50 years of operational experience within the drilling sector and complies with recognised international and national standards as well as national legislation. It consists of 5 levels, where level 0 contains policies established by the board of directors and level 4 contains unit specific work instructions.

Odfjell Technology holds the following certifications and accreditations:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) (Jack-up management services)
- API Q2 Quality Management for Service Supply Organisations (Well Services)
- International Association of Drilling Contractors for Competence Assurance Programme (Odfjell Technology UK Ltd)

Risk-based Approach

Details on our risk-based approach can be found in the section How we manage risk. Odfjell Technology practices a QHSE risk management process for all operations, by which hazards are identified, and associated risks are understood and managed in such a way that the risk levels are reduced to as low as reasonably practicable.

Human factors and their influence on human performance are included in risk assessments.

The 'Hierarchy of Controls' approach ensures that the most effective mitigating actions are implemented. QHSE risk management is integrated in daily operations as exemplified below:

- As a basis for decision making
- As part of planning of work
- As part of managing change
- In developing new procedures or improving existing procedures
- When incidents are reported
- During performance of work

Risk assessments are also performed as part of pre-job and de-brief meetings to prevent incidents and learn from previous experience. All employees have a personal responsibility to risk assess their own work. Everyone has the obligation and authority to stop unsafe work.

odfjell technology

QHSE Programme 2022

Quality Performance

Simplify & standardise

Digitalise tools & processes

Enhance cyber security

Strengthen risk management

Enhance competence & capacity

Always Safe

Prevent well control incidents

Optimise dropped object management

Apply human factors in Health & Safety

Implement global wellness program

Environmental Care

Minimise environmental impact

Reduce carbon footprint

Odfjell Technology's annual QHSE programme is established along with Business Area specific QHSE action plans. Inputs to the QHSE programme include:

- Audit results
- Key Performance Indicator (KPI) status
- Data analyses and performance evaluations
- Risk registers/risk analyses
- Environmental aspects and impacts registers
- Management reviews
- Inputs from authorities, clients and the industry

The QHSE programme includes the main activities, objectives and KPIs to be prioritised and measured during the year. Our main priorities in 2023 are largely in line with those detailed for 2022. These will be adjusted based on emerging threats in 2023, as well as improvement areas identified through internal management reviews, audits, and other processes.

Occupational Health and Safety

Of paramount importance to Odfjell Technology, is working relentlessly to maintain the highest safety standards and protect the health of our employees and other individuals associated with our operations. Odfjell Technology has a long-standing culture of cooperation with safety delegates which is based on communication and collaboration.

Safety delegates are present offshore and onshore to safeguard employee's interests in occupational health and safety matters. They are responsible for reporting concerns and issues to management.

Working environment surveys are performed regularly both onshore and some offshore to measure employee satisfaction.

Results are presented to the workforce for consultation and participation in the development of any action plans required for improvement.

The average score of all responses for the onshore working environment survey is 5 based on a scale from 1 to 6, where 1=Strongly disagree and 6= Strongly Agree. The result shows a stable trend compared to 2021 and 2020.

	2020 Mean	2021 Mean	2022 Mean
Onshore survey	5.1	5	5

The working environment survey for offshore employees was last performed on the Norwegian Continental Shelf in 2021. The average score of all responses for the offshore survey is 76 (2021) based on a scale from 0-100, where > 78 is significantly above the average compared to the reference material (Oil & Gas-benchmarking). The next offshore survey will be performed in 2023.

In cooperation with Odfjell Technology's occupational health service providers, we measure and monitor exposures in the physical working environment to ensure the safety and wellbeing of employees.

Sickness absence is an indicator of the working environment and is continuously monitored. The total sickness absence for Odfjell Technology in 2022 was 4.20%, slightly over the target of 3%.

Although the indicator was above the target, sickness absence is lower by more than 1%, compared to 2021 showing that a positive trend is developing after the Covid-19 pandemic.

In early 2022 sickness absence was still affected by the pandemic and this trend improved towards the end of the year.

The knowledge and experience of our workers are important, and worker participation is essential to ensure safe operations.

The HSE rules are the fundamental principles forming our company safety culture, which is based on competence, involvement and commitment from all employees and managers. The HSE rules are a personal responsibility:

- *I will always comply with rules and procedures*
- I will always risk assess my work
- I will always act when I see unsafe behaviour and conditions

As part of our safety work, Odfjell Technology promotes awareness of human factors and how they influence human performance. We recognise that people will make errors and that errors are typically due to underlying conditions and systems. Understanding why errors happen helps us to prevent or correct them. One of our focus areas within human factors is safety leadership and leader behaviours. How leaders respond to errors and how they act when failures occur are crucial in learning from incidents and improving.

Human Factors are divided into organisational factors, technical factors, and individual factors. These factors and their interfaces are useful in understanding the root causes of incidents.

Another important industry safety tool that Odfjell Technology has implemented is the Life Saving Rules, adopted from the International Association of Oil & Gas Producers. These rules highlight the activities most likely to lead to a fatality and provide proactive guidance to prevent serious injuries. We have initiated people-oriented programmes to reward good safety behaviours and performance, such as launching monthly safety awards to recognise the best safety observation and exceptional effort in the safety arena.

Safety incidents

All incidents are reported and classified according to the Odfjell Technology incident classification matrix. Based on the actual or potential consequences, incidents are subject to a thorough investigation process. In 2022, four corporate investigations were carried out, two of which were initiated by the client. In addition to these were several local area investigations.

The four corporate investigations in 2022 involved three high potential incidents (HIPO) and one serious accident. One of the HIPO incidents occurred in a workshop onshore and involved a collision between a narrow aisle forklift and a quick lift crane. The incident had the potential of weakening the racking system structure and collapsing. The remaining two HIPO incidents occurred offshore and involved dropped objects that had the potential of causing injury to personnel.

The serious accident occurred when an Odfjell Technology employee suffered a severe injury during work on a cantilever drag chain. During the operation, the chain fell half a metre and the IP's shoulder became trapped. This resulted in a lost time injury.

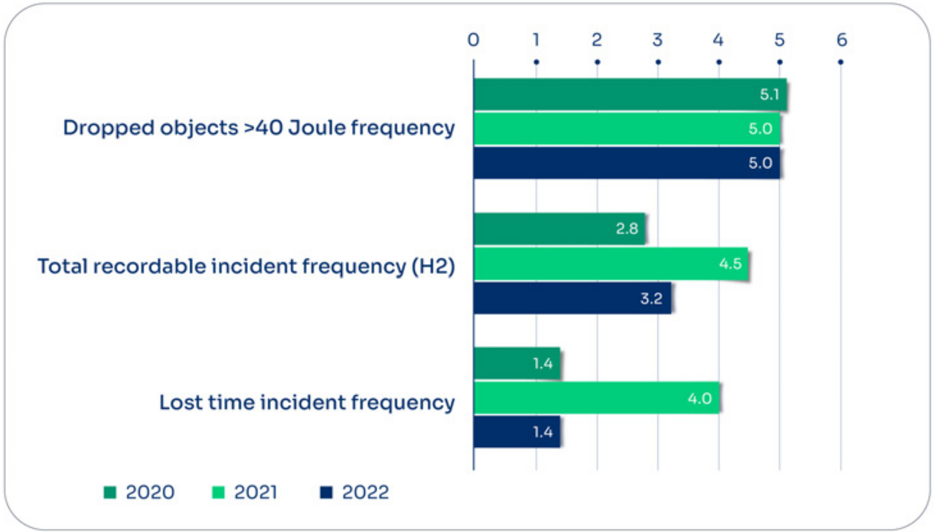
For each of these incidents the investigation process enables us to:

- Identify direct and root causes to take action to prevent recurrence
- Satisfy internal and regulatory incident reporting requirements

Corrective and preventive actions as defined in the investigation reports are registered in Odfjell Technology's Synergi system for follow-up of incidents. Lessons learned from incidents are shared internally and with the industry to prevent recurrence, by understanding the reasons for the failures occurring and applying these learnings in the future.

HSE trends

Overall, there are positive trends developing for lost time incident frequency (LTIR) and total recordable incident frequency (TRIF) in 2022. Compared to the previous year, there has been no significant changes in the dropped object frequency.



Security

Security in Odfjell Technology is an integrated part of the CMS and QHSE management system, designed to safeguard personnel, assets and business from potential security threats. The war in Ukraine as well as threats towards the oil and gas industry have highlighted the need for increased security awareness. Odfjell Technology has strengthened the security team and several country risk assessments, and site surveys have been performed for international operations. 2022 showed an even higher cyber security risk than in 2021 which is managed by the Odfjell Technology Cyber Security Task Force. No security breaches were reported in 2022, and unannounced phishing tests are frequently performed by the IT department. The QHSE program for 2023 will highlight the increased attention given to security with a dedicated section -Security Conscious.

Environment

Environmental risks and opportunities are identified and managed through environmental aspects and impacts registers, applying the life cycle approach. Any significant aspects identified form the basis for setting and formulating objectives and improvement programmes to reduce our impact on the environment.

In addition to operational processes, environmental impacts are considered in design, procurement, logistics and disposal processes. The environmental management system, environmental performance, and initiatives to reduce our carbon emissions are further described in our Sustainability Report.

Emergency Preparedness

Emergency Preparedness plans are established for all levels of the organisation and there is an annual plan for emergency drills and exercises based on defined hazard and accident situations, legislative, internal and client expectations. Physical drills, exercises, and courses for both onshore and offshore personnel were resumed after the Covid-19 restrictions were lifted, including drills for international operations.

The aftermath of the Covid-19 pandemic has kept the emergency preparedness organisation active in setting up extra courses, drills and retraining.

Learnings and experiences from these exercises are used to improve our onshore and offshore emergency preparedness organisations.

Supply Chain

Supply Chain Management (SCM) includes all purchasing and logistics functions. It is a centralised function, enabling us to negotiate the best terms for all Business Areas and ensuring resources and best practices are optimised. There is a global standard policy covering Enterprise Resource Planning (ERP) system use, ERP and SCM training, parts catalogue code structure and classification, all supported and managed centrally.

Process compliance, efficiency and effectiveness are monitored for consistency across all Business Areas and key performance indicators reported. SCM is a critical function in ensuring operations run smoothly and digital initiatives in SCM are a significant contributor to increasing efficiency.

SCM is instrumental when looking at how to reduce waste, track and record emissions from logistics to target reductions and utilise more environmentally friendly solutions.

As an international Group, our suppliers are spread around the globe, with the highest activity levels being in Norway, UK and United Arab Emirates. The main types of suppliers are suppliers of drilling related equipment, spare parts and safety equipment and operational consumables, along with various service suppliers.

We screen all potential new suppliers through our Become A Supplier (BAS) process before they are added to an Approved Vendor List within our ERP system. This is to assure our governance and ethical standards are met down through the supply chain.

The supplier prequalification process includes assessments of the supplier in a variety of areas which are evaluated against our expectations. During 2022, the Group has undergone Human Right's risk assessments and our BAS process now incorporates a separate questionnaire on human rights to allow us to assign a risk score based on self-assessment and evaluate compliance down the supply chain. Suppliers are also assessed for their compliance with statutory regulations and the Odfjell Technology Code of Business Conduct. We look to have open and constructive relationships with our key supplier stakeholders through audits, performance reviews, collaborations and regular meetings with key frame agreement suppliers. More information can be found under responsible agents and suppliers in the Sustainability Report page 39.

There have been a number of economic pressures affecting the supply chain this year, with an impact on the availability of products and increasing lead times. The SCM function has adapted to take these challenges into account with increased forward planning.

How We Manage Risk

Risk management is the identification, evaluation, management, mitigation, review and escalation of risks and opportunities. The Board has responsibility for setting the level of risk the Group is willing to take in achieving its strategic objectives and to protect and add value to Odfjell Technology and its stakeholders in a sustainable manner. This is facilitated by maintaining a framework of risk management and internal controls in compliance with the requirements of ISO 31000. Risk categories are QHSE, financial, legal/compliance, people, reputational, operational, climate and strategic.

Management of risk is achieved by:

- Defining risk acceptance criteria
- Defining requirements for systematic risk management
- Considering uncertainties before decisions are taken
- Maintaining risk registers identifying risks and controls required to mitigate risks
- Rating risks based on impact and probability of occurrence
- Prioritising probability reducing measures before consequence reducing measures
- Utilising the "as low as reasonably practicable" philosophy for risk reducing measures
- Integrating risk management into the Odfjell Technology culture and decision processes
- Establishing reporting lines for risk management
- Providing risk awareness and risk management training
- Monitoring risk management processes and their effectiveness
- Ensuring continuous improvement of risk management processes

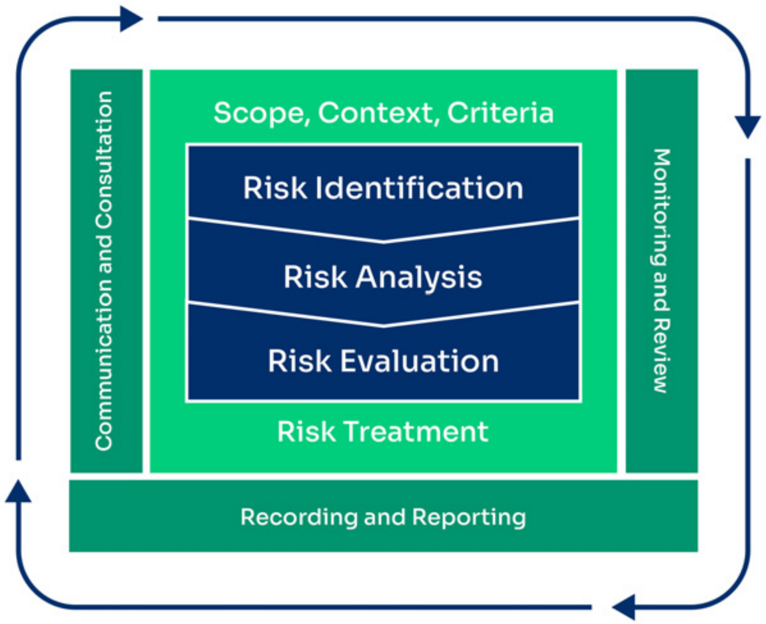
At a corporate level, an Enterprise Risk Register is maintained to identify significant risk items which are then reported in a systematic format to the Board. At an operational level, business area risk and opportunity registers are maintained to manage risk with additional registers maintained at asset or regional level. Risk registers are also created for projects, or as a result of management of change reviews.

A Corporate Risk Committee and Tender Committee are in place to ensure that tenders/client contracts, designated operations and procurement of a certain value and/or certain risk profile are subjected to a unified risk assessment. Significant risks are escalated to the Board. Task based risk assessments such as hazard identification are carried out at the planning stage of work, followed by workplace assessments such as Safe Job Analysis carried out at site, and safety checks/tool box talks take place at the start of a job.

The war in Ukraine increased the level of cyber security risk and measures have been taken to respond to this heightened risk. During the year we also initiated human rights risk assessment procedures and worked with external advisors on the identification, categorisation and impact analysis for climate risks. More can be read about these activities in our Sustainability Report.

Risk is also managed via internal audits to ensure compliance with procedures and through lessons learned reviews, leading to revision of practices to enhance controls. The Group acknowledges that effective risk management is a vital part of corporate governance to ensure operational continuity and to realise strategic goals. The Board believes it has sound internal controls and systems for risk management that are appropriate for the extent and nature of the Group's activities. Odfjell Technology shall continuously ensure reduction of negative risks to as low as reasonably practicable as part of its business planning and operational activities. The Board of Directors Report contains a Risk Review

RISK MANAGEMENT PROCESS



How We Engage With Stakeholders

Stakeholders are entities or individuals who can reasonably be expected to be significantly affected by the Group's activities or whose actions can be reasonably expected to affect the Group's ability to achieve objectives. The Group engages in stakeholder dialogue to build trust and drive business development. It is also important to understand risks and opportunities and to adapt to change. Further details on this engagement can be found in the 2022 Sustainability Report.

Shareholders and potential investors

As a listed Company, we aim to regularly update shareholders and potential investors on both price sensitive information and information which we deem salient to the ongoing performance of our business. We do this through regulatory news updates, quarterly reports, investor conference calls, including question and answer sessions, annual reports, and investor presentations. We also have multiple social media accounts where we aim to keep stakeholders updated on non-price-sensitive matters and engage with followers. The Group website also provides information on corporate governance, news, stock exchange notices, and activity. Investors can contact the Company directly through our Investor Relations Officer, whose details can be found on our website.

Clients and Suppliers

The Group works to maintain a professional and ethical relationship with all clients and suppliers. Clients are regularly updated on the Group's operational and health and safety performance via contract reviews and regular meetings both formal and informal. This ensures client relationships remain positive, and any issues can be raised and dealt with promptly. Ethics and governance are addressed through industry forums and verification and audit processes. Clients and suppliers can also access information on the business via our website which is kept updated with regular news items. The Group relies on its suppliers to provide excellent quality goods and services to maintain the highest standards of operation, safety and reliability in meeting the needs of its clients. Supplier relationships are managed under the "Become a Supplier" procedures, which apply to all subsidiary companies within the Group and are detailed further in the Supply Chain section. The Group works in close collaboration with key suppliers, who are subject to supplier audits.

Employees

We are focused on the continual development and nurturing of our employees and recognise that engaging with our staff is of extreme importance to the continued success of our business. We make sure our employees are regularly updated on health and safety and financial and operational performance, as well as market information via town halls. In addition, we keep our employees up to date with Group information both via our intranet portal, as well as via our website.

We engage with employee groups via working environment surveys to get their feedback and identify areas for improvement in their working environment, tracking trends in scoring year on year and across locations and Business Areas. Performance evaluations, as well as reporting line dialogue, ensure ongoing follow up with employees, covering training needs as well. The Group engages in dialogue with local unions and employee groups. Furthermore, we also seek to engage with our employees via employee events and social media initiatives.

Authorities

Strong and open dialogue with authorities is extremely important to us. We update relevant authorities and industry forums on health and safety and compliance matters through meetings, regular reporting, certification, and approval processes. Where appropriate, we maintain membership of relevant industry bodies and organisations and have a rigid focus on adhering to required certification and approval processes.

We regularly conduct internal audits to ensure our conformance with local authority requirements and update our website regularly to meet requirements set by authorities as appropriate.

Governance

Board of Directors during 2022

Helene Odfjell, Chair

Appointed 10 January 2022

Helene Odfjell (born 1965) and a UK resident, has a Master of Business Administration from the Norwegian School of Economics (NHH), a Master of Business Administration from London Business School and is a Chartered Financial Analyst. Mrs. Odfjell has many years of experience in business and management and holds many board and management positions in the affiliates of the Company. Ms. Odfjell was Chair of the Board of Odfjell drilling Ltd for several periods over the last few years before being appointed Chair of Odfjell Technology Ltd. Ms. Odfjell controls 23,825,396 shares in the Company as at year end 31 December 2022.

Susanne Munch Thore

Appointed 10 January 2022

Susanne Munch Thore (born 1960) and a Norwegian resident, is a partner with the Norwegian law firm Arntzen de Besche. She has a law degree (cand. jur.) from University of Oslo, a Diploma of International Affairs from John Hopkins School of Advanced International Studies, Bologna and a Master of Laws from Georgetown University, Washington D.C. She was a partner in Wikborg Rein's Oslo office and part of the firm's Corporate Finance and Tax group. She has been Legal Officer at the Oslo Stock Exchange and has assisted foreign and Norwegian entities with mergers and acquisitions, capital market transactions and stock exchange listings, as well as transactions pertaining to company law and securities law, and has extensive experience from various boards. Ms. Munch Thore owns 500 shares in the Company as at year end 31 December 2022

Simen Lieungh

Appointed 16 December 2021, resigned 10 January 2022

Biography presented in the Executive Management Team section

Alasdair Shiach

Appointed 10 January 2022

Alasdair Shiach (born 1956) and a UK resident, has a Bachelor's degree in Business Studies from Robert Gordon's University (formerly RGIT) in Aberdeen, Scotland. Mr Shiach has 40 years of international experience in the Oilfield Service sector having worked for Dresser Industries and then Baker Hughes Inc. Prior to his retirement in May 2016, Mr Shiach held senior executive leadership positions at Baker Hughes, including President of the Drilling Fluids product line and President of the Russia Caspian region as well as assignments in the USA, UAE, Saudi Arabia and Norway. Mr Shiach is also on the board of Welltec.

Victor Vadaneaux

Appointed 29 March 2022

Victor Vadaneaux (born 1964) is a Senior Advisor in private equity and works independently with various private equity firms to assess investment opportunities and build significant value in their portfolio companies. Mr. Vadaneaux has extensive experience in leading management teams in manufacturing and distribution businesses, and has held a variety of management positions in various companies. Mr. Vadaneaux holds a Master of Business Administration from Harvard Business School, a Master of Science from Telecom Paris and an engineering degree from École Polytechnique. Mr. Vadaneaux owns 16,563 shares in the Company as at year end 31 December 2022

Executive Management Team

Simen Lieungh,
Chief Executive Officer,
Odfjell Technology AS

Appointed CEO of Odfjell Technology AS in 2022 following 12 years' experience as CEO of Odfjell Drilling AS.

Mr. Lieungh holds an Msc in Mechanical Engineering from the University of Trondheim. With over 30 years experience in the global oil and gas industry, he has held various management positions and was previously CEO of Aker Solutions.

Jone Torstensen,
Chief Financial Officer,
Odfjell Technology AS

Appointed CFO of Odfjell Technology AS in 2022 following 10 years' experience at Odfjell Drilling.

Mr. Torstensen is educated in business economics and administration at Stavanger University College and the University of Bergen. He spent 18 years at Aker Kværner and Aker Solutions, during which Mr. Torstensen held various management positions across several departments including finance, project management and business development.

Elisabeth Cecilie Haram,
Executive Vice President,
Well Services

Appointed to current position in 2022 following 18 years' experience at Odfjell Drilling.

Ms. Haram holds a Master of Science degree in Industrial Economics from the University of Stavanger. She held various management positions within Odfjell Drilling, including Rig Manager, Operations Manager Platform Drilling Norway, Vice President Odfjell Well Services Norway, and Executive Vice President Drilling Operations.

Kurt Meinert Fjell,
Executive Vice President,
Operations

Appointed to current position in 2022 following 20 years' experience at Odfjell Drilling.

Mr. Fjell holds a bachelor's in Mechanical Engineering from Western Norway University of Applied Sciences and a Project Management Professional from Oslo and Akershus University College. He has broad experience from Operational and Technical Business Areas, in addition to his project management and strategy background. Through his years in the Odfjell Drilling group, he has specialised in Transition Management, Consolidation Projects, and right-sizing.

Anne Siri Sævareid,
Executive Vice President,
Projects & Engineering

Appointed to current position in 2022.

Ms. Sævareid holds a Master of Science from the Norwegian University of Science and Technology in Trondheim. She has considerable experience from 25 years in the oil and gas industry, both from oil operators and supplier companies. In 2022, she was appointed as EVP Projects & Engineering in Odfjell Technology, following 13 years at Seadrill where she held various management positions within the fields of Operation, QHSE, Projects and Contract Management.

Diane Stephen,
General Manager,
Odfjell Technology Ltd.

Appointed to current position in 2022 following three years' experience at Odfjell Drilling.

Ms. Stephen holds an MA Hons degree in Accountancy from the University of Aberdeen and is a qualified Chartered Accountant with over 25 years experience in oil and gas services. She has had several financial management positions in her career, including a period in the US. Prior to joining Odfjell Drilling, she worked for Petrofac in the UK as Finance Director. As well as being General Manager, Ms. Stephen also has responsibility for Global Business Services in the UK.

Randi Øverland,
Senior Vice President,
Global Business Services

Appointed to current position in 2022 following eight years' experience at Odfjell Drilling.

Ms. Øverland holds a bachelor's degree in finance from the Norwegian School of Economics (NHH) and additional management qualifications from the University of Bergen. With more than 30 years' experience in various management, finance and accounting positions, Ms. Øverland was instrumental in the establishment of the Global Business Services before taking over the division in 2021.

Kurt Werner Holsæter,
Senior Vice President,
Human Resources

Appointed to current position in 2022 following four years' experience at Odfjell Drilling.

Mr. Holsæter has a college education within innovation, IT and technology. He is a registered nurse of the national school of nursing and is an ex-Norwegian Army officer. Mr. Holsæter served 15 years in the army in various administrative and management positions. Prior to joining Odfjell Drilling, he was part of the management team in NOV Norway with strategic and operational responsibility for HR in Norway, Denmark and Poland.

Audit Committee Report

Role of the committee

The Audit Committee in Odfjell Technology (the "Committee") is formally appointed by the Odfjell Technology Ltd Board and comprises two non-executive directors, with a diverse range of competence based on their expertise and experience.

Key responsibilities

The Committee's primary function is to assist the Board in fulfilling its responsibilities concerning the Company and the Group in respect of:

- understanding, assessing, and monitoring business and financial risks and risk management systems
- monitoring annual and interim financial reporting along with proposals to ensure its integrity
- overseeing, assessing and reporting on the performance of internal control and external audit activities
- overseeing legal and regulatory compliance
- reviewing and monitoring the selection and independence of statutory auditors, maintaining continuous contact with the appointed auditor regarding auditing of annual accounts and monitoring audit performance
- reviewing arrangements for the confidential raising and investigation of concerns in financial reporting and other matters
- preparing the Board's review of the financial reporting process, and sustainability reporting, providing recommendations or suggestions to ensure integrity of reporting

The Committee operates autonomously of management and refers all views and recommendations to the Board for discussion and resolution after each Committee meeting.

Membership

The Committee consists of two Board members, one of which is considered to be independent and have competence in accounting or auditing. Susanne Munch Thore is chair of the Committee and is independent of the Executive Management of the Company. The CFO acts as secretary of the Committee.

Meetings and attendance

The Committee shall endeavour to hold four meetings a year and interim meetings may be called if required. Members of management, auditors, and others are invited to attend and provide pertinent information, as necessary. As the Odfjell Technology Group was newly formed in 2022, only two meetings were held in line with approval of quarterly reporting. The focus was on accurately prepared quarterly reports, based on consistent use of accounting principles defined by IFRS.

Documentation provided to the Committee as preparation for meetings, include reports, memos and policies provided by accounting, tax, and legal experts, both internal and external.

Matters of interest and concern were promptly reported to the Board where action or improvements were required regarding any aspect of financial reporting, risk management, internal control, compliance, or audit-related activities. The Group's internal controls have been determined by the Committee to be appropriate and effective.

Activities during the year

During the year, the Committee has considered all relevant laws, regulations, codes, and any other applicable rules. They have reviewed tax and compliance activities and matters as well as any material disputes. The Committee has focused on revenue recognition and contingent liabilities, including the use of reasonable assumptions, estimates and judgement.

A compliance plan for 2022 was presented to the Committee, as well as an outline of Enterprise Risk management. The requirements of the Transparency Act introduced in Norway from 1 July 2022 were reviewed and required measures taken to fulfil new requirements, mainly in relation to human rights impact assessments and risk mitigation.

The 2022 Audit plan was presented to the Committee by KPMG, introducing the audit team, and discussing focus areas and audit quality. The Committee oversees the type and volume of other services provided by the audit firm. No indications were found that these services have had a negative impact on the auditor's independence.

How internal control and risk management was assessed

The Committee has used the auditor's report to the Committee as the basis for understanding and improving the internal control systems of the Group, with an audit focus area being potential management override of controls.

An outline of the risk management governance model was presented to the Committee as well as an overview of risks from a macro perspective. The CFO shall ensure internal control in cooperation with the administration and report to the Committee.

Financial statements and accounting practises

The annual financial statements for the year ended 31 December 2022, as well as the external auditor's presentations, management's response, and the auditor's opinion, were reviewed by the Committee. The views of the Committee were communicated to the Board prior to its approval of the financial statements.

Corporate Governance Report

Odfjell Technology Ltd. (the "Company") is incorporated in Bermuda and is subject to Bermuda law. Its shares are listed on the Oslo Stock Exchange, and certain aspects of its activities are therefore governed by Norwegian law. The Company is managed and controlled from the United Kingdom ("UK"), with the Company's head office being in Aberdeen, and the majority of the Board being UK resident, resulting in the Company being resident in the UK for tax purposes. The Company is also subject to the laws of the countries in which it operates at any time, as well as international law and conventions.

The Company seeks to comply with the applicable legal framework for companies listed on the Oslo Stock Exchange and endorses the Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board, revised 14 October 2021 (the "Code"). This report is prepared in accordance with section 1 of the Code and any deviations from the requirements in the Code are described and explained in this section of the annual report.

The Board of Directors of the Company (the "Board") is committed to maintaining and adopting good corporate governance practices. The Board has approved a framework of policies which apply across Odfjell Technology Ltd and its subsidiaries (the "Group"). These policies seek to regulate decision making by ensuring that decisions within the Group receive sufficient scrutiny by means of robust processes and that decisions are taken at the appropriate level. The policies are reviewed annually and whenever there is a change of circumstances.

The objectives of the governance framework are to have systems for communication, monitoring and allocation of responsibility and to ensure appropriate management motivation. This will contribute to increasing and maximising the Company's financial results, support long-term sustainable success, meet ESG goals and increase returns to shareholders on their investments in the Company.

Governance structure

Shareholders exercise their shareholder rights at General Meetings. In accordance with the Company's Bye-laws, the Board has authority to manage and conduct the business of the Company. In doing so, the Board may exercise all such powers which are not by law or by the Bye-laws required to be exercised in a General Meeting. The Board is therefore responsible for the overall management, strategic direction and supervision of the Executive Management, who carry out the day-to-day management of the Company and Group.

The General Meeting elects the members of the Board. Biographies of the directors can be found in the Board of Directors section.

Board and committee attendance

The Board convened seven meetings during 2022, with actual attendance compared to possible attendance as follows:

Board and committee attendance

	Board Members	Audit Committee
Helene Odfjell	7 / 7	2 / 2
Susanne Munch Thore	7 / 7	2 / 2
Alasdair Shiach	7 / 7	N / A
Victor Vadaneaux	6 / 6	N / A

The Company's business activities

In accordance with common practice for Bermuda incorporated companies, the Company's objects, as set out in its memorandum of association, are wider and more extensive than recommended by the Code. This represents a deviation from section 2 of the Code. The Group's objectives and strategy are described as follows:

The Group was created as a spin-off of the Drilling Operations, Well Services, Engineering and Global Business Services components of Odfjell Drilling Ltd in the Spring of 2022. The Company was listed on the Oslo Stock Exchange on 29 March 2022. The new Group benefits from the transfer of five decades of experience providing support services to the oil and gas industry.

The Group's vision is to use this experience to develop services and operations in the renewables sector while continuing to support the Group's traditional market and grow service offerings, as seen with the addition of the management of the Linus jack-up. Growth will come organically through excellent operations and strong client relationships and strategic growth will come from new services and products. All of this is underpinned by our operations being carried out to the highest environmental and safety standards in the industry. This will be done utilising our ability to implement best practice based on experience and lessons learned. The Group has a zero incident and failures objective and aims to be a trusted and leading partner for its clients.

Our vision of utilising our heritage and expertise to support the energy transition is underway with our investment in Odfjell Oceanwind, who are developing floating offshore wind solutions. Resources have also been committed to researching various fields in the renewables sector to develop a renewables strategy.

The Board is responsible for the Group's annual strategic planning, and determination of objectives, strategies, and risk profile in order to create value for shareholders in a sustainable manner. The Board take account of and refer to these objectives and strategies when taking decisions, as well as financial considerations. The strategies determined by the Board incorporate sustainability items such as environment, social, governance and stakeholder considerations. Further detail can be read in our Sustainability Report. A framework of operational processes and procedures is in place to support the implementation of the strategies which the Board has established.

Equity and dividends

The Group had book equity of NOK 779 million and a book equity ratio of 25% as of 31 December 2022. The Board regards the Group's present capital structure as appropriate and tailored to its objectives, strategy, and risk profile.

The Company's long-term objective is to make distributions of net income in the form of dividends, and in the future, the Company targets a long-term annual pay-out representing 30-50% of its net profit on a consolidated basis. The payment of dividends will depend on several factors, including market outlook, contract backlog, cash flow generation, capital expenditure plans and funding requirements. It is also dependent on maintaining adequate financial flexibility, as well as restrictions on the payment of dividends under Bermuda law and financial covenants, along with other factors the Board may consider relevant.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board has wide powers to issue any authorised but unissued shares of the Company on such terms and conditions as it may decide. Any shares or class of shares may be issued with preferred, deferred, or other special rights, or such restrictions, whether with regard to dividend, voting, return on capital, or otherwise, as the Company may prescribe. This represents a deviation from section 3 of the Code. However, such issuance of shares by the Company is subject to prior approval given by resolution of a General Meeting. Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board also has the power to authorise the Company's purchase of its own shares, whether for cancellation or acquiring as treasury shares, and the power to declare dividends. These powers are neither limited to specific purposes nor to a specified period as recommended in the Code.

Equal treatment of shareholders and transactions with close-related parties

The Company has only commons shares which are listed on the Oslo Stock Exchange. Each common share in the Company carries one vote, and all common shares carry equal rights, including the right to participate in General Meetings. All holders of common shares are treated on an equal basis.

As is common practice for Bermuda limited companies listed on the Oslo Stock Exchange, no shares in the Company carry pre-emption rights. This constitutes a deviation from section 4 of the Code.

The Board will arrange for a valuation to be obtained from an independent third party in the event of significant transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, executive personnel, or closely related parties of any such parties. An independent valuation will also be carried out in the event of transactions between companies within the same group where any of the companies involved have minority shareholders.

Members of the Board and employees must notify the Board if they have a significant (direct or indirect) interest in a transaction carried out by the Company and must also declare any potential conflict of interest on an annual basis. Directors are reminded to declare any such interests at the start of every board meeting. Employees are required to report potential conflicts via an internal portal which is monitored and escalated to the Board if appropriate.

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in an alternative way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Other than as set out above, the Company does not deviate from section 4 of the Code.

Shares and negotiability

The Company's constituting documents do not impose any transfer restrictions on the Company's common shares. The Company's common shares are freely transferable in Norway, provided however, that the Bye-laws include a right for the Board to decline to register a transfer of any share in the register of members, (or if required, refuse to direct any registrar appointed by the Company to transfer any interest in a share) where such transfer would result in 50% or more of the Company's shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway (or, alternatively, such shares or votes being effectively connected to a Norwegian business activity). The purpose of this provision is to avoid the Company being deemed a "Controlled Foreign Company" pursuant to Norwegian tax rules. This represents a deviation from section 5 of the Code, but the Board does not foresee that this provision will impact on the free transferability of its shares.

Other than this, the Company does not deviate from section 5 of the Code.

General Meetings

The Board seek to ensure that the greatest possible number of shareholders may exercise their voting rights in the Company's General Meetings and that the General Meetings are an effective forum.

The Board ensures that:

- the notice, supporting documents and information on the resolutions to be considered at the General Meeting are available on the Company's website no later than 21 days before the General Meeting is held
- the resolutions and supporting documentation, if any, are sufficiently detailed, comprehensive, and specific to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting
- the registration deadline, if any, for shareholders to participate at the General Meeting is set as closely as practically possible to the date of the meeting and pursuant to the provisions in the Bye-laws
- the Board and the person who chairs the meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company's Board and committees, if applicable
- the members of the Board and the auditor must be invited to attend the General Meeting
- in accordance with the Bye-laws, the Chair of the Board shall chair the Company's General Meetings unless otherwise agreed by a majority of those attending and entitled to vote. If the Chair of the Board is not present, then a chair of the meeting shall be appointed or elected at the meeting. This represents a deviation from section 6 of the Code

Shareholders who cannot be present at the General Meeting will be given the opportunity to vote using proxies. The Company will in this respect:

- provide information about the procedure for attending via proxy
- nominate a person who will be available to vote on behalf of a shareholder as their proxy
- prepare a proxy form which shall, insofar as possible, be formulated so that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

Other than as mentioned above, the Company does not deviate from section 6 of the Code.

Nomination Committee

The Company does not have a Nomination Committee, and it is acknowledged that this represents a deviation from section 7 of the Code. Given that the Board comprised non-executive directors, and that 75% are considered independent, the Board considers itself able to adequately fulfil the roles and responsibilities ordinarily assigned to a Nomination Committee.

When a need arises to appoint a new or additional director, a careful review of potential candidates will be carried out, considering the need for a diverse mix of skills, talent, and expertise, whilst also being mindful of the importance of independence. Where required, the Chair and/or the Board will also engage the assistance of external advisors to ensure that a broad and balanced composition is maintained.

Other functions performed by a Nomination Committee including, succession planning for senior management, keeping up to date and informed about strategic issues and commercial changes in the market, reviewing the results of Board performance evaluations and overseeing the expectations on non-executive directors in terms of time commitment, are all performed by the Board.

The Board of Directors - composition and independence during 2022

The Board comprised three independent non-executive directors plus the Chair who is also the majority beneficial shareholder. All the members of the Board are independent of the Group's Executive Management and three are independent of the Company's major shareholder.

The Board is comfortable that there is no conflict of interest or compromise to the independence of directors who also serve as directors on Odfjell Technology's subsidiary boards. Further, the Board has no concerns with the external appointments held by the directors. The Chair of the Board is determined in accordance with the Company's Bye-laws rather than the General Meeting, which is a deviation from the Code.

The Board of Director's section provides further details on each director's background, skills and expertise. As of 31 December 2022 the Board consisted of four members, two male and two female, three of which are UK resident. They possess the relevant expertise, capacity and diversity as set out in the Code and are elected on an annual basis at the AGM. The composition of the Board ensures they can attend to the common interests of all shareholders and that the Board can function effectively as a collegiate body. The Board exercises proper supervision of the management of the Company and its operations.

Other than described above, the Company does not deviate from section 8 of the Code.

The work of the Board of Directors

The Board schedules in advance eight meetings per calendar year as well as an information meeting. Interim meetings may be convened if a need arises.

The Chair is responsible for ensuring that the Board operates effectively and carries out its duties. She does this with assistance and support from the General Manager and Corporate Secretary.

The agenda for Board meetings is prepared with input and dialogue between the Chair, the General Manager, the Odfjell Technology AS Chief Executive Officer ("CEO"), the Odfjell Technology AS Chief Financial Officer ("CFO") and the Corporate Secretary.

The Board meetings are chaired by the Board Chair unless otherwise agreed by a majority of the directors attending. If the Chair is not present, the directors shall elect among themselves a Chair for the Board meeting. If the Chair has a material interest or involvement in a particular matter to be resolved by the Board, the Board will consider asking another Board member to chair the discussions regarding that particular matter.

The Board has in place a Board charter which clearly defines matters which are reserved for decision by the Board. Delegations by the Board are recorded in Board minutes, resolutions, powers of attorney or service agreements. Subsidiaries and their branches operate within decision making guidelines involving the Board in matters of strategic importance to the Group.

The Board is responsible for the Company's strategic planning, and defining the risk profile for the business by (inter alia):

- identifying and establishing the Company's overriding goals, objectives, and strategies, including approval of plans and budgets
- determining policies, and monitoring and supervising the management and business of the Company
- ensuring that the accounts and the management of Company assets are subject to adequate supervision and are conducted in accordance with applicable legislation
- monitoring, reviewing and approving the annual and interim financial reporting, assessing the performance of internal controls and overseeing the external auditors and legal and regulatory compliance
- taking decisions, endorsing decisions or authorising decisions to be taken, as appropriate, in matters that are of an unusual nature or of importance to the Company and the Group
- assessing the effectiveness of the Company's policies on ethics, conflicts of interest and compliance with competition law; approving various decision guidelines for the Board and any other such manuals as the Board may from time to time adopt

The Board has appointed a General Manager to undertake day to day management and activities of the Company, overseen and supervised by the Board. Group operational activities are delegated to Odfjell Technology AS whose duties and responsibilities are defined in a service agreement.

The General Manager, Odfjell Technology AS CEO and CFO are regular attendees at Company Board meetings. The Board maintains oversight of operational activities through a review of reports presented by the Odfjell Technology AS CEO and CFO. These include operational and strategic updates, monthly financial reports, QHSE status reports, tenders and opportunities updates and quarterly and full-year results. Updates on risk and ESG are given throughout the year.

The Board has no member elected by and from the employees. The Board charter is equivalent to written instructions on the work of the Board and determination of matters which must be considered by the Board.

The Board has established an Audit Committee, whose duties include supervising and reviewing the Group's annual and interim financial reporting. This committee consists of two Board members, one of which is considered to be independent.

The Company has not established a Remuneration Committee, which is a deviation from section 9 of the Code, but it should be noted that no member of Executive Management is represented at the Board. Accordingly, the Board has not considered such committee to be necessary because decisions regarding compensation of Executive Management can be decided by the whole Board without executive involvement at Board meetings. The Board has not established any other committees.

The Board undertook a self-evaluation in December 2022 and reviewed the results in January 2023.

An annual review of directors' interests is undertaken, and directors are reminded to declare any potential conflicts at the start of every Board meeting. A register of directors' interests is maintained.

Other than described above, the Company does not deviate from section 9 of the Code.

Risk management and internal controls

The Board recognises its responsibility to secure appropriate risk management systems and internal controls.

The Company has comprehensive corporate manuals and procedures for all aspects of managing the operational business. These are continuously revised to incorporate best practice derived from experience or regulatory requirements and changes.

Routines have been established to provide frequent and relevant management reporting on operational matters. The Board is continuously updated on both the capital and liquidity situation and the performance of the business. This ensures adequate information is available for decision-making and allows the Board to respond quickly to changing conditions and requirements.

The Company has established clear and safe communication channels between employees and management to ensure effective reporting of any illegal or unethical activities in the Company, via a whistle-blower reporting portal. More information on this is contained within the Sustainability Report.

These measures ensure that considerations related to the Company's various stakeholders are an integrated part of the Company's decision-making processes and value-creation.

The Board also recognises its responsibilities with regards to the Group's values and guidelines for ethics and corporate responsibilities. Core values reflect the Group's focus on commitment, safety consciousness, creativity, competency, and result orientation. Guidelines for the behaviour of Group representatives are outlined in Odfjell Technology's Ethical Principles and described in detail in the Code of Business Conduct. The core values and Code of Business Conduct are available on www.odfjelltechnology.com.

Further information on risk management systems and internal controls can be read within the How we manage risk section and in the Board of Directors Report.

The Company does not deviate from section 10 of the Code.

Remuneration of the Board of Directors

The remuneration of the Board is decided by the shareholders at the AGM of the Company. The level of compensation to the Board reflects the responsibility, expertise, and level of activity in both the Board and any committees. Remuneration is not linked to the Company performance and the Company does not grant share options to members of the Board.

During the year, consulting services were provided by Centerra Management UK LLP, a firm which one of the directors, Victor Vadaneuax is a member of. A total of £5,000 was spent on consulting services to give a high level review of the business. Other than that, none of the members of the Board and/or companies with whom the Board members are associated, have taken on specific assignments for the Group in addition to their appointments as members of the Board in 2022.

More detailed information can be found in the Executive Remuneration Report.

The Company does not deviate from section 11 of the Code.

Remuneration of the Executive Management

Pursuant to Bermuda law and common practice for Bermuda incorporated companies listed on the Oslo Stock Exchange, the Board determines the remuneration of the Executive Management of the Company. Details for the financial year 2022 can be found in the Executive Remuneration Report.

Guidelines for the remuneration of Executive Management can be found in the Executive Remuneration Policy which is available on our website www.odfjelltechnology.com. and will be tabled for approval at the AGM. The policy for executive remuneration looks to use performance related remuneration by way of a variable bonus capped at 100% of salary and share option schemes for certain executives. The Remuneration Policy is set to attract and retain Executive Management of sufficient calibre. It also aims to align with shareholder's interests and the Company's strategy, long term interests and financial viability.

Currently, the determination of variable bonuses is made by the Board at a holistic level, rather than by analysing detailed components with weightings, criteria, targets and performance achieved ratings.

Other than as highlighted above, the Company does not deviate from Section 12 of the Code.

Information and communication

The Company has established guidelines for reporting to the market and is committed to providing timely and precise information to its shareholders, Oslo Stock Exchange and the financial markets in general, through the Oslo Stock Exchange information system. Such information is given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations.

Within these communications, the Company attempts to clarify its long-term potential, including strategies, value drivers and risk factors. The Company maintains an open and proactive policy for investor relations. Detailed investor relations information, including contact information, is available on the Company website.

The Company publishes an annual electronic financial calendar with an overview of the dates of important events such as the AGM, publishing of interim reports and financial stock market presentations.

The Company discloses all inside information as legally required unless exceptions apply and are invoked. The Company will provide information about certain events, e.g. dividends, amalgamations, mergers/demergers, changes to the share capital, issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by the Company and related parties.

The Company has considered communication with shareholders to ensure that relevant information is shared with them. Such communication is carried out in compliance with the provisions of applicable laws and regulations. Shareholders can communicate with the Company through Q&A sessions on quarterly calls and by contacting the Investor Relations Officer

Information to the Company's shareholders is posted on the Company's website at the same time that it is made available to shareholders. Shareholders can contact the Company using a dedicated Investor Relations e-mail address (IROTL@odfjelltechnology.com).

The Company does not deviate from section 13 of the Code.

Take-overs

The Company will follow key principles from the Code for how to act in the event of a take-over offer. In such an event, the Board will ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted.

The Board will also ensure that the shareholders have sufficient information and time to assess the offer.

The Board will abide by the principles of the Code, and shall:

- ensure that the offer is made to all shareholders, and on the same terms
- not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company
- strive to be transparent about the take-over situation
- not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders
- be aware of the particular duty the Board carries for ensuring that the values and interests of the shareholders are safeguarded

The main underlying principles shall be that the Company's common shares shall be kept freely transferable and that the Board and the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the General Meeting in accordance with applicable law. This includes only entering into agreements with a bidder to limit the Company's ability to arrange other bids if it is in the interests of the company and its shareholders. Payment of financial compensation to a bidder if the bid does not go ahead should be limited to costs incurred by the bidder.

If an offer is made for the Company's common shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether the shareholders should accept. If the Board finds itself unable to give a recommendation, it should explain the reasons for this. In the statement, it should be clear whether the views expressed are unanimous, and if this is not the case, explain why specific members of the Board do not concur.

The Board shall consider whether to arrange a valuation from an independent expert. If the bidder is a member of the Board, close associate of a member, or someone who has recently been a member of the Board but has ceased to hold such a position or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined herein Note 34 - Related parties - transactions, receivables, liabilities and commitments). Any such valuation should either be enclosed with the Board's statement or reproduced or referred to in the statement.

The Company does not deviate from section 14 of the Code.

Auditors

The Group have appointed KPMG as the Company auditor. The 2023 AGM will approve the continuation of the auditor. The shareholders will be requested to authorise the Board to determine the auditor's annual remuneration.

The auditor will participate in a meeting of the Board when the annual accounts are presented. During this meeting, the executive personnel leave to allow the Board time with the auditor alone.

Highlights of the audit plan were presented by the auditors to the Audit Committee. The auditor also presents a review of the Company's internal control procedures, including identified weaknesses and proposed improvements.

Processes are in place to ensure that the Company does not utilise the services of the appointed auditor for advice beyond certain thresholds determined by the Board and in law.

At the AGM, shareholders give authorisation to the Board to determine the remuneration of the auditors. Details of fees paid to the auditor, including details of the fee paid for auditing work and any fees paid for other specific assignments can be found in Note 34 - Related parties - transactions, receivables, liabilities and commitments.

The Company does not deviate from section 15 of the Code.

Executive Remuneration Report

Introduction

The Board of Directors present the Remuneration Report for 2022, which is prepared in accordance with Section 6-16 of the Norwegian Public Limited Liability Companies Act and the guidelines contained within the Norwegian Corporate Governance Board Code of Practice. It follows the Group Remuneration Policy adopted following the spin-off of Odfjell Technology from Odfjell Drilling.

This policy, which can be found at www.odfjelltechnology.com., will be tabled for approval at the first Annual General Meeting of Odfjell Technology in 2023 and subject to an advisory note. The statement covers the remuneration of the Board of Directors and Executive Management. The objective is to present a clear and understandable analysis of executive remuneration and how this is linked to Company performance.

The objective of the policy is to ensure remuneration packages for executives are aligned with the Company's values, business strategy, and long-term interests, to create value for shareholders. Executive remuneration should be set at a competitive level to attract, retain, and motivate suitably qualified and experienced executives of a calibre who will deliver the Company's strategic objectives. As well as enhancing the future economic situation, the remuneration policy should also ensure environmental, sustainability and governance objectives are delivered.

The first year of the Group delivered a strong financial performance and net profit of NOK 253 million. The Group has good visibility of future revenue through backlog from long term contracts and has a leverage ratio of 1.2.

Highlights

Key events affecting remuneration

The 2022 EBITDA of NOK 673 million reflects the cost discipline and efficient operations being delivered by the Group. Backlog stands at NOK 11 billion at the end of 2022 and a positive net cashflow from operating activities of NOK 567.7 million was generated in the year.

QHSE performance improved in most categories. The Group maintains a constant focus on ensuring the safety of those working for us. Through collaboration, employee engagement and communication, and optimal resource management, the Executive Management have established a successful Group following the spin-off from Odfjell Drilling. For these reasons, the Board approved the payment of bonuses for 2022.

Key changes in Directors and Executive Management

The directors appointed upon the formation of the Odfjell Technology Group can be found in the Board of Director's section. Three of the directors were previously directors of Odfjell Drilling Ltd. The independent director, Victor Vadanaux was appointed as the fourth. Simen Lieungh and Jone Torstensen transferred from Odfjell Drilling AS as the CEO and CFO respectively of Odfjell Technology AS. Diane Stephen became the General Manager of Odfjell Technology on a part-time basis.

odfjell technology

Changes to policy or its application

There were no changes to or derogation from the policy during the year.

Overview

Remuneration of the Board of Directors

Set out below are details of the fees accrued for directors for the period April to December 2022 and shares in the Group held by directors as at 31 December 2022. As this is the first year of the Odfjell Technology Group there are no prior year comparatives.

Director's fees are not linked to the performance of the Company or share options and will be approved at the AGM.

Name of Director and position *NOK thousands*	Year	Board Fees	Chair fees	Audit committee	Other Directorships	Total Remuneration	No of shares owned
Helene Odfjell, Non-Executive Director and Chair	2022	281	281	38		600	23,825,396
Susanne Munch Thore, Non-Executive Director	2022	281		75		356	500
Alasdair Shiach, Non-Executive Director	2022	281			38	319	-
Victor Vadaneaux, Non-Executive Director	2022	281				281	16,563

1. Includes shares held by related parties

2. Payments are made for additional roles such as chair, committee membership or directorship of subsidiaries. They are reflective of the time commitment required by the directors.

3. Other than reimbursement of expenses incurred in fulfilling their duties, there are no other elements of remuneration.

4. Amounts shown are for the period 29th March to 31 December 2022, with no prior year comparatives as this was the first year for these positions

Remuneration of Executive Management

The table below shows the fixed and variable elements of remuneration to Executive Management employed at any point within the Group for the current reporting period from April to December 2022.

It should be noted that assessment of the performance of Executive Management against the criteria set out in their Personal Business Commitments (PBC) is done on a holistic level when determining the level of variable bonuses. For this reason the report does not analyse detailed components with weightings, criteria, targets and performance achieved scores.

		Fixed remuneration			Variable remuneration						
Name of Director/Executive and position	**Year**	**Base Salary**	**Fees**	**Fringe benefits**	**One-year variable**	**Multi-year variable**	**Extraordinary items**	**Pension expense**	**Total remuneration**	**Proportion of fixed remuneration**	**Proportion of variable remuneration**
Remuneration of Executive Management for the reported financial year from the company (Odfjell Technology Ltd) -NOK thousands											
Diane Stephen, General Manager Odfjell Technology Ltd	2022	688		40	142			36	906	84%	16%
Remuneration of Executive Management for the reported financial year from undertakings of the same group - NOK thousands											
Simen Lieungh, CEO Odfjell Technology AS	2022	4,018		175	375			99	4,667	92%	8%
Jone Torstensen, CFO Odfjell Technology AS	2022	2,009		174	1,800			100	4,083	56%	44%

1. Base salary - Set at a competitive rate reflecting the responsibilities of the role, the skills and experience of the individual and market conditions for the industry.

2. Fringe benefits - includes car allowances (in line with rates set across the manager population), private medical healthcare, life and income protection insurance, etc, all of which are in line with the benefit packages offered to the general employee population in the jurisdiction they are employed in.

3. Variable remuneration - The criteria and measurement for bonus payments are aligned to both Company performance against targets and an individual's personal performance and are` set out in annual Personal Business Commitments (PBC). Criteria for Company performance include achieving financial, strategic, and other targets as set in the PBC. Criteria for personal performance in PBCs are based on: QHSE results and improvement over previous year, employee satisfaction within area of responsibility, demonstration of a holistic approach to Company challenges, encouraging collaboration across the Company, optimal resource and competence management, being visible, accessible, and acting as a role model, and efficient and clear communication and provision of information in own area. The one-year variable bonus payments are capped at 100% of fixed annual salary and there are no reclaim provisions.

4. The General Manager is employed by Odfjell Technology Ltd and amounts disclosed represent a 50% part-time basis.

5. Pension – Executive Management participate in the same pension plan, on the same terms, as all other employees in the jurisdiction they are employed in.

6. Amounts shown are for the period 29th March to 31 December 2022, with no prior year comparatives as this was the first year for these positions Figures for January to March can be found in the Odfjell Drilling Ltd Executive Remuneration Report.

Executive Management share ownership and terms as at 31 December 2022

Name and position of Executive Management	Shares owned	Notice period & severance pay entitlement	Pension scheme
Diane Stephen, General Manager Odfjell Technology Ltd	0	6 months	Standard UK defined contribution scheme
Simen Lieungh, CEO Odfjell Technology AS	40,000	6 months + 12 months severance pay	Standard Norway defined contribution pension scheme
Jone Torstensen, CFO Odfjell Technology AS	5,000	6 months + 6 months severance pay	Standard Norway defined contribution pension scheme

Share options awarded or due to Executive Management

The intention of the share programme described below, is to link reward to the creation of value for shareholders through increased share price.

The main conditions of share option plans	
Specification of plan	The programme grants the option to purchase common exercisable shares in three equal tranches. The Company can choose to settle the options by a cash payment
Performance period	3 years
Award date	27.06.2022
Vesting date	27.06.2023 27.06.2024 27.06.2025
End of holding period	04.07.2025
Exercise period	The Option Holder may only exercise the vested shares in each relevant Tranche of Options in full and within 5 working days after each Vesting Date. Any Tranche of Options not exercised in an Exercise Period can be carried forward and exercised in a future Exercise Period. Any options not exercised by the end of the period will be terminated.
Strike price of the share	NOK22.31

1. As at 31 December 2021 there were no share options subject to a performance condition or to a holding period

Information regarding the reported financial year	**Simen Lieungh, CEO Odfjell Technology AS**	**Jone Torstensen, CFO Odfjell Technology AS**
Opening balance		
Share options awarded beginning of year	-	-
Share options vested	-	-
During the year		
Share options awarded	900,000	300,000
Share options vested	-	-
Closing balance		
Share options vested	-	
Share options awarded and unvested	900,000	300.000

Comparison of remuneration and Company performance over time

As this is the first year of the Odfjell Technology Group, the table below only shows information for 2022.

	2022
Director's and Executive's remuneration - NOK thousands	
Helene Odfjell, Non-Executive Director and Chair	600
Susanne Munch Thore, Non-Executive Director	356
Alasdair Shiach, Non-Executive Director	319
Victor Vadaneaux, Non-Executive Director	281
Diane Stephen, General Manager Odfjell Technology Ltd	906
Simen Lieungh, CEO Odfjell Technology AS	4,667
Jone Torstensen, CFO Odfjell Technology AS	4,083
Group Performance -NOK millions	
EBITDA	673
Net profit	253
Backlog	11,000
Leverage ratio	1.2X
Average remuneration[1] on a full-time equivalent basis of employee - NOK thousands	
Employees of the Company	2,308
Employees of the Group	870

1. Average remuneration includes salary, benefits, bonus and employer pension contributions

Board Of Directors Report

Odfjell Technology Ltd. (the “Company”) is the ultimate parent company of the Odfjell Technology group, comprised of the Company and its subsidiaries (the “Group”). Offering integrated offshore operations, well services technology and engineering solutions, the Group brought with it five decades of experience when it spun off from Odfjell Drilling in March 2022. The spin-off was facilitated through legal transfers of the business activities from Odfjell Drilling. In these consolidated financial statements the transfers are presented as transactions under common control using the book value method. In addition, prior-periods comparative information has been presented as if the legal structure of Odfjell Technology Ltd, after taking into account the legal transfers of the business activities, had already existed in the past.

Business and market overview

History

Odfjell Drilling was founded in 1973 and began operating as a drilling contractor in 1974. In 2022, it made the strategic move to split the company, with Odfjell Drilling continuing to operate mobile offshore drilling units and the Well Services, Energy and Global Business Services areas being spun off into a new group under Odfjell Technology Ltd, with its own listing on the Oslo Stock Exchange on 29 March 2022.

While 2022 is the first year of the newly formed Odfjell Technology Group, it is built on a solid reputation as a trusted partner and services supplier, focused on delivering safe, efficient and sustainable operations.

The Group has extensive contracting experience in all aspects of drilling operations, well services and engineering work. With activities in 30 countries, the Group is an international business, supporting a client base consisting primarily of major oil and gas companies. Our vision is to use our heritage and expertise to support the energy transition. The Group will invest in researching renewables opportunities and supporting clients in their net zero ambitions.

Corporate structure

The Company is incorporated in Bermuda with its registered address at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, and it is tax resident in the United Kingdom with its head office at Bergen House, Crawpeel Road, Altens, Aberdeen, AB12 3LG.

Information regarding related parties can be found at Note 34 - Related parties - transactions, receivables, liabilities and commitments.

The Group is organised into three main business segments:

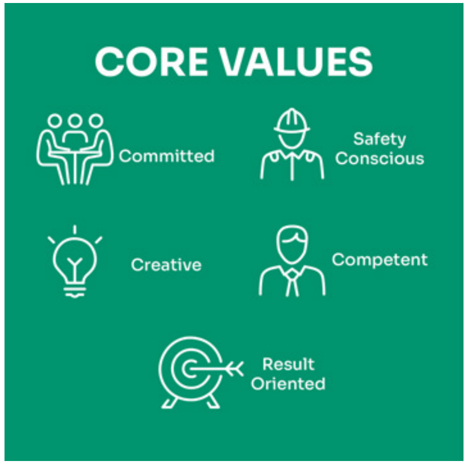
- Well Services
- Operations (previously Drilling Operations)
- Projects & Engineering (previously Engineering)

Corporate Strategy

The mission of Odfjell Technology is to safely deliver services and technology which reduce time, costs, and carbon emissions. Combining 50 years of industry experience with the technology of tomorrow, we develop solutions for the changing energy market, chosen by clients for our expertise and reputation. Quality, Health, Security, Safety and Environment Management are of paramount importance to Odfjell Technology, and we strive for high quality performance and safe and secure operations through continuous improvement programmes. We aim for organisational robustness, zero injuries and failures, strong cyber and physical security, delivered by a competent and motivated workforce.

Our onshore support centres work collaboratively in real time with our operations teams. This philosophy defines the team-focused nature of the Group.

We have a clearly defined process for developing and managing strategic direction which involves analysis, planning, monitoring, and execution. Our corporate strategy and business model is explained in more detail in the Strategic Report.



Odfjell Technology has adopted five core values that help define and instruct our business.

Equity and shares

The Group had book equity of NOK 779 million and a book equity ratio of 25% as at 31 December 2022.

The Company has only one class of shares. Each common share in the Company carries one vote, and all common shares carry equal rights, including the right to participate in General Meetings. All shareholders are treated on an equal basis.

The shares and negotiability section of the Corporate Governance Report details the transferability of common shares.

The number of ordinary shares issued in Odfjell Technology Ltd. as at 31 December 2022 is 39,463,867

On 27 June 2022, the Company implemented a long term incentive share option plan. A total of 1,995,000 options have been awarded to certain of its employees at strike prices from NOK 22.31 to NOK 24.13 per share.

The Company is not aware of any shareholder agreements or any other agreements which limit trading of the Company's ordinary shares or voting rights as at 31 December 2022.

Taxation

The Company and a number of its subsidiaries, are governed from and tax resident in the United Kingdom. Three out of four directors of the Company are UK residents. The Company has published its tax strategy on its website in compliance with the UK Finance Act 2016 Schedule 19.

The overall aim of the tax strategy is to support the business by maintaining a sustainable tax rate, while mitigating tax risks and complying with rules and regulations in the applicable jurisdictions in which Odfjell Technology operates.

The Group maintains internal policies and procedures to support its tax control framework and provides training to its personnel to manage tax risks.

The tax strategy aligns to the Group's wider risk and control framework. Key risks and issues related to tax are escalated to and considered by the Group Audit Committee and Board of Directors on a regular basis.

The Group operates in approximately 30 countries and is exposed to a variety of tax risks as follows:

- Tax compliance and reporting
- Transactional
- Reputational

Tax risks are managed by the Audit Committee. Where appropriate, the Group looks to engage with tax authorities to disclose, discuss and resolve issues, risks, and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs.

The Group acknowledges its responsibility to pay the level of tax required by the laws of the jurisdictions in which it operates and also its responsibility to its shareholders to structure its affairs in an efficient manner.

The Group seeks to comply with its tax filing, tax reporting and tax payment obligations globally and to foster good relationships with tax authorities.

Focus areas

During 2022, Odfjell Technology has been developing strategic plans and exploring growth and diversification opportunities. We have initiated projects to ensure that we adapt to changes in the energy market. Odfjell Technology strives to be competitive in everything that we do and to be resilient to external factors affecting the market.

Environment, Social and Governance (ESG)

ESG is one of our top priorities and following the spin-off of the Odfjell Technology Group we are developing our ESG strategy and a reporting framework. The Global Reporting Initiative framework is used to drive continuous improvement in ESG efforts, and our focus is on creating clear ESG ownership in all Business Areas and functions. 2022 saw two major projects on human rights and climate risk being undertaken. The Group will publish a Human Rights Statement in line with the Transparency Act by 30th June 2023. In the meantime, reference can be made to the human rights section of our website - Human rights - Odfjell Technology and also to the 2021 Modern Slavery Statement published under Odfjell Drilling prior to the spin-off of Odfjell Technology Modern slavery statement - Odfjell Drilling.

Gender pay gap reporting for Norway and the UK, prior to its spin-off from the Odfjell Drilling Group, can also be found on the Odfjell Drilling website, Gender pay gap - Odfjell Drilling until such time that Odfjell Technology publishes its first statements in line with reporting requirements.

More detail on these matters can also be read in our Sustainability Report which is available at www.odfjelltechnology.com.

For details on Executive remuneration, please refer to our Executive Remuneration Report.

Growth

The general situation for the global oil service industry is expected to improve as a result of under-investment in the sector in recent years. The supply of oil and gas is too low to meet expected demand, therefore an increase in investments and activity is vital to bridge the increasing energy demand as new energy sources take time to implement. The increase in drilling activity and field investments is expected to increase demand for our services.

We have established a strong presence in the North Sea with efficient operations and strong client relationships, which we expect to capitalise on further. We see opportunities to grow in the decommissioning plug and abandonment area, particularly in the UK.

The engineering market is improving both in existing deliverables and in green initiatives. We are well positioned to grow in existing services and further expand our portfolio of green services.

Diversification

With the move to sustainable energy sources, we are researching opportunities to diversify into renewables or other sectors supporting the emerging energy markets. Our skills and experience lend themselves to certain areas, and already we have ventured into offshore wind through our investment in and support given to Odfjell Oceanwind.

Segment Overview

Activity for the three main business segments is summarised below.

Well Services

Well Services provides the most up to date technology available for hands-free tubular running operations, high specification drilling tubulars and market-leading downhole tools. In addition, we have a vast inventory of equipment and our in-house engineering is highly specialised in the development of new technology. 2022 saw us develop and install our new Continuous Circulation System (CCS) for the Deepsea Aberdeen.

Our business has a global presence with 15 offices and operating bases servicing contracts in around 30 countries, positioning Well Services as a leading provider in the front line of our industry. With approximately 290 clients worldwide, we service a range of sectors, mainly oil and gas, but also including hydrogen and geothermal.

2022 has seen growth in the business with entry into new geographical markets and high recruitment levels.

Operations (previously Drilling Operations)

Operations secured further firm backlog in 2022 with contract extensions and the exercising of options. The most significant development in 2022 was the signing of a management services contract for the Linus jack-up drilling rig which takes us into a new market. Collaboration across all Odfjell Technology Business Areas is key to delivering value to clients, and we work in a number of alliances. We continue to provide, integrated drilling services including onshore support, production drilling and completion, well maintenance, facility maintenance planning and plugging and abandonment which is a service we will be focussing on in 2023.

Projects & Engineering (previously Engineering)

Projects & Engineering continue to build their competency to offer a range of services including feasibility and concept studies, Front End Engineering Design (FEED), pre-FEED, subsea services and integrity and inspection. Our differentiator is our close link to operations which means we bring an operational perspective to the process, defining scope, designing the engineering solution and managing the project execution and installation. A growing offering is the Energy Efficiency service, assisting asset owners to map energy consumption and carbon emissions and providing advice on optimising energy consumption and reducing emissions, through changes in processes, technology etc.

More detail regarding the activities of each business segment can be found in the Strategic Report.

Outlook

We see a positive outlook for 2023 with demand and pricing in all our markets indicating a cycle upturn. Activity is increasing, and we are seeing more tenders and inquiries. In particular, we see Well Services increasing in the Middle East and Europe. Developing new technological solutions such as the recent Continuous Circulation System, keeps us at the forefront of our industry.

The solid backlog in Operations gives us predictability and there is opportunity to increase our integrated services provision to current clients.

There is a large volume of Special Periodic Survey (SPS) activity coming up for Projects & Engineering in the next two years, which is an area we excel in.

The energy transition is key to the future of all, but there is a gap between supply of renewable energy and demand. Oil and gas is therefore expected to remain a vital part of the energy mix in the foreseeable future.

The key word is "transition" and Odfjell Technology will focus on how we use our expertise in contributing to the move towards renewable energy. As well as our investment in Odfjell Oceanwind to develop mobile offshore wind, we are also researching a number of other renewable fields to determine our renewables strategic direction. We already use our Well Services skills in sectors such as geothermal.

Together with Operations and Projects & Engineering, there is significant growth potential in the UK decommissioning market, as infrastructure comes to the end of its operational life. More than 2,000 wells in the UK are likely to be permanently abandoned over the next decade and plug and abandonment represents a significant proportion of decommissioning spend. Our culture of being adaptable, innovative and focussed on continual improvement will stand us in good stead in the transitioning energy market.

Financial Reviews

Consolidated Accounts

(Comparable figures in brackets, based on predecessor combined financial figures, see Note 2 for more information)

Income Statement

Odfjell Technology generated operating revenue of NOK 3,885 million in 2022 (NOK 2,948 million), an increase of NOK 937 million. There is increased revenue in all the segments from 2021 to 2022.

Total operating expenses were NOK 3,514 million (NOK 2,830 million), an increase of NOK 684 million. Personnel expenses increased by NOK 485 million mainly due to increased number of personnel and higher hired personnel cost.

The operating profit (EBIT) amounted to NOK 384 million (NOK 125 million), an increase of NOK 259 million. There is an increase in all the segments, but the main contributor is Well Services. The increased EBIT in the segments are partly offset by increased overhead costs

Net financial expenses amounted to NOK 138 million (NOK 17 million). The increase in net expenses of NOK 121 million was mainly explained by interest expenses on debt issued in 2022 and increased net currency loss in 2022 compared to 2021.

The income tax expense was positive with NOK 26 million (positive with NOK 9 million) mainly due to utilisation of unrecognised tax losses in relation to group contribution received from the Odfjell Drilling Group in Q1 2022.

Net profit for the Group was NOK 253 million (NOK 112 million). Total comprehensive income was NOK 403 million (NOK 191 million).

Balance Sheet

Consolidated total assets as at 31 December 2022 amounted to NOK 3,115 million (NOK 3,920 million), a decrease of NOK 805 million mainly due to the re-organisation and establishment of the Odfjell Technology Group, which significantly impacted certain receivables from the Odfjell Drilling Group. Total non-current assets amounted to NOK 1,466 million (NOK 1,149 million). Current assets amounted to NOK 1,648 million (NOK 2,771 million), of which NOK 560 million was cash and cash equivalents (NOK 498 million).

Total equity amounted to NOK 779 million. The equity in the reported 2021 periods are not comparable as these are based on carve-out combined financial statements. The equity ratio was 25%.

Total liabilities amounted to NOK 2,336 million (NOK,958 million), reflecting an increase in interest-bearing borrowings of NOK 1,340 million as the Group issued interest-bearing borrowings in Q1 2022 in order to acquire shares in subsidiaries. Net interest bearing debt (excluding lease liabilities) amounted to NOK 780 million. In addition, lease liabilities (IFRS 16 Leases) amounting to NOK 127 million (NOK 108 million).

Cash Flow

Cash flow from operating activities amounted to NOK 568 million (NOK 369 million). The variance of NOK 184 million from EBIT in 2022 is mainly explained by depreciation, amortisation and impairment, offset by interest paid.

Net cash outflow used in investing activities amounted to NOK 2,705 million (NOK 438 million). In 2022, NOK 2,343 was spent on purchase of shares in subsidiaries and to acquire interests in joint-ventures, and a subordinated mandatory convertible loan of NOK 35 million was paid out to the joint-venture. The remaining cash outflow was mainly due to purchases of Well Services equipment.

Net cashflow from financing activities amounted to NOK 2,200 million (NOK 446 million). In 2022 the Group had proceeds of NOK 1,296 million from external borrowings. As part of the reorganisation of the group, there was also a cashflow of NOK 1,057 million from the Odfjell Drilling cash pool, and proceeds from capital increases of NOK 45 million, and the Group paid dividends of NOK 177 to the Odfjell Drilling Group.

Critical accounting estimates

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.

There is use of judgement in the Group's revenue recognition, as well as in the considerations related to recognition of deferred tax asset for carried forward tax losses, and considerations related to contingent liabilities.

Please refer to Note - 4 Critical accounting estimates and judgements in the Consolidated Financial Statements for further information.

Parent Company accounts

The business of the Parent Company, Odfjell Technology Ltd., is as a holding company for investments in subsidiaries. The Company was only incorporated in December 2021, and therefore did not have any activity in 2021.

The Parent Company reported an operating loss (EBIT) of NOK 23 million mainly due to legal fees and financial assistance.

The Parent Company reported a share of losses from joint venture Odfjell Oceanwind of NOK 19 million.

The Parent Company reported net financial expenses of NOK 134 million, mainly related to interest expenses amounting to NOK 101 million. In addition, the Company had net currency loss of NOK 28 million mainly related to the USD 25 million revolving credit facility.

The Parent Company reported a net loss of NOK 176 million.

Total assets in the Parent Company amounted to NOK 2,691 million as at 31 December 2022, mainly related to investments in subsidiaries and joint ventures.

Equity in the Parent Company amounted to NOK 931 million (NOK 88 thousand), corresponding to an equity ratio of 35%.

Cash flow used in operating activities was NOK 109 million The variance of NOK 86 million from EBIT in 2022 is mainly explained by interest paid.

Cash flow used in investing activities was NOK 1,030 million. NOK 2,327 was spent on purchase of shares in subsidiaries and to acquire interests in joint-ventures, and a subordinated convertible loan of NOK 35 million was paid out to the joint-venture. The Company also received dividends from subsidiaries of NOK 1,036 million, and had proceeds from sale of shares and current cash pool of a total of NOK 297 million.

Cash flow from financing activities was NOK 1,340 million. The Company had proceeds of NOK 1,296 million from external borrowings and proceeds from capital increases of NOK 45 million.

Segment reporting

Well Services

Operating revenue for Well Services in 2022 was NOK 1,365 million (NOK 996 million) an increase of NOK 369 million. All regions continue to experience increased levels of activity. Key drivers are commencement of new contracts in Norway, Middle East and Asia, also a notable recovery in European markets post COVID-19.EBITDA for the segment was NOK 485 million (NOK 258 million) an increase of NOK 227 million with corresponding EBITDA margins of 36% (26%). Increased activity, a shift towards higher margin product offerings and results from cost initiative programmes all continue to contribute to the increase in EBITDA and margin.EBIT for the segment FY 2022 was NOK 226 million (NOK 47 million).

Operations (previously Drilling Operations)

Operating revenue for Operations in 2022 was NOK 1,904 million (NOK 1,506 million), an increase of NOK 398 million mainly due to higher activity level and the commencement of a jack-up management from September 2022.

EBITDA for the segment was NOK 157 million (NOK 101 million), an increase of NOK 56 million. The EBITDA margin for the Operations segment in FY 2022 was 8% (7%). The drivers for the increase are high financial performance on existing contract portfolio and start-up of jack-up management from September 2022.

EBIT for the segment equals EBITDA.

Projects & Engineering (previously Engineering)

Operating revenue for Projects & Engineering in 2022 was NOK 581 million (NOK 358 million), an increase of NOK 223 million. This is mainly explained by increased sales volume within both the existing client portfolio and new opportunities that we have started delivering on in the latter parts of 2022.

EBITDA for the segment was NOK 72 million (NOK 20 million), an increase of NOK 52 million. The EBITDA margin for the segment was 12% (6%).

EBIT for the segment equals EBITDA.

Risk review

Operational and industrial risk factors

The Group provides well services equipment, drilling operations and maintenance services, and engineering services, primarily for the oil and gas industry, which historically has been cyclical in its nature. The oil service market has developed positively in recent years due to a strong focus on cost discipline and more efficient operations, combined with a healthier oil price development. The focus on alternative energy sources and the overall future mix of energy remains strong. The transition into greener energy sources is expected to impact the energy market in the coming decades, however the need for continued exploration and production of oil and gas is viewed as vital, and it has become more apparent recently.

The general situation for the global oil service industry is expected to improve as a result of under-investment in the oil and gas sector over the last 8 years. The supply of oil and gas is too low to meet the expected demand. Increase in investments and activity is vital to bridge the increasing energy demand as new energy sources take time to implement. There is an increased appetite for field development and production spending across the segments.

The Group seeks to mitigate these risks by securing contracts with reputable clients, preferably long term, for its services. All offshore contracts are associated with risk and responsibilities, including technical, operational, commercial, and political risks.

Factors that, in the Group's view, could affect its results materially include: volatile oil and gas prices, global political changes regarding energy composition, competition within the oil and gas services industry, changes in clients' spending budgets and developments in the financial and fiscal markets.

Financial risk factors

The Group is exposed to a range of financial risks: liquidity risk, market risk (including currency risk, interest rate risk, and price risk), and credit risk. The financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To some extent, the Group uses derivative financial instruments to reduce certain risk exposures. Risk management is carried out on a Group level. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The board of Odfjell Technology Ltd. has established principles for risk management of foreign exchange risk, interest rate risk and use of derivative financial instruments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and to have sufficient cash or cash equivalents at any time to be able to finance its operations and investments in accordance with the Group's strategic plan.

Odfjell Technology held cash and cash equivalents amounting to NOK 560 million at the end of 2022. This is deemed to be sufficient funding for the Group's current activity levels and committed capital expenditures during 2023.

The Group's refinancing risk is low, with a bond loan maturing in February 2026 and a rolling credit facility of USD 25 available until the same quarter.

The liquidity risk is connected with the market risk and the re-contracting risk for the segments. The management continuously focuses on securing new profitable contracts to generate sufficient cash flow from operations, hence reducing the liquidity risk going forward.

Operating in more than 30 jurisdictions, Odfjell Technology do from time to time receive enquiries from authorities about compliance related matters. Refer to Note 30 - Contingencies regarding notice of a decision received 1 October 2021 from HM Revenue and Customs in the UK which has been appealed. The Group has at 31 December 2022 not received any other formal material assessment which is not disclosed in the financial statements.

Market risk

Market risk is the risk of a change in market prices and demand, as well as changes in currency exchange rates and interest levels.

Firm periods in the contract backlog provides a level of security for the near future.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various exposures to currency fluctuations, primarily with respect to USD and NOK. The Group seeks to minimise these risks through natural hedging by balancing the currency in and out flow and will use financial hedging instruments if required.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's senior secured bond, based on NIBOR and the RCF based on USD Secured Overnight Financing Rate. The Group evaluates the level of interest rate hedging based on assessment of the Group's total interest rate risk and currently has a combination of fixed and floating interest rates in order to limit exposure. The Board of Directors regularly considers the interest payment hedging of the external financing and mandates administration to execute necessary changes.

Including interest rate swaps entered into, the fixed-rate portion of the Group's interest bearing debt as at 31 December 2022 is approximately 29%.

Credit risk

The current main market for the Group's services is the offshore oil and gas industry, and the clients consist primarily of major international oil companies, independent oil and gas producers and government owned oil companies. The Group performs ongoing credit evaluations of clients and generally does not request material collateral. Credit risk is considered to be limited.

Included in the Trade receivables as at 31 December 2022 the Group has an outstanding amount of EUR 4 million - circa NOK 42 million, from clients in Iran. The Group's activities in Iran ceased prior to reinforcement of US sanctions early November 2018. No payments have been received after this date, due to no current efficient bank channels out of Iran. The Iranian clients are working on improving the liquidity situation and finding appropriate payment routes. The Group's Iranian clients have previously demonstrated that they prioritise supplier payments, and although delayed, they have historically paid their outstanding amounts. An impairment loss of EUR 0.5 million -circa NOK 5 million, has been accrued for related to these trade receivables as at 31 December 2022, an increase of EUR 0.1 million - circa NOK 1 million from 31 December 2021

ESG risk

ESG risks are considered in day to day operations, as well as at an enterprise risk level and in line with new legislative requirements. During 2022, efforts were concentrated on the evaluation of human rights risks across all Business Areas and jurisdictions, looking at where the business may have an impact.

Climate Risk

During 2022, a project was undertaken with external advisors to raise awareness and assess the impacts of climate risks and opportunities. Cross-functional workshops were held to review the impact on the business from both physical and transitional risks in the short, medium and long term, prioritising risks for further deep dives.

The most significant transition risks identified, along with mitigating actions were:

- Increased resources, skills and tools required to measure, track and report on climate data, leading to increased costs. In house expertise being developed, gap analysis being conducted, and software tools will be researched.
- Impact on the ability to attract and retain talent, increasing costs. Training programmes to be reviewed and increase focus on communicating our sustainable activities.
- Changes in consumer behaviours will reduce the demand for oil and gas and therefore revenue. This will be addressed through diversification of our client portfolio and services to support the energy transition.
- Cost of and access to capital may go up as banks move to low carbon portfolios, leading to increased interest costs. Consider green funding resources for investments and diversify to low carbon portfolio.

The most significant physical risks identified, along with mitigating actions were:

- Impact of extreme weather offshore on crew and equipment logistics could increase costs and result in downtime. Critical spares analysis and robust planning required as well as protection in commercial contracts.
- Heat, floods and tropical storms may increase in certain geographies we operate in, damaging infrastructure and increasing costs. Business continuity plans, remote working and reviews of locations required to address risk.
- Heat stress will impact employees and equipment working outside in certain locations. Health tracking and storage of equipment to be monitored.

More detail on these risks can be found in our Sustainability Report.

Director and Officer's Liability Insurance

Odfjell Technology has a group insurance policy for the liability of the Company's and its subsidiaries' Directors and Officers. The insurance covers personal legal liabilities including legal costs for defence. The limit of liability is NOK 75 million per claim and in aggregate per year.

Going concern

Going concern assumption

The financial statements have been prepared on the basis of the going concern assumption and the Directors have confirmed that this was realistic at the time the accounts were approved.

When assessing the going concern assumption, the Directors and management have considered cash flow forecasts, funding requirements and order backlog.

The Group's refinancing risk is low, with a bond loan maturing in February 2026 and a rolling credit facility of USD 25 million available until the same quarter.

Taking all relevant risk factors into consideration, the Board has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Subsequent events

There have been no events after the balance date with material effect for the financial statements ended 31 December 2022.

The Board of Odfjell Technology Ltd.

20 April 2023, London, United Kingdom

Helene Odfjell Chair	Susanne Much Thore Director	Alasdair Schiach Director	Victor Vadaneaux Director	Diane Stephen General Manager

Financials

Consolidated Group Financial Statements

Consolidated Income Statement

for the year ended 31 December

NOK million	Note	2022	2021*
OPERATING REVENUE	5,6	**3,885.0**	**2,948.2**
Other gains and losses	8	13.6	6.0
Personnel expenses	7,20	(2,381.6)	(1,897.0)
Depreciation and amortisation	10,11	(288.4)	(262.8)
Other operating expenses	8	(844.5)	(669.8)
TOTAL OPERATING EXPENSES		**(3,514.4)**	**(2,829.6)**
Operating profit (EBIT)		**384.1**	**124.6**
Share of profit (loss) from joint ventures and associates	33	(19.9)	(4.6)
Interest income		6.0	5.0
Interest expenses	8	(110.7)	(6.0)
Other financial items	8	(33.3)	(16.2)
Net financial expenses		(138.0)	(17.2)
Profit before income tax		**226.2**	**102.8**
Income tax expense	9	26.8	9.2
Net profit		**253.0**	**112.0**
Profit (loss) attributable to:			
Non-controlling interests		-	(4.5)
Owners of the parent		253.0	116.5
EARNINGS PER SHARE (NOK)			
Basic earnings per share	37	6.410	2.951
Diluted earnings per share	37	6.410	2.951

** 2021 are predecessor combined financial statements, see Note 2 for more information*

Consolidated Statement of Comprehensive Income

for the year ended 31 December

NOK million	Note	2022	2021*
Net profit		253.0	112.0
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on post employment benefit obligations	9,20	(1.5)	(2.8)
Items that are or may be reclassified to profit or loss:			
Cash flow hedges	25	10.8	-
Currency translation differences		140.6	82.1
Other comprehensive income, net of taxes		**149.9**	**79.3**
TOTAL COMPREHENSIVE INCOME		**402.9**	**191.2**
Total comprehensive income attributable to:			
Non-controlling interests		-	(4.5)
Owners of the parent		402.9	195.7

** 2021 are predecessor combined financial statements, see Note 2 for more information*

Items in the statement above are disclosed net of tax. The income tax relating to each item of other comprehensive income is disclosed in Note 9 - Income Taxes.

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

NOK million	Note	31.12.2022	31.12.2021*	01.01.2021*
ASSETS				
Property, plant and equipment	10	1,068.4	887.4	662.0
Intangible assets	11	252.1	218.1	215.5
Deferred tax asset	9	51.3	15.5	16.1
Investments in joint venture	33	50.0	4.3	-
Non-current interest-bearing receivables Odfjell Drilling Group	34	-	-	91.7
Derivative financial instruments	25	10.8	-	-
Other non-current assets	12	33.9	24.0	22.1
Total non-current assets		**1,466.5**	**1,149.3**	**1,007.4**
Current interest-bearing receivables Odfjell Drilling Group	34	-	1,308.8	1,413.7
Spare parts	13	29.3	22.1	17.6
Trade receivables	16	942.6	816.4	650.8
Other current receivables and assets	12,15	116.4	125.6	77.7
Cash and cash equivalents	17	560.1	497.8	122.5
Total current assets		**1,648.4**	**2,770.7**	**2,282.3**
TOTAL ASSETS		**3,114.9**	**3,920.0**	**3,289.6**

NOK million	Note	31.12.2022	31.12.2021*	01.01.2021*
EQUITY AND LIABILITIES				
Paid-in capital	27	1,093.8	0.1	-
Other equity	28	(315.0)	2,962.1	2,637.7
Equity attributable to owners of the parent		**778.8**	**2,962.2**	**2,637.7**
Non-controlling interests		-	-	5.4
Total equity		**778.8**	**2,962.2**	**2,643.1**
Non-current interest-bearing borrowings	18	1,084.2	-	-
Non-current lease liabilities	19	96.8	83.1	37.1
Post-employment benefits	20	46.7	46.8	49.7
Non-current contract liabilities	15	37.9	49.3	31.5
Total non-current liabilities		**1,265.6**	**179.2**	**118.3**
Current interest-bearing borrowings	18	255.7	-	-
Current interest-bearing payables Odfjell Drilling Group	34	-	151.5	54.4
Current lease liabilities	19	30.6	24.5	19.3
Trade payables	21	264.1	215.3	137.3
Current income tax	9	55.4	15.0	3.1
Other current liabilities	15,22	464.6	372.3	314.1
Total current liabilities		**1,070.4**	**778.7**	**528.2**
Total liabilities		**2,336.1**	**957.9**	**646.5**
TOTAL EQUITY AND LIABILITIES		**3,114.9**	**3,920.0**	**3,289.6**

** 2021 are predecessor combined financial statements, see Note 2 for more information*

The Board of Odfjell Technology Ltd.

20 April 2023, London, United Kingdom

Helene Odfjell, Chair

Susanne Munch Thore, Director

Alasdair Shiach, Director

Victor Vadaneaux, Director

Diane Stephen, General Manager

Consolidated Statement of Changes in Equity

NOK million	Note	Share capital	Other contributed capital	Total Paid-in capital	Other reserves	Retained earnings	Total Other equity	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2021		**-**	**-**	**-**	**563.4**	**2,074.3**	**2,637.7**	**2,637.7**	**5.4**	**2,643.1**
Profit/(loss) for the period		-	-	-	-	116.5	116.5	116.5	(4.5)	**112.0**
Other comprehensive income for the period		-	-	-	82.1	(2.8)	79.3	79.3	-	**79.3**
Total comprehensive income for the period		**-**	**-**	**-**	**82.1**	**113.7**	**195.7**	**195.7**	**(4.5)**	**191.2**
Equity contribution from other companies in Odfjell Drilling Ltd. Group		0.1	-	0.1	-	128.6	128.6	128.7	-	**128.7**
Loss of control of a subsidiary		-	-	-	-	-	-	-	(0.9)	**(0.9)**
Transactions with owners		**0.1**	**-**	**0.1**	**-**	**128.6**	**128.6**	**128.7**	**(0.9)**	**127.8**
Balance at 31 December 2021		**0.1**	**-**	**0.1**	**645.4**	**2,316.6**	**2,962.1**	**2,962.2**	**-**	**2,962.2**
Profit for the period		-	-	-	-	253.0	253.0	253.0	-	**253.0**
Other comprehensive income for the period		-	-	-	151.4	(1.5)	149.9	149.9	-	**149.9**
Total comprehensive income for the period		**-**	**-**	**-**	**151.4**	**251.5**	**402.9**	**402.9**	**-**	**402.9**
Equity contribution from Odfjell Drilling Ltd.		3.4	1,090.3	1,093.7	-	(1,049.1)	(1,049.1)	44.6	-	**44.6**
Dividends distributed to Odfjell Drilling Ltd. Group		-	-	-	-	(321.1)	(321.1)	(321.1)	-	**(321.1)**
Continuity difference **		-	-	-	-	(2,312.6)	(2,312.6)	(2,312.6)	-	**(2,312.6)**
Cost of share-based option plan	36	-	-	-	2.8	-	2.8	2.8	-	**2.8**
Transactions with owners		**3.4**	**1,090.3**	**1,093.7**	**2.8**	**(3,682.8)**	**(3,680.0)**	**(2,586.2)**	**-**	**(2,586.2)**
Balance at 31 December 2022		**3.5**	**1,090.3**	**1,093.8**	**799.7**	**(1,114.7)**	**(315.0)**	**778.8**	**-**	**778.8**

** Odfjell Technology Ltd was incorporated on 14 December 2021 with a share capital of USD 10,000. The table shows equity at the beginning of the period from predecessor combined financial statements, see Note 2 for more information.*

*** The continuity difference represent the purchase price in the acquisition of shares in subsidiaries, as the subsidiaries' book equity is already included in the predecessor combined equity for the comparing periods presented in these financial statements.*

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December

NOK million	Note	2022	2021*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before tax		226.2	102.8
Adjustment for provisions and other non-cash elements:			
Depreciation, amortisation and impairment	10,11	288.4	262.8
Net interest expense		104.7	1.0
Share of (profit)/loss from joint ventures	33	19.9	4.6
Net (gain)/loss on sale of tangible fixed assets		(13.6)	(4.0)
Post-employment benefit expenses less post-employment benefit payments		(1.1)	(6.5)
Net currency (gain)/loss not related to operating activities		27.7	24.4
Other provisions and adjustments for non-cash items		12.9	17.5
Changes in working capital:			
Spare parts		(4.8)	(4.1)
Trade receivables and contract assets		(103.7)	(164.3)
Trade payables		39.5	87.0
Other accruals		79.6	73.9
Cash generated from operations		**675.7**	**395.2**
Net interest paid		(86.8)	(5.4)
Net income tax paid		(21.2)	(20.8)
Net cash flow from operating activities		**567.7**	**369.1**

NOK million	Note	2022	2021*
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	10,11	(336.1)	(441.7)
Proceeds from sale of property, plant and equipment		16.6	8.4
Other non-current receivables		(8.0)	(0.4)
Cash used in obtaining control of subsidiaries	3	(2,312.6)	-
Cash flows from losing control of subsidiaries		-	(4.0)
Cash payments to acquire interests in joint-ventures	33	(30.0)	-
Mandatory convertible subordinated loan to joint venture	33	(35.4)	-
Net cash flow from investing activities		**(2,705.4)**	**(437.7)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change group cash pool receivables and liabilities	34	1,057.3	302.0
Proceeds from borrowings	18	1,295.5	-
Repayment of lease liabilities	19	(20.5)	(21.2)
Proceeds from capital increases		44.7	-
Group contributions from Odfjell Drilling Ltd. Group		-	164.9
Dividends paid to Odfjell Drilling Ltd. Group		(176.9)	-
Net cash flow from financing activities		**2,200.2**	**445.7**
Effects of exchange rate changes on cash and cash equivalents		(0.1)	(1.7)
Net increase (decrease) in cash and cash equivalents		**62.3**	**375.3**
Cash and cash equivalents at beginning of period		497.8	122.5
Cash and cash equivalents at period end		**560.1**	**497.8**

** 2021 are predecessor combined financial statements, see Note 2 for more information*

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements 2022

All amounts are in NOK million unless otherwise stated

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NOTE 1 General information

Odfjell Technology Ltd. ('the Company') and its subsidiaries (together 'the Group') provide well services, drilling operations and engineering services.

Odfjell Technology, a limited liability company, is incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Odfjell Technology Ltd's head office is at Bergen House, Crawpeel Road, Altens, Aberdeen, AB12 3LG, United Kingdom and the Company is tax resident in the United Kingdom.

The consolidated financial statements including notes for Odfjell Technology Ltd. for the year 2022 were approved by the Board of Directors on 20 April 2023.

NOTE 2 Basis for preparing the consolidated financial statements

Background and formation of the Group

As part of a planned restructuring, Odfjell Technology Ltd., in February 2022 received equity contributions, including shares in two subsidiaries, from Odfjell Drilling Ltd. Following the successful issuing of new debt in the company, Odfjell Technology Ltd then on 1 March 2022 purchases shares in other relevant subsidiaries from Odfjell Drilling Ltd.

At the end of March 2022, the shares in Odfjell Technology Ltd were distributed to the shareholders in Odfjell Drilling Ltd. The ratio for the distribution was 6:1, i.e. 6 shares in Odfjell Drilling Ltd gave the holder 1 share in Odfjell Technology Ltd, rounded downwards to the closest whole share.

The shares in Odfjell Technology Ltd were listed on the Oslo Stock Exchange 29 March 2022. There was no public offering of shares in Odfjell Technology Ltd in connection with the Listing.

First-time consolidated financial statements

The consolidated financial statements ended 31 December 2022 comprise the income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and note disclosures.

The consolidated financial statements of the Group for the year ended 31 December 2022 comply with IFRS as endorsed by the European Union (EU).

The first-time consolidated financial statements have been prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

The legal formation of Odfjell Technology Ltd Group was completed on 1 March 2022. The entire transaction is accounted for as a common control transaction outside the scope of IFRS 3 as Odfjell Drilling Ltd was sole shareholder of the company at the time of the transactions, and book values of assets and liabilities are continued in the consolidated accounts of Odfjell Technology.

Principles used related to predecessor combined comparatives

Special purpose predecessor combined financial statements were prepared for the Odfjell Technology group in line with International Financial Reporting Standards as adopted by the European Union (IFRS (EU)) for the years ended 31 December 2020, 2019 and 2018. The predecessor combined financial statements are available on www.odfjelltechnology.com/investor/prospectus/

Until the formation of the Group, the accounting policies, principles of carve-out, combination and allocations as described in the predecessor combined financial statements were applied.

Applying predecessor accounting, Odfjell Technology Ltd., account for the transaction as if the combination had taken place prior to the comparative periods presented. The combined predecessor financial statements therefore present historical information as if Odfjell Technology Ltd and its subsidiaries were a part of the same group for all periods presented. The Group is of the opinion that presenting combined predecessor financial statements provide the most relevant information for users of the financial statements.

The carrying amounts of the assets and liabilities in the comparative periods are based on the predecessor values of Odfjell Drilling Ltd.

The perimeter of the accounts does not conform with the control notion in IFRS 10 *Consolidated Financial Statements* because Odfjell Technology Ltd., was not the parent company for the years covered by the predecessor consolidated combined financial statements.

The predecessor combined comparatives are otherwise prepared using the principles of IFRS 10, such as elimination of intra-group transactions and balances. Transactions with the remaining Odfjell Drilling Group have not been eliminated, as these are now regarded as external to the Odfjell Technology Group. These transactions are recognised based on intercompany agreements that were prevailing in the years reported. No adjustments are made to the predecessor values of income and expenses. The predecessor combined could differ from what would have been presented if Odfjell Technology operated as a separate group for all periods presented. See Note 34 for summary of transactions with Odfjell Drilling Group.

The predecessor combined comparatives include all entities over which Odfjell Technology Ltd., as at 1 March 2022 have the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights.

Earnings per share information for 2021 has been presented on a pro forma basis.

The accounting principles used in these consolidated financial statements are consistent with those used in the predecessor combined financial statements.

Presentation currency

The predecessor combined financial statements were prepared using USD as presentation currency, as these were carve-out financial statements based on the predecessor values of Odfjell Drilling Ltd.

The functional currency of the group's underlying business is mainly Norwegian Kroner ("NOK"). The board therefore believes that NOK financial reporting provides more relevant presentation of the group's financial position, funding and treasury function, financial performance and its cash flows. Odfjell Technology Ltd Group will therefore present its first-time consolidated financial statements in NOK.

The functional currencies of the group's subsidiaries (functional currencies referring to the currencies of the primary economic environments in which underlying businesses operate) remain unchanged and foreign exchange exposures will therefore be unaffected by the change, albeit that the effects of such exposures will be presented in NOK.

Opening balances and comparable figures

Opening balances as at 1 January 2021 have been restated to NOK based on the predecessor combined financial statement closing balance in USD as at 31 December 2020 using a NOK to USD exchange rate of 8.5326.

The comparative information in these financial statements prior to the legal formation of the group derive from the carve-out combined financial statements up to and including 31 December 2021.

Going concern

In the Group's view, factors that could cause actual results to differ materially from the outlook contained in these financial statements 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 and developments in the financial and fiscal markets.

Additionally, any unforeseen consequences of COVID-19 and other future pandemics may impact the financial result.

The Group does not expect to be materially affected by the situation in Ukraine as it has no direct businesses in Ukraine, Russia or Belarus.

The Group's refinancing risk is low, with a bond loan maturing in February 2026 and a rolling credit facility of USD 25 available until the same quarter.

Taking all relevant risk factors into consideration, the Board has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. Hence, the Group has adopted the going concern basis in preparing its consolidated financial statements.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, debt and equity financial assets, plan assets in defined benefit pension plans and contingent consideration that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in each relevant note.

New and amended standards and interpretations effective on 1 January 2022

• *Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 37)*

• *Covid-19-Related Rent Concessions beyond 30 June 2021 – amendments to IFRS 16.*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Subsidiaries are listed in Note 32.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The difference between fair value of any consideration paid, and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity.

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may indicate that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Any investment retained is recognised at fair value. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Foreign currency translation

(a) Functional and presentation currency

Items included in the separate financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in NOK (in million), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the monthly exchange rates for the month the transactions are recognised.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within 'other financial items'.

(c) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency (NOK) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The following are the most significant exchange rates used in the consolidation:

	Average rate 2022	Average rate 2021	Closing rate 31.12.2022	Closing rate 31.12.2021	Opening rate 01.01.2021
USD	9.6197	8.5979	9.8573	8.8194	8.5326
GBP	11.8610	11.8269	11.8541	11.8875	11.6562
EUR	10.1128	10.1735	10.5138	9.9888	10.4703

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, when it is held primarily for the purpose of trading, when it is expected to be realised within twelve months after the reporting period, or when it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, when it is held primarily for the purpose of trading, when it is due to be settled within twelve months after the reporting period, or when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Statement of cash flows

The statement of cash flows is prepared under the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2022 and not early adopted

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 3 Significant events and transactions in the current reporting period

The financial position and performance of the group was particularly affected by the following events and transactions during the reporting period:

Financing secured

On 4 February 2022 Odfjell Technology successfully priced NOK 1.1 bn in senior secured bonds through a private placement. The bonds mature in February 2026 and bear interest of 3 months Nibor plus 700 basis points.

The company also secured a new USD 25 million super senior revolving credit facility.

Re-organisation completed

As of 1 March 2022, the re-organisation of the Odfjell Drilling group was completed, and Odfjell Technology obtained control of all the companies in the Odfjell Technology Group. A cash payment of NOK 2.3 billion was made to obtain control, utilising funds from financing secured and proceeds from Odfjell Drilling cash pool.

Listing on the Oslo Stock Exchange

At the end of March 2022, the shares in Odfjell Technology Ltd (OTL) were distributed from Odfjell Drilling Ltd (ODL) to the shareholders of ODL.The shares in OTL were admitted for trading on the Oslo Stock Exchange 29 March 2022.

Equinor extends platform drilling contracts on Johan Sverdrup and Heidrun

On 16 February 2022, Equinor exercised a 2 year option on the platform drilling contracts for Heidrun and Johan Sverdrup. The contract work includes drilling operations, work-over campaigns, Plug & Abandonment activities and all preventative and corrective maintenance on the installations. The contract period is now firm until Q4 2024. This option is the first of three options of two years each.

Management services for West Linus

On 21 February 2022, Odfjell Technology agreed with SFL Corporation Ltd to provide management services for the harsh environment jack-up drilling rig West Linus. The agreement is based on terms and conditions customary for this type of agreement. The rig is employed on a long-term drilling contract with ConocoPhillips Scandinavia AS in the North Sea until the fourth quarter of 2028. Odfjell Technology took over as manager 30 September 2022.

NOTE 4 Critical accounting estimates and judgements

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below. Detailed information of these estimates and judgements are disclosed in the relevant notes.

- Revenue recognition (Note 6 - Revenue)
- Recognition of deferred tax asset for carried forward tax losses (Note 9 - Income Taxes)
- Provisions and contingent liabilities (Note 30 - Contingencies)
- Determination of expected economic life of assets (Note 10 - Tangible fixed assets)
- Determination of lease term and estimating the incremental borrowing rate (Note 19 - Leases)

NOTE 5 Segment summary

Accounting policy

Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board.

Segment reporting

The Group provides well services, drilling operations and engineering services to the offshore oil and gas industry. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. Well Services, Operations and Project & Engineering have been determined as the operating segments.

Well Services

The Well Services segment provides casing and tubular running services (both automated and conventional), drilling tool and tubular rental services, specialist well intervention products and services for exploration wells and for production purposes.

Operations (previously Drilling Operations)

The name change from Drilling Operations to Operations is effective from January 2023. The main service offering of the Operations segment is production drilling and well completion on client's rigs. Other types of services offered are slot recovery, plug and abandonment, work-overs and maintenance activities. In this segment, the Group offers platform drilling services on both fixed production platforms and on floating production platforms with subsea blowout preventers (BOP) along with the management of and performance of the same services on leased Jack-up rigs.

Projects & Engineering (previously Engineering)

The name change from Engineering to Projects & Engineering is effective from January 2023. The segment offers engineering and integrity services, ranging from design and engineering to building supervision, project management and operational support for units in operation, newbuild projects, SPS/RS recertification projects and yard stays.

	Well Services		Operations		Projects & Engineering		Corporate / GBS		Eliminations		Consolidated	
NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External segment revenue	1,171.7	849.0	1,993.2	1,576.4	529.2	350.0	190.9	172.8	-	-	3,885.0	2,948.2
Inter segment revenue	193.7	146.9	(89.5)	(70.7)	51.9	8.3	172.2	156.4	(328.3)	(240.9)	-	-
Total revenue	**1,365.4**	**995.9**	**1,903.8**	**1,505.7**	**581.0**	**358.3**	**363.0**	**329.2**	**(328.3)**	**(240.9)**	**3,885.0**	**2,948.2**
EBITDA	**485.3**	**257.9**	**157.2**	**100.9**	**72.1**	**20.3**	**(42.1)**	**8.3**	**-**	**-**	**672.5**	**387.4**
Depreciation and amortisation	(259.3)	(211.1)	(0.1)	(0.2)	(0.6)	(0.4)	(28.4)	(51.0)	-	-	(288.4)	(262.8)
EBIT	**226.0**	**46.9**	**157.1**	**100.7**	**71.5**	**19.8**	**(70.5)**	**(42.7)**	**-**	**-**	**384.1**	**124.6**
Share of profit (loss) from joint ventures and associates											(19.9)	(4.6)
Net financial items											(138.0)	(17.2)
PROFIT / (LOSS) BEFORE TAX - CONSOLIDATED GROUP											**226.2**	**102.8**

Corporate / GBS covers overhead costs in the group as well as global business services (GBS). The GBS services are provided to segments within the group as well as to the Odfjell Drilling Group. The Group will continue to provide global business services to the Odfjell Drilling Group going forward.

NOTE 6 Revenue

Accounting policy - Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over rendered services to the customer.

Sometimes, the Group receives short-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group has, as a practical expedient in IFRS, recognised the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The group has only operating leases as a lessor. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. The lease term may vary from contract to contract, and only includes the non-cancellable period of the contract with the addition of optional renewable periods if the lessee is reasonably certain to extend. None of the existing contracts have optional periods included in the lease term. The lease term is reassessed when options to extend are exercised. Contingent rents are recognised as revenue in the period in which they are earned.

Significant judgement and estimation uncertainty

There is use of judgement in the Group's revenue recognition, and the judgement items include whether to include any incentive bonus elements in the transaction price, and to estimate included variable considerations.

Well Services

The Well Services segment (OWS) provides casing and tubular running services (both automated and conventional), drilling tool and tubular rental services, specialist well intervention products and services for exploration wells and for production purposes.

Revenue for the rental services are recognised according to IFRS 16 *Leases* and is accounted for on a straight-line basis over the lease terms.

Services related to contracts with customers are provided as a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Revenue is based on the transaction price in the contracts with customers, which is a combination of fees for equipment used, personnel on board and other pricing elements. Payment of the transaction price is usually due on a monthly basis. The Group generally recognise revenue over time because of the continuous transfer of control to the customer. The period for recognising revenue is generally equal to the contract period.

Operations

The Operations segment provides integrated drilling and maintenance services for both fixed production platforms and on floating production platforms with subsea blowout preventers (BOP) along with the management of and performance of the same services on leased Jack-up rigs in the North Sea. Services are provided as a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

Revenue is based on the transaction price in the contracts with customers. The main part of the transaction price is fixed day rates, which can vary depending on the phase of contract. Payment of the day rate based transaction price is usually due on a monthly basis. Some contracts may contain milestone payments or prepayment for maintenance services not yet performed. Refer to Note 15 - Contract balances.

The Group generally recognise revenue over time because of the continuous transfer of control to the customer. The period for recognising revenue is generally equal to the contract period.

Some of the contracts include fees for variable or conditional service fee arrangements, such as bonuses for meeting or exceeding certain performance targets. The Group estimate these variable fees using a most likely amount approach on a contract by contract basis. Management makes a detailed assessment of the amount of revenue expected to be received and the probability of success in each case. Variable consideration is included in revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

Projects & Engineering

The Projects & Engineering segment offers engineering services, including design, project management and operation and support. The transaction prices in the contracts are mainly based on rates per hour, but the business area may from time to time have some lump sum projects. The Group generally recognise revenue over time because of the continuous transfer of control to the customer. The period for recognising revenue is generally equal to the contract period.

Revenue specification

NOK million	2022	2021
Revenue from contracts with customers	3,430.5	2,636.9
Lease component in Well Services contracts	454.0	310.6
Other operating revenue	0.4	0.8
Operating revenue	**3,885.0**	**2,948.2**

Revenue from single external customers (> 10% of revenues)

NOK million	Note	2022	2021
Customer 1	34	816.7	533.9
Customer 2		544.7	453.0
Customer 3		408.7	465.1

Disaggregation of revenue by primary geographical markets

	Well Services		Operations		Projects & Engineering		Corporate / GBS		Eliminations		Consolidated	
NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Norway	759.0	554.2	1,176.6	969.1	521.5	323.8	312.1	279.2	(222.7)	(159.0)	**2,546.5**	1,967.3
UK	117.5	87.7	727.1	536.5	59.5	34.5	43.9	44.8	(100.8)	(78.1)	**847.3**	625.4
Europe - other countries	176.9	110.7	-	-	-	-	-	-	-	-	**176.9**	110.7
Asia	302.9	237.4	-	-	-	-	7.1	5.3	(4.8)	(3.8)	**305.3**	238.9
Other geographical markets	9.0	5.9	-	-	-	-	-	-	-	-	**9.0**	5.9
Total operating revenue	**1,365.4**	**995.9**	**1,903.8**	**1,505.7**	**581.0**	**358.3**	**363.0**	**329.2**	**(328.3)**	**(240.9)**	**3,885.0**	**2,948.2**

Performance obligations in contracts

Amounts allocated to performance obligations that are to be completed under existing customer contracts are set out as service elements in the following table.

The firm contract backlog does not include variable consideration which is constrained. The services provided under these contracts will be billed based on time incurred and at day rates according to contract.

Some Well Services contracts are for periods of one year or less and are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOK million	Future minimum lease payments	Performance obligations	Total firm backlog
Within one year	160	2,443	**2,603**
Between one and two years	142	1,612	**1,754**
Between two and three years	33	704	**737**
Between three and four years	-	271	**271**
Between four and five years	-	67	**67**
After five years	-	35	**35**
Total	**335**	**5,132**	**5,467**

NOTE 7 Personnel Expenses

Specification

NOK million	Note	2022	2021
Salaries and wages		1,605.5	1,323.5
Employer's national insurance contributions		218.2	178.0
Pension expenses	20	104.9	85.6
Cost of share-based option plan	36	2.8	-
Other benefits		90.0	71.0
Hired personnel		360.1	238.9
Total personnel expenses		2,381.6	1,897.0

	2022	2021
No. of employees (annual average)	1,966	1,701

NOTE 8 Combined items, income statement

Other gains and losses

NOK million	2022	2021
Gain disposal of shares in subsidiaries due to loss of control *	-	2.1
Net gain on disposal of tangible fixed assets	13.6	4.0
Other gains and losses	**13.6**	**6.0**

** Gain disposal of shares in subsidiaries due to loss of control relates to investment in Odfjell Oceanwind AS. Due to capital contributions from other investors, the Group's financial interest has been reduced to about 15% as at 31 December 2021. Odfjell Oceanwind AS is now classified as a joint venture, refer to note 34, and is accounted for using the equity method from May 2021.*

Other operating expenses

NOK million	2022	2021
Hired services	100.5	109.9
Hired equipment	90.9	90.5
Repair and maintenance, inspection, tools, fixtures and fittings	391.1	276.8
Insurance	5.2	2.7
Freight and transport	48.9	41.6
Premises facility expenses	47.8	40.3
Travel and course expenses	74.8	53.3
Other operating and administrative expenses	85.3	54.7
Total other operating expenses	**844.5**	**669.8**

Accounting policy - Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest expenses

NOK million	Note	2022	2021
Interest expenses borrowings	18	96.6	-
Amortised transaction costs borrowings	18	4.5	-
Interest expenses lease liabilities	19	7.8	5.1
Other interest expenses		1.8	0.9
Total interest expenses		**110.7**	**6.0**

Other financial items

NOK million	2022	2021
Net currency gain / (loss)	(31.8)	(16.6)
Other financial income	0.1	1.4
Other financial expenses	(1.6)	(0.9)
Total other financial items	**(33.3)**	**(16.2)**

NOTE 9 Income Taxes

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Withholding tax is the tax withheld on border-crossing gross income, generated in the Middle East and some other countries. Withholding tax is presented as tax expense in the income statement as this is a major, and often the total, part of the corporate income tax.

Significant judgement and estimation uncertainty

Odfjell Offshore Ltd, a subsidiary of Odfjell Technology Ltd., was registered as a Norwegian Registered Foreign Company (NUF) on 08.03.2016 after migration of the company in January 2016, and is taxable for income to Norway. In 2017, the company filed for a tax deduction, of approximately NOK 2.3 billion, on redemption of shares in Deep Sea Metro Ltd. A total of NOK 1.3 billion of this loss has been utilised through group contributions received from other Norwegian entities within the Odfjell Drilling Ltd group in the period 2017 to 2021.

21 December 2022 Odfjell Offshore Ltd received a tax ruling from the Norwegian Tax Authorities where the tax loss of on the realisation of shares in 2017 was denied on the basis of the anti-avoidance rule developed as tax case law. Odfjell Offshore Ltd will appeal the ruling, 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 made an upfront payment 1 February 2023 of NOK 307 million in taxes and interest for the financial years 2017 through to 2021. The amount was financed and refunded from Odfjell Drilling Ltd., as it is covered by the letter of indemnity issued 1 March 2022 to Odfjell Technology Ltd. Odfjell Drilling Ltd will hold the Company indemnified in respect of any liability that may occur in relation to the ongoing Odfjell Offshore Ltd tax case for the financial years 2017 through to 2021. This includes financing of prepayments to the Norwegian Tax Authorities, and funds for legal proceedings.

For the financial year 2022 income taxes payable for companies taxable in Norway amounts to NOK 36 million. Following the tax ruling in December 2022, the income taxes can no longer be offset by tax losses carried forward, and the Group will have to pay the amount in 2023. However, since the Group is still of the opinion that the most likely outcome of a court case is that the denial of the tax loss should be revoked, the Group has recognised a deferred tax asset equal to expected tax refund of NOK 36 million following at court case win.

Income tax expense

NOK million	2022	2021
Withholding tax paid / payable	(20.8)	(15.8)
Payable income tax expense	(30.7)	(33.6)
Net utilisation of unrecognised tax losses	78.4	60.0
Change in deferred tax assets and liabilities	(0.2)	(1.4)
Total income tax expense	**26.8**	**9.2**
EFFECTIVE TAX RATE	**-11.8 %**	**-8.9 %**

Tax reconciliation

USD million	2022	2021
PROFIT BEFORE INCOME TAX EXPENSE	**226.2**	**102.8**
Tax calculated at domestic tax rates applicable to profits in respective countries* (including withholding tax)	(38.7)	(43.3)
Net utilisation of unrecognised tax losses	78.4	60.0
Effect of changes in tax rates	0.1	0.2
Effect of adjustments recognised related to prior periods	5.3	(2.1)
Effect of net non-taxable income / (expenses)	(18.2)	(5.6)
Income tax expense	**26.8**	**9.2**

** Domestic tax rates applicable to the Group varies between 0% and 25% for corporate income taxes (CIT).*

Tax losses

NOK million	31.12.2022	31.12.2021	01.01.2021
Unused tax losses for which no deferred tax asset has been recognised	795.6	1,150.7	1,424.2
Potential tax benefit (22%)	**175.5**	**253.8**	**313.8**

The movement in unrecognised tax assets is as follows:

NOK million	2022	2021
Unrecognised tax asset as at 01.01	253.8	313.8
Net utilisation of unrecognised tax losses	(78.4)	(60.0)
Effect of changes in tax rates	-	0.5
Currency translation differences	0.2	(0.5)
Unrecognised tax asset as at 31.12	**175.5**	**253.8**

The Group has an unrecognised tax asset of NOK 176 million, which is mainly related to the challenged tax loss incurred by Odfjell Offshore Ltd as explained above.

For prior periods taxable profits within Norwegian subsidiaries in Odfjell Drilling Ltd Group have been offset in tax loss incurred by Odfjell Offshore Ltd. Subsequent of the spin-off, this will no longer be the case.

The gross movement on the deferred tax account is as follows:

NOK million	2022	2021
Net deferred tax assets/(deferred tax liabilities) at 01.01	15.5	0.0
Income statement charge	35.4	(1.4)
Change in deferred tax on other comprehensive income	0.4	0.0
Currency translation differences	0.0	(0.0)
Net deferred tax assets/(deferred tax liabilities) at 31.12	**51.3**	**15.5**

The Group's recognised deferred tax assets are related to operations in Norway and the UK.

Deferred tax assets - Specification and movements

NOK million	Tax losses	Current assets	Net pension liabilities	Fixed assets	Lease liabilities	Total
Opening balance 01.01.2021	0.4	1.8	10.9	2.5	9.5	**25.2**
Income statement charge	(0.4)	(0.0)	(1.4)	0.3	11.3	**9.7**
Change in deferred tax on other comprehensive income	-	-	0.8	-	-	**0.8**
Currency translation differences	0.0	0.0	-	(0.0)	(0.0)	**(0.0)**
Closing balance 31.12.2021	**-**	**1.8**	**10.3**	**2.8**	**20.8**	**35.7**
Income statement charge	35.6	0.2	(0.4)	(2.2)	5.4	**38.4**
Change in deferred tax on other comprehensive income	-	-	0.4	-	-	**0.4**
Currency translation differences	-	(0.0)	-	0.0	0.2	**0.2**
Closing balance 31.12.2022	**35.6**	**1.9**	**10.3**	**0.6**	**26.4**	**74.7**

Deferred tax liabilities - Specification and movements

NOK million	Deferred capital gains	Current assets	Right-of-use Assets	Total
Opening balance 01.01.2021	(0.0)	-	(9.1)	**(9.1)**
Income statement charge	0.0	-	(11.1)	**(11.1)**
Currency translation differences	0.0	-	0.0	**0.0**
Closing balance 31.12.2021	**(0.0)**	**-**	**(20.2)**	**(20.2)**
Income statement charge	0.0	(0.0)	(3.1)	**(3.1)**
Currency translation differences	-	(0.0)	(0.2)	**(0.2)**
Closing balance 31.12.2022	**(0.0)**	**(0.0)**	**(23.4)**	**(23.4)**

Net book value of deferred taxes

NOK million	31.12.2022	31.12.2021	01.01.2021
Deferred tax assets	74.7	35.7	25.2
Deferred tax liabilities offset in deferred tax assets	(23.4)	(20.2)	(9.1)
Net book value of deferred tax asset	**51.3**	**15.5**	**16.1**

The income tax (charge)/credit relating to components of the other comprehensive income is as follows:

NOK million	Before tax 2022	Tax (charge)/ credit 2022	After tax 2022	Before tax 2021	Tax (charge)/ credit 2021	After tax 2021
Actuarial loss on post employment benefit obligations	**1.9**	**0.4**	**1.5**	3.6	0.8	2.8
Other comprehensive income	**1.9**	**0.4**	**1.5**	**3.6**	**0.8**	**2.8**
Deferred tax		**0.4**			0.8	

NOTE 10 Tangible fixed assets

Accounting policy

Property, plant and equipment comprise mainly of, well services equipment and machinery and equipment. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes purchase price, any directly attributable costs of bringing the asset to working condition and borrowing costs.

Depreciation is calculated on a straight-line basis over the useful life of the asset or component. The depreciable amount equals historical cost less residual value. Items of property, plant and equipment with components that have substantially different useful lives are treated separately for depreciation purposes.

Subsequent costs for day-to-day repairs and maintenance are expensed as incurred.

The cost of modernisation and rebuilding projects is included in the asset's carrying amount when it is probable that the Group will derive future financial benefits and the cost of the item can be measured reliably. The carrying amount of the replaced part is written off. Modernisation and rebuilding projects are depreciated over the remaining useful life of the related assets.

The useful lives of assets and the depreciation methods are reviewed periodically in order to ensure that the method and period of depreciation are consistent with the expected pattern of financial benefits from the asset, taking into account current and expected climate risk.

When assets are sold or retired, their cost and accumulated depreciation and accumulated impairment loss are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement as other gains and losses.

Residual values for property, plant and equipment are estimated to be zero.

Impairment of non-financial assets

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Non-financial assets, other than goodwill, that have suffered an impairment, are reviewed for reversal of the impairment whenever events or changes in circumstances indicate that the impairment loss recognised in prior periods may no longer exist or may have decreased.

Assets subject to operating leases

Well Service equipment contain assets used in contracts with customers that contain a lease component.

Specification and movements

NOK million	2022 Well Services equipment	2022 Other fixed assets	2022 Right-of-use assets	2022 Total fixed assets	2021 Well Services equipment	2021 Other fixed assets	2021 Right-of-use assets	2021 Total fixed assets
COST								
At 1 January	3,595.8	184.1	156.7	**3,936.6**	3,213.1	178.3	90.3	**3,481.7**
Additions	309.6	16.6	38.5	**364.7**	341.6	15.2	71.7	**428.5**
Disposals	(198.3)	(10.0)	(10.9)	**(219.2)**	(61.7)	(9.2)	(5.0)	**(75.9)**
Currency translation differences	383.4	3.9	2.5	**389.7**	102.8	(0.2)	(0.4)	**102.3**
Cost as at 31 December	**4,090.4**	**194.7**	**186.7**	**4,471.9**	**3,595.8**	**184.1**	**156.7**	**3,936.6**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January	(2,839.2)	(157.5)	(52.5)	**(3,049.2)**	(2,626.7)	(156.3)	(36.7)	**(2,819.7)**
Depreciation	(232.4)	(9.5)	(22.7)	**(264.6)**	(191.0)	(9.6)	(21.1)	**(221.7)**
Impairment	-	-	(8.5)	**(8.5)**	-	-	-	**-**
Disposals	195.3	10.0	10.9	**216.1**	58.1	8.4	5.0	**71.5**
Currency translation differences	(293.2)	(2.9)	(1.2)	**(297.3)**	(79.6)	0.0	0.3	**(79.3)**
As at 31 December	**(3,169.5)**	**(160.0)**	**(73.9)**	**(3,403.4)**	**(2,839.2)**	**(157.5)**	**(52.5)**	**(3,049.2)**
NET BOOK VALUE AT 31 DECEMBER	**921.0**	**34.7**	**112.8**	**1,068.4**	**756.6**	**26.6**	**104.2**	**887.4**
Useful lifetime	*3 - 10 years*	*3 - 5 years*	*2-12 years*		*3 - 10 years*	*3 - 5 years*	*2-12 years*	
Depreciation schedule	*Straight line*	*Straight line*	*Straight line*		*Straight line*	*Straight line*	*Straight line*	

Accumulated impairment that may qualify for reversal in a later period related to right-of-use asset no longer in use and amount to NOK 8 million at 31 December 2022.

For more information about Right-of-use assets, refer to Note 19 - Leases.

Refer to Note 31 for information about capital commitments.

Significant judgement and estimation uncertainty

Management exercises judgement in determining the expected economic life of assets in the Well Services segment. Management uses knowledge of the oil industry and the estimated market development, as well as expected technological development as basis for determining useful life. The evaluation includes effects of the climate change and the shift to renewable energy sources.

Impairment of property, plant and equipment

The Group has not identified any impairment indicators, nor any indicators for reversal of impairment as at 31 December 2022.

NOTE 11 Intangible assets

Accounting policy - Goodwill and Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest and net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of non-controlling interest in the acquired entity.

Software assets are stated at their historical cost less any accumulated amortisation and any accumulated impairment losses. Historical cost includes the purchase price and any directly attributable costs of bringing the asset to working condition.

Accounting policy - Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Specification and movements 2022

NOK million	Goodwill	Software	Patents and acquired R&D	Internally developed assets	Total intangible assets
COST					
At 1 January 2022	132.8	241.4	18.7	11.7	404.6
Additions	-	40.9	-	6.0	46.8
Currency translation differences	-	0.0	2.2	1.5	3.7
Cost as at 31 December 2022	**132.8**	**282.3**	**20.9**	**19.2**	**455.2**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January 2022	-	(176.8)	(3.9)	(5.9)	(186.5)
Amortisation	-	(12.3)	(2.0)	(0.9)	(15.3)
Currency translation differences	-	-	-	(0.7)	(0.7)
As at 31 December 2022	**-**	**(189.1)**	**(6.4)**	**(7.5)**	**(203.1)**
NET BOOK VALUE AT 31 DECEMBER 2022	**132.8**	**93.2**	**14.4**	**11.7**	**252.1**
Useful lifetime		*3-7 years*	*5-10 years*	*10 years*	
Depreciation schedule		*Straight line*	*Straight line*	*Straight line*	

Specification and movements 2021

NOK million	Goodwill	Software	Patents and acquired R&D	Internally developed assets	Total intangible assets
COST					
At 1 January 2021	139.3	196.3	14.1	11.0	360.6
Additions	-	45.1	4.0	0.4	49.5
Disposal due to loss of control of subsidiary *	(6.5)			-	(6.5)
Currency translation differences	-	(0.0)	0.6	0.4	0.9
Cost as at 31 December 2021	**132.8**	**241.4**	**18.7**	**11.7**	**404.6**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January 2021	-	(140.3)	(1.5)	(3.3)	(145.1)
Amortisation	-	(36.5)	(2.3)	(2.4)	(41.1)
Currency translation differences	-	0.0	(0.1)	(0.2)	(0.3)
As at 31 December 2021	**-**	**(176.8)**	**(3.9)**	**(5.9)**	**(186.5)**
NET BOOK VALUE AT 31 DECEMBER 2021	**132.8**	**64.7**	**14.8**	**5.9**	**218.1**
Useful lifetime		*3-7 years*	*5-10 years*	*10 years*	
Depreciation schedule		*Straight line*	*Straight line*	*Straight line*	

** Disposal due to loss of control of subsidiary relates to investment in Odfjell Oceanwind AS. Due to capital contributions from other investors, the Group's financial interest has been reduced to about 15%. Odfjell Oceanwind AS is now classified as a joint venture, and is accounted for using the equity method from May 2021.*

Internally developed assets

The carrying amount of internally developed assets include development expenses incurred in connection with developing a new drill-hole cleaning tool. The technology has been patented. The Group have documented that the new technology met the criteria for recognition in the balance sheet. The new tool is part of Well Services product line and is expected to generate future cash flow to support the book value as at 31 December 2022.

The developed assets are amortised using a straight-line method over an estimated lifetime of 10 years.

Impairment tests for goodwill - Accounting principle

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Summary of goodwill allocation for each operating segment

	Well Services		Operations		Projects & Engineering		Total	
NOK million	2022	2021	2022	2021	2022	2021	2022	2021
At 1 January	36.4	36.4	86.7	86.7	9.7	16.2	132.8	139.3
Disposal due to loss of control of subsidiary *	-	-		-	-	(6.5)	-	(6.5)
Net book value at 31 December	**36.4**	**36.4**	**86.7**	**86.7**	**9.7**	**9.7**	**132.8**	**132.8**

** Disposal due to loss of control of subsidiary relates to investment in Odfjell Oceanwind AS. Due to capital contributions from other investors, the Group's financial interest has been reduced to about 15% as at 31 December 2021. Odfjell Oceanwind AS is now classified as a joint venture, and is accounted for using the equity method from May 2021.*

The recoverable amount of the CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on prognoses made by management covering a five-year period. The prognosis for the EBITDA margin in 2023 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.

These assumptions have been used for the analysis of each CGU within the operating segment.

Key assumptions for value-in-use calculations	Well Services		Operations		Projects & Engineering	
	2022	2021	2022	2021	2022	2021
EBITDA margin in prognosis period	35-37%	22% - 36%	8% - 9%	5% - 8%	12% - 13%	5% - 8%
Growth rate year 6 and forward	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Weighted Average Cost of Capital, pre-tax	12%	12%	9%	10%	10%	10%

Impairment tests performed for goodwill for respective CGUs do not indicate any impairment as per 31.12.2022.

Sensitivity analysis for goodwill impairment test as at 31.12.2022

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 for each of the segments.

Reducing EBITDA margin by ten percentage points indicated an impairment write-down of NOK 87 million in the Drilling Operations segment.

None of the other scenarios indicated any impairment write-down of goodwill as at 31 December 2022.

NOTE 12 Other assets

Other non-current assets

NOK million	31.12.2022	31.12.2021	01.01.2021
Deposits	33.9	24.0	22.1
Total other non-current assets	**33.9**	**24.0**	**22.1**

Other current assets

NOK million	Note	31.12.2022	31.12.2021	01.01.2021
Prepaid expenses		55.7	40.2	31.5
Income tax receivables		20.7	8.2	4.9
VAT receivables		14.3	34.3	24.0
Contract assets	15	0.9	4.9	-
Other current receivables	34	24.9	37.9	17.3
Total other current receivables and assets		**116.4**	**125.6**	**77.7**

NOTE 13 Spare parts

Spare parts are stated at the lower of cost and net realisable value. Cost is attributed using the first-in, first-out (FIFO) method. The costs of spare parts comprise the purchase price, import duties and other taxes, transport and handling and other costs directly attributable to the acquisition of the goods. Trade discounts, rebates and other similar items are deducted in determining cost.

NOTE 14 Financial assets and liabilities

Accounting policies

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group classify financial assets in the following categories:

- amortised cost,
- financial assets at fair value through profit or loss (FVPL),
- financial assets at fair value through other comprehensive income (FVOCI)

Management determines the classification of financial assets at their initial recognition.

Derivatives are valued at fair value through profit or loss (FVPL) unless designated as hedges.

Debt instruments like loans and receivables held to receive payment of principal and interest are valued at amortised costs. The group has applied the practical expedient under IFRS 9 and are measuring the initial recognition of trade receivables at the transaction price determined under IFRS 15.

Debt instruments like bonds held to receive profit from sale in addition to interest are valued at fair value through profit and loss (FVPL).

Equity instruments like investments in shares are valued at fair value through profit and loss (FVPL).

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement in the period they occur.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Realised gains and losses arise from financial assets not designated for hedging, are recognised in the income statement as financial item in the period they occur.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at :

- amortised cost,,
- fair value through profit or loss, or as
- derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

The Group's financial liabilities at fair value through profit or loss include derivative financial instruments not designated as hedging instruments in hedge relationship as defined by IFRS 9.

The loans and borrowings category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Refer to further information in Note 18 - Interest-bearing borrowings.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability , or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments by category and level

The tables below analyse financial instruments carried at fair value, by valuation method, based on the lowest level input that is significant to the fair value measurement as a whole. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). For short term assets and liabilities at level 3, the value is approximately equal to the carrying amount. As the time horizon is due in short term, future cash flows are not discounted.

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. Interest rate swaps are fair valued using forward rates extracted from observable yield curves. Interest rate swaps are recognised according to mark-to-market reports from external financial institutions.

The Group had the following financial instruments at each reporting period:

NOK million	Note	Level	31.12.2022	31.12.2021	01.01.2021
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					
Derivatives designated as hedging instruments					
- Interest rate swaps - Other non-current assets	25	2	10.8	-	-
OTHER FINANCIAL ASSETS					
Non-current interest-bearing receivables Odfjell Drilling Group	34		-	-	91.7
Current interest-bearing receivables Odfjell Drilling Group	34		-	1,308.8	1,413.7
Other non-current receivables	12		33.9	24.0	22.1
Trade receivables	16		942.6	816.4	650.8
Other current receivables	12		25.8	42.9	17.3
Cash and cash equivalents	17		560.1	497.8	122.5
Total financial assets			**1,573.0**	**2,689.9**	**2,318.0**

USD million	Note	Level	31.12.2022	31.12.2021	01.01.2021
OTHER FINANCIAL LIABILITIES					
Non-current interest-bearing borrowings	18		1,084.2	-	-
Non-current lease liabilities	19		96.8	83.1	37.1
Current interest-bearing borrowings	18		255.7	-	-
Current interest-bearing payables Odfjell Drilling Group			-	151.5	54.4
Current lease liabilities	19		30.6	24.5	19.3
Trade payables			264.1	215.3	137.3
Other current liabilities	22		310.1	276.5	227.3
Total financial liabilities			**2,041.5**	**750.9**	**475.4**

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

NOTE 15 Contract balances

Accounting policies - Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

For costs to fulfil contracts where the Group operates as a lessor, the Group has chosen to apply the guidance in IFRS 15 by analogy.

Accounting policies - Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract balances specification

NOK million	31.12.2022	31.12.2021	01.01.2021
Contract assets	0.9	4.9	-
Contract liabilities	63.0	50.5	35.1

The contract assets as at 31 December 2022 and 31 December 2021 are mainly related to the Projects & Engineering segment. They were invoiced and became payable within approximately three months.

The contract liabilities are mainly related to the Operations segment.

Of the contract liabilities as at 31 December 2022, approximately NOK 25 million is expected to be recognised as revenue during 2023. The remaining NOK 38 million relates to Operations contracts and will be recognised as revenue over an estimated period up to 5 years.

Set out below is the amount of revenue recognised from:

NOK million	2022	2021
Amounts included in contract liabilities at the beginning of the year	2.5	0.4
Performance obligations satisfied in the previous years	0.0	0.1

NOTE 16 Trade receivables

Accounting policy

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Trade receivables are financial assets and are recognised and measured according to accounting policies described in Note 14 - Financial assets and liabilities.

Trade receivables specification

NOK million	Note	31.12.2022	31.12.2021	01.01.2021
Trade receivables		504.3	511.4	463.8
Earned, not yet invoiced operating revenues		452.7	317.5	196.7
Loss allowance	26	(14.5)	(12.4)	(9.7)
Trade receivables - net		**942.6**	**816.4**	**650.8**

As the receivables are due in the short term, the fair value is approximately equal to the carrying amount, and the future cash flows are not discounted.

For information about currencies, ageing and loss allowance, refer to Note 26 - Credit risk.

NOTE 17 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash in hand, deposits held at call with banks, other current highly-liquid investments with original maturities of three months or less.

Cash specification:

NOK million	31.12.2022	31.12.2021	01.01.2021
Cash in bank	190.7	72.0	78.3
Time deposits	306.7	379.4	-
Restricted bank deposits *	62.7	46.5	44.2
Total cash and cash equivalents	**560.1**	**497.8**	**122.5**

* *The restricted bank deposits are mainly related to tax withholdings for employees.*

NOTE 18 Interest-bearing borrowings

Accounting policy

Borrowings are financial liabilities recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Also refer to accounting policies regarding *Financial liabilities* in Note 14 - Financial assets and liabilities.

Interest-bearing borrowings specification as at 31 December

NOK million	Non-current 2022	Current 2022	Total 2022
Bond loan	1,100.0	-	1,100.0
Bank borrowings	-	246.4	246.4
Transaction cost, unamortised	(15.8)	(3.9)	(19.7)
Accrued interest expenses	-	13.2	13.2
Carrying amounts interest-bearing borrowings	**1,084.2**	**255.7**	**1,340.0**

Movements in interest-bearing borrowings

NOK million	Non-current 2022	Current 2022	Total 2022
Carrying amount as at 1 January	-	-	-
CASH FLOWS:			
New borrowings	1,100.0	219.7	1,319.7
Paid transaction costs related to new borrowings	(19.2)	(5.0)	(24.2)
NON-CASH FLOWS:			
Reclassified	-	-	-
Change in transaction cost, unamortised	3.5	1.0	4.5
Change in accrued interest cost	-	13.2	13.2
Change due to currency revaluation	-	26.7	26.7
Carrying amount as at 31 December	**1,084.2**	**255.7**	**1,340.0**

Repayment schedule for interest-bearing borrowings as at 31 December

NOK million	Non-current 2022	Current 2022	Total 2022
Maturity within 3 months	-	-	-
Maturity between 3 and 6 months	-	-	-
Maturity between 6 and 9 months	-	-	-
Maturity between 9 months and 1 year *	-	246.4	246.4
Maturity between 1 and 2 years	-	-	-
Maturity between 2 and 3 years	-	-	-
Maturity between 3 and 4 years	1,100.0	-	1,100.0
Maturity between 4 and 5 years	-	-	-
Maturity beyond 5 years	-	-	-
Total contractual amounts	**1,100.0**	**246.4**	**1,346.4**

** Refers to the revolving credit facility of USD 25 million which can be redrawn and is available until 28 February 2026.*

Refer to Note 24 and Note 25 for further information regarding liquidity risk and interest risk.

Financing secured

On 4 February 2022 Odfjell Technology successfully priced NOK 1.1 bn in senior secured bonds through a private placement. The bonds mature in February 2026 and bear interest of 3 months Nibor plus 700 basis points.

The company also secured a new USD 25 million super senior revolving credit facility ("SSRCF") at Secured Overnight Financing Rate plus 375 basis points.

The carrying amount and fair value of the non-current liabilities are as follows:

The fair value of non-current borrowings equals their carrying amount, as the loans have floating rates and credit margins have been stable from the loan raising.

Available drawing facilities

The group has no available not drawn facilities as per 31 December 2022.

Compliance with financial covenants as at 31.12.2022

The Odfjell Technology Group is compliant with all financial covenants as at 31 December 2022.

Financial covenants

The borrowing facilities in the Group include the following main covenants:

Odfjell Technology Ltd – NOK 1.100 million bond loan

The Group shall maintain minimum liquidity of USD 15 million (including undrawn amounts under the SSRCF), of which minimum USD 5 million in cash and cash equivalents.

Leverage ratio (net interest bearing debt to EBITDA) shall not exceed 4.00:1:00.

The ratio of current assets to current liabilities shall at all times be a minimum 1.00:1.00.

Odfjell Technology Ltd may pay dividends in an amount up to 50% of its consolidated net income in its previous financial year, subject to compliance with the incurrence test on a pro-forma basis.

The incurrence test implies that the leverage ratio (net interest bearing debt to EBITDA) shall not exceed 3.00:1:00.

Odfjell Technology Ltd - USD 25 million SSRCF

The Group shall maintain minimum liquidity of the higher of USD 15 million and 10% of the interest bearing debt (excluding lease liabilities), in each case of which minimum USD 5 million shall be free and unrestricted cash.

Leverage ratio (net interest bearing debt to EBITDA) shall not exceed 3.75:1:00.

The ratio of current assets to current liabilities shall at all times be a minimum 1.00:1.00.

NOTE 19 Leases

The group's leasing activities as a lessee and how these are accounted for

This note relates to the Group as a lessee only.

The Group leases various offices, workshops and warehouses. Rental contracts are typically made for fixed periods of 6 months to 10 years, but may have extension or termination options. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable by the group under residual value guarantees, the exercise price of a purchase option if the group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the group exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and smaller items of office equipment.

The variable lease payments in the lease agreements currently held by the Group are based on an index or a rate, and are therefore included in the calculated lease liability as described above.

Significant judgement and estimation uncertainty

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. IBR is estimated using observable inputs, such as market interest rates, when available. It is required to make certain entity-specific estimates mentioned above.

The balance sheet shows the following amounts related to leases:

NOK million	Properties 2022	Other fixed assets 2022	Total Right-of-use assets 2022	Properties 2021	Other fixed assets 2021	Total Right-of-use assets 2021
COST						
At 1 January	156.7	-	**156.7**	90.3	-	**90.3**
Additions	38.5		**38.5**	71.7	-	**71.7**
Disposals	(10.9)		**(10.9)**	(5.0)	-	**(5.0)**
Currency translation differences	2.5	-	**2.5**	(0.4)	-	**(0.4)**
Cost as at 31 December	**186.7**		**186.7**	**156.7**	**-**	**156.7**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January	(52.5)	-	**(52.5)**	(36.7)	-	**(36.7)**
Depreciation	(22.7)		**(22.7)**	(21.1)	-	**(21.1)**
Impairment loss	(8.5)		**(8.5)**	-	-	**-**
Disposals	10.9		**10.9**	5.0	-	**5.0**
Currency translation differences	(1.2)	-	**(1.2)**	0.3	-	**0.3**
As at 31 December	**(73.9)**	**-**	**(73.9)**	**(52.5)**	**-**	**(52.5)**
NET BOOK VALUE AT 31 DECEMBER	**112.8**	**-**	**112.8**	**104.2**	**-**	**104.2**

The Right-of-use assets are included in the line item "Property, plant and equipment" in the balance sheet, refer to Note 10 - Tangible fixed assets.

Lease liabilities

NOK million	31.12.2022	31.12.2021	01.01.2021
Non-current	96.8	83.1	37.1
Current	30.6	24.5	19.3
Total	**127.4**	**107.6**	**56.4**

Movements in lease liabilities are analysed as follows:

NOK million	Non-current 2022	Current 2022	Total 2022	Non-current 2021	Current 2021	Total 2021
Carrying amount as at 1 January	83.1	24.5	**107.6**	37.1	19.3	**56.4**
CASH FLOWS:						
Payments for the principal portion of the lease liability	-	(20.5)	**(20.5)**	-	(21.2)	**(21.2)**
Payments for the interest portion of the lease liability	-	(7.4)	**(7.4)**	-	(4.4)	**(4.4)**
NON-CASH FLOWS:						
New lease liabilities recognised in the year	38.5	-	**38.5**	71.7	-	**71.7**
Interest expense on lease liabilities	7.8	-	**7.8**	5.1	-	**5.1**
Reclassified	(33.5)	33.5	**-**	(30.9)	30.9	**-**
Currency exchange differences	0.9	0.5	**1.4**	0.0	(0.1)	**(0.1)**
Carrying amount as at 31 December	**96.8**	**30.6**	**127.4**	**83.1**	**24.5**	**107.6**

Rental costs for exemptions

NOK million	2022	2021
Expenses relating to short-term leases	90.9	90.3
Expenses relating to low value items	6.6	4.1

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options have not been included in the lease liability, because the group could replace the asset without significant cost of business disruption, or because the group is not certain it would need the asset in the option period.

As at 31 December 2022, potential future cash outflows of NOK 148 million (not discounted) have not been included in the lease liability because it is not reasonable certain that these leases will be extended (or not terminated).

NOTE 20 Post-employment benefits

The Group has occupational pension plans in several countries established partly as defined benefit plans (in Norway), partly as multi-employer defined benefit plans accounted for as defined contribution plans (in Norway) and partly as defined contribution plans (in Norway and other countries). The pension plans are measured and presented according to IAS 19.

A number of the Norwegian subsidiaries in the Group are required to have a civil service pension scheme according to the Norwegian Act relating to mandatory occupational pensions. These subsidiaries have pension schemes in accordance with the requirements in this Act.

Accounting policy

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Mortality index used in actuarial calculations is K2013.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension plans

The Group has funded defined benefit pension schemes in four Norwegian companies covering a total of 28 active members and 18 pensioners as at 31 December 2022 (30 active members and 13 pensioners as at 31 December 2021). The scheme entitles employees to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company.

In addition to the pension obligations that arises from the funded defined benefit plans, the Group's Norwegian companies have unfunded defined benefit obligations related to pensions and early retirement pensions. The early retirement pensions entitle staff to benefits (about NOK 111,000 a year) from the company from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67, if they retire and meet requirement to receive CPA (see below).

The Group has contractual pension agreement (CPA) schemes in Norway established in multi-employer plans. These multi-employer plans are defined benefit plans, but the Group does not have access to the necessary information for the accounting years 2022 and 2021 required to account for these plans as defined benefit plans, and the plans are therefore accounted for as defined contribution plans.

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Movements in the net defined benefit obligation

NOK million	Present value of obligation 2022	Fair value of plan assets 2022	Total 2022	Present value of obligation 2021	Fair value of plan assets 2021	Total 2021
At 1 January	149.5	(102.7)	**46.8**	144.1	(94.4)	**49.7**
Current service cost	8.4	-	**8.4**	6.9	-	**6.9**
Loss on plan amendment, curtailment and settlement	-	-	**-**	-	-	**-**
Interest expense/ (income)	2.3	(1.3)	**1.0**	2.2	(1.3)	**0.9**
Total amount recognised in profit or loss	**10.6**	**(1.3)**	**9.4**	**9.1**	**(1.3)**	**7.8**
Re-measurements:						
(Gain) from change in discount rate	(44.4)	-	**(44.4)**	-	-	**-**
(Gain) / loss from change in other financial assumptions	33.2	(0.2)	**33.0**	6.1	-	**6.1**
Experience (gain)/loss	20.6	(8.1)	**12.5**	(3.5)	0.1	**(3.4)**
Investment management cost	-	0.8	**0.8**	-	0.9	**0.9**
Total amount recognised in other comprehensive income	**9.4**	**(7.5)**	**1.9**	**2.6**	**1.0**	**3.6**
Contributions:						
Employers	(1.1)	(7.5)	**(8.5)**	(1.3)	(9.5)	**(10.9)**
Payments from plans:						
Benefit payments	(4.9)	2.1	**(2.8)**	(4.9)	1.5	**(3.4)**
At 31 December	**163.6**	**(116.9)**	**46.7**	**149.5**	**(102.7)**	**46.8**

Estimated premium payments to funded defined benefit obligations in 2023 amounts to about NOK 10 million.

Amounts recognised in Statement of Financial Position

NOK million	31.12.2022	31.12.2021	01.01.2021
Present value of funded obligations	139.2	125.3	117.0
Fair value of plan assets	(116.9)	(102.7)	(94.4)
Deficit of funded plans	**22.3**	**22.6**	**22.5**
Present value of unfunded obligations	24.4	24.2	27.1
Total deficit of defined benefit pension plans	**46.7**	**46.8**	**49.7**

The significant actuarial assumptions were as follows:

	31.12.2022	31.12.2021
Discount rate	3.20%	1.50%
Salary growth rate	3.75%	2.50%
Expected growth in G (base social security amount)	3.50%	2.25%
Pension growth rate	1.7%-3.5%	0.0%-2.25%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Change in assumption by:	Impact on Present value of obligation: 31.12.2022	31.12.2021	Change in assumption by:	Impact on Present value of obligation: 31.12.2022	31.12.2021
Discount rate	+0.5%	(10.5)	(9.9)	-0.5%	11.6	11.6
Salary growth rate	+0.5%	4.2	4.7	-0.5%	(4.3)	(4.8)
Pension growth rate	+0.5%	4.4	6.8	-0.5%	(10.0)	(0.3)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The fair value of plan assets is disaggregated by class as follows

	31.12.2022	31.12.2021
Shares	11%	10%
Short term bonds	15%	19%
Money market	8%	15%
Long term bonds	32%	25%
Loans & Receivables	22%	19%
Real estate	11%	10%
Other	1%	1%

Total pension expenses included in personnel expenses are decomposed as per below:

NOK million	2022	2021
Pension expenses (-net gain) from defined benefit scheme included in personnel expenses	8.4	6.9
Pension expenses from defined contribution schemes	78.5	64.0
Pension expenses from multi-employer plans accounted for as defined contribution schemes	18.0	14.7
Total pension expenses included in personnel expenses	**104.9**	**85.6**

See also Note 7 - Personnel expenses for further information regarding personnel expenses.

NOTE 21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are financial liabilities recognised initially at fair value and subsequently measured at face value, due to short time to maturity. Also refer to accounting policies in Note 14 - Financial assets and liabilities.

NOTE 22 Other liabilities

Other current liabilities specification

NOK million	Note	31.12.2022	31.12.2021	01.01.2021
Social security and other taxes		129.4	94.6	86.3
Accrued salaries, holiday pay and employee bonus provisions		212.3	184.5	148.5
Contract liabilities	15	25.1	1.2	0.4
Other payables and financial liabilities		2.4	0.1	0.2
Other accrued expenses		95.5	92.0	78.6
Total other current liabilities		**464.6**	**372.3**	**314.1**

Refer to Note 30 - Contingencies for further information about accounting policy for provisions and accruals, as well as significant judgement applied and estimation uncertainty.

NOTE 23 Financial risk management

Capital management and funding

The primary objective of the Group's capital management is to ensure that it maintains required capital ratios and liquidity available to support the business areas. Capital management should be such that the capital structure is sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in our markets and unfavourable conditions in financial markets. Capital management also comprise securing the company to be in compliance with covenants on interest bearing debt. Reference is made to Note 18 - Interest-bearing borrowings which disclose information about covenants on long term interest bearing liabilities.

The Group will manage the capital structure and make adjustments to it, to maintain an optimal structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payments, buy treasury shares, return capital to shareholders or issue new shares.

	31.12.2022
Equity	778.8
Total assets	3,114.9
Equity ratio	**25%**
Cash and cash equivalents excl.restricted capital	497.4
Available drawing facilities	-
Total available liquidity	**497.4**

Deposits / placements

The liquidity management has four main objectives:

- Matching of surplus funds against borrowing requirements.
- Secure a high level of liquidity (a targeted minimum of two months operating expenses) in order to meet future plans of the Group.
- Limitation of credit risks.
- Maximise return on liquid assets.

Accordingly, investments may only be made in securities with a rating of Investment grade, BAA (Moodys) , BBB- (Standard and Poors and Fitch IBCA) or better.

A list of counter-party exposure limits is reported to the Board of Odfjell Drilling on a yearly basis.

The following instruments are allowed for short term placements;

- Deposits in banks
- Loans to companies/institutions/funds (like fixed or floating rate bonds, senior or subordinated debt)
- Certificates
- Money-market funds

Working Capital

The company's policy is to have a positive working capital.

Financial risk factors

The Group is exposed to a range of financial risks: liquidity risk, market risk (including currency risk, interest rate risk, and price risk), and credit risk.

The financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To some extent, the Group uses derivative financial instruments to reduce certain risk exposures.

Risk management is carried out on a Group level. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The board of Odfjell Technology Ltd. has established principles for risk management of foreign exchange risk, interest rate risk and use of derivative financial instruments.

NOTE 24 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and to have sufficient cash or cash equivalents at any time to be able to finance its operations and investments in accordance with the Group's strategic plan.

With regular forecasts and liquidity analysis updates, the Group will ensure sufficient available liquidity to fulfil its duties at loan maturity, without unacceptable loss or risk of damaging the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group's cash flow forecasting is performed by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times, so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the Group Treasury.

Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The Group held cash and cash equivalents amounting to NOK 560 million at the end of 2022. This is deemed to be sufficient funding for the Group's current activity levels and committed capital expenditures during 2023.

The liquidity risk is connected with the market risk and the re-contracting risk for the segments. The management continuously focuses on securing new profitable contracts to generate sufficient cash flow from operations, hence reducing the liquidity risk going forward.

Operating in more than 20 jurisdictions the Group do from time to time receive enquiries from authorities about compliance related matters. Refer to Note 30 regarding notice of decision received 1 October 2021 from HM Revenue and Customs. The Group has per 31 December 2022 not received any formal material assessment which is not disclosed in the financial statements.

The Group's refinancing risk is low, with a bond loan maturing in February 2026 and a rolling credit facility of USD 25 available until the same quarter.

Maturity of financial liabilities

The amounts disclosed in the table are the contractual non-discounted cash flows. The table include estimated interest payments for drawn facilities at the balance sheet date, based on the remaining period at the end of the reporting period to the contractual maturity date. The estimated interest payments include payments based on forward rates for the interest rate swaps.

Maturity of financial liabilities - 31.12.2022

NOK million	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Interest-bearing borrowings	306.6	56.1	112.1	1,238.6	-	**1,713.4**	1,340.0
Lease liabilities	15.4	15.2	30.0	59.2	30.6	**150.4**	127.4
Trade payables	264.1	-	-	-	-	**264.1**	264.1
Other current payables	305.8	4.3	-	-	-	**310.1**	310.1

Maturity of financial liabilities - 31.12.2021

NOK million	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Current interest-bearing payables Odfjell Drilling Group	151.5	-	-	-	-	**151.5**	151.5
Lease liabilities	12.8	11.8	22.5	50.7	34.7	**132.4**	107.6
Trade payables	214.7	0.6	-	-	-	**215.3**	215.3
Other current payables	238.7	37.7	-	-	-	**276.5**	276.5

NOTE 25 Market risk

Market risk is the risk of a change in market prices and demand, as well as changes in currency exchange rates and interest levels.

The oil service market has developed positively in recent years due to a strong focus on cost discipline and more efficient operations, combined with a healthier oil price development.

The focus on alternative energy sources and the overall future mix of energy remains strong. The transition into greener energy sources is expected to impact the energy market in the coming decades, however the need for continued exploration and production of oil and gas is viewed as vital, and it has become more apparent recently.

The general situation for the global oil service industry is expected to improve as a result of under investment in the oil and gas sector over the last 8 years. The supply of oil and gas is too low to meet the expected demand. Increase in investments and activity is vital to bridge the increasing energy demand as new energy sources take time to implement.

There is an increased appetite for field development and production spending across the segments.

Odfjell Technology has been successful in adding more backlog, due to our operational track record and strong client relationships, combined with a healthy balance sheet.

Well Services operates in a competitive market, but the increase in drilling activity and field investments is expected to increase demand for our services. The COVID-19 pandemic had an adverse effect in many of the regions Well Services operate in over the two last years, but the effects are now diminishing.

The market for our services in the Operations segment has been stable over the last decade. We have established a strong presence in the North Sea with efficient operations and strong client relationships, which we expect to capitalise on further. In addition, there are opportunities to expand Operations activities to other regions.

The Projects & Engineering market is improving both in existing deliverables and in green initiatives. We are well positioned to grow in existing services and further expand our portfolio of green services.

Climate Risk

During 2022, a project was undertaken with external advisors to raise awareness and assess the impacts of climate risks and opportunities. Cross-functional workshops were held to review the impact on the business from both physical and transitional risks in the short, medium and long term, prioritising risks for further deep dives.

The most significant transition risks identified, along with mitigating actions were:

- Increased resources, skills and tools required to measure, track and report on climate data, leading to increased costs. In house expertise being developed, gap analysis being conducted, and software tools will be researched.
- Impact on the ability to attract and retain talent, increasing costs. Training programmes to be reviewed and increase focus on communicating our sustainable activities.
- Changes in consumer behaviours will reduce the demand for oil and gas and therefore revenue. This will be addressed through diversification of our client portfolio and services to support the energy transition.
- Cost of and access to capital may go up as banks move to low carbon portfolios, leading to increased interest costs. Consider green funding resources for investments and diversify to low carbon portfolio.

The most significant physical risks identified, along with mitigating actions were:

- Impact of extreme weather offshore on crew and equipment logistics could increase costs and result in downtime. Critical spares analysis and robust planning required as well as protection in commercial contracts.
- Heat, floods and tropical storms may increase in certain geographies we operate in, damaging infrastructure and increasing costs. Business continuity plans, remote working and reviews of locations required to address risk.
- Heat stress will impact employees and equipment working outside in certain locations. Health tracking and storage of equipment to be monitored.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Derivatives are recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured on a continuous basis at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of highly probable forecast transactions (cash-flow hedges). At the date of the hedging transaction, the Group's documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

- The effective portion of the gain or loss on the cash flow hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.
- Amounts recognised directly in other comprehensive income are reclassified as income or expense in the income statement in the period when the hedged liability or planned transaction will affect the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within financial income/expenses.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria or the group has elected not to apply hedge accounting, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The group has the following derivative financial instruments in the following line items in the balance sheet:

NOK million	31.12.2022	31.12.2021
NON-CURRENT ASSETS		
Interest rate swaps - cash flow hedges under hedge accounting	10.8	0.0
Total non-current derivative financial instruments asset	**10.8**	**0.0**

The group's hedging reserves disclosed in Note 28 - Other reserves related to the following instruments:

Cash flow hedging reserves

NOK million	Interest rate swaps	Total hedge reserves
Opening balance 1 January 2021	-	-
Change in fair value of hedging instruments recognised in OCI	-	-
Reclassified from OCI to profit or loss	-	-
Closing balance 31 December 2021	**-**	**-**
Change in fair value of hedging instruments recognised in OCI	11.3	11.3
Reclassified from OCI to profit or loss	(0.5)	(0.5)
Closing balance 31 December 2022	**10.8**	**10.8**

odfjell technology

Foreign exchange risk

The consolidated material subsidiaries' reporting and functional currencies are NOK, USD, GBP and EUR.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and NOK.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to risks due to fluctuations in exchange rates as the customer contracts are denominated in multiple currencies with cost mainly in local currency, while capital expenditure is in USD.

The Group seeks to minimise these risks through natural hedging by balancing the currency in and out flow and will use financial hedging instruments if required.

The foreign exchange contracts are only used for economic hedging purposes and not as speculative investments. However, these derivatives did not meet the hedge accounting criteria, and are accounted for at fair value through profit or loss.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in NOK, was as follows:

Foreign exchange risk - Exposure - 31.12.2022

NOK million	USD	NOK
Cash and cash equivalents	132.3	-
Trade receivables	65.8	8.5
Interest-bearing borrowings	(244.1)	-
Trade payables	(23.8)	(5.7)
Other current payables	(2.6)	(10.6)

Foreign exchange risk - Exposure - 31.12.2021

NOK million	USD	NOK
Cash and cash equivalents	12.7	300.1
Current interest-bearing receivables Odfjell Drilling Group	-	90.2
Trade receivables	34.1	19.7
Current interest-bearing payables Odfjell Drilling Group	(151.1)	(44.9)
Trade payables	(42.1)	(1.1)
Other current payables	(15.2)	(4.8)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

NOK million	2022	2021
Net currency gain / (loss) included in finance costs	(31.8)	(16.6)

The Group's profit or loss is primarily exposed to changes in USD/NOK exchange rates.

The sensitivity shown in table below is calculated based on USD balances in companies with NOK as functional currency, and NOK balances in companies with USD as functional currency.

Sensitivity to changes in USD/NOK exchange rates

Sensitivity to changes in USD/NOK exchange rates	USD is strengthened by 20 % against NOK		USD is strengthened by 10 % against NOK		USD is weakened by 10 % against NOK		USD is weakened by 20 % against NOK	
NOK million	2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents	3.4	(60.0)	1.7	(30.0)	(1.7)	30.0	(3.4)	60.0
Current receivables	1.3	(11.4)	0.6	(5.7)	(0.6)	5.7	(1.3)	11.4
Current liabilities	(48.8)	(20.7)	(24.4)	(10.4)	24.4	10.4	48.8	20.7
Net effect on profit before tax	**(44.2)**	**(92.2)**	**(22.1)**	**(46.1)**	**22.1**	**46.1**	**44.2**	**92.2**

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowing debt obligations at floating interest rates. The Group evaluates the share of interest rate hedging based on assessment of the Group's total interest rate risk and currently has a combination of fixed and floating interest rates in order to limit exposure. The Board of Directors is on regular basis considering the interest payment hedging of the external financing and mandate administration to execute necessary changes.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

The Group had 2 interest rate swap agreements at 31 December 2022. Quoted mark-to-market values from financial institutions have been used to determine the fair value of the swap agreements at the end of the year. The instruments were documented as cash flow hedges and changes in fair value were recognised in other comprehensive income (cash flow hedging).

Including interest rate swaps entered into, the fixed-rate portion of the group's interest bearing debt per 31 December 2022 is approximately 29%.

The swap contracts require settlement of net interest receivable or payable. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Average interest rate at 31 December 2022 was about 9.7% including the effect of interest rate hedging.

Estimated fair value calculations from external financial institutions have been used to determine the fair value of the swap agreement at the end of the year.

The Group monitors its interest rate exposure on a dynamic basis. The Group calculates the impact on profit and loss of a defined interest rate shift.

As of 31.12.2022 the Group held the following interest rate swaps:

NOK million	Interest	Notional amount	Maturity date	Hedge ratio	Weighted average hedged rate	Carrying amount
Cash flow hedges under hedge accounting	NOK Nibor	275.0	2026	1:1	2.0700%	9.0
Cash flow hedges under hedge accounting	NOK Nibor	110.0	2026	1:1	2.6140%	1.7

The Group did not hold any derivatives as at 31.12.2021.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

NOK million	31.12.2022	% of total loans
Variable rate borrowings - NOK NIBOR	715.0	53%
Variable rate borrowings - USD SOFR	246.4	18%
FIXED RATE BORROWINGS - REPRICING OR MATURITY DATES:		
Less than 1 year	-	0%
1-5 years	385.0	29%
Later than 5 years	-	0%
Total contractual amounts	**1,346.4**	**100%**

The result of the calculation on sensitivities returns the following expected values (incl. interest rate swaps entered into as at 31 December):

If interest rate is increased by 1.0 %, the effect would be an increase in financing costs of NOK 10 million for the next 12 months as at 31 December 2022

Interest rate benchmark reform

The Company will not be affected by the interest rate benchmark reform, as it does not have any USD LIBOR exposure, and the NOK NIBOR will remain.

NOTE 26 Credit risk

Accounting policy

The group assesses, on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further description

The Group operates in three core business areas: Well Services (OWS), Operations and Projects & Engineering. The market for the Group's services is the offshore oil and gas industry, and the customers consist primarily of major integrated oil companies, independent oil and gas producers and government owned oil companies. The Group performs ongoing credit evaluations of the customers and generally does not request material collateral.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, marketable securities, other receivables and certain derivatives instruments receivable amount, the Group's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. However, the Group believes this risk is limited as the counter-parties mainly have a high credit quality.

During 2022, the Group has continued its focus on credit risk in general related to the uncertain conditions in some geographical markets. The maximum exposure regarding trade receivables is the carrying amount of NOK 943 million.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to non-billed work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Included in the Trade receivables as at 31 December 2022 and 31 December 2022 the Group has an outstanding amount of EUR 4 million (NOK 42 million) towards customers in Iran. The Group's activities in Iran ceased prior to reinforcement of US sanctions early November 2018. No payments have been received after this date, due to no current efficient bank channels out of Iran. The Iranian customers are working on improving the liquidity situation and finding appropriate payment routes. The Group's Iranian customers have previously demonstrated that they prioritise supplier payments, and although delayed, they have historically paid their outstanding.

An impairment loss of EUR 0.5 million (NOK 5 million) have been accrued for related to these trade receivables as at 31 December 2022, an increase of EUR 0.1 million (NOK 1 million) from 31 December 2021.

The ageing of the trade receivables - 31.12.2022

NOK million	Expected loss rate	Gross amount 31.12.2022	Loss allowance 31.12.2022	Net amount 31.12.2022
Not due	0.0%	781.9	-	781.9
0 to 3 months	0.0%	105.4	-	105.4
3 to 6 months	2.7%	9.6	(0.3)	9.3
Over 6 months	23.6%	60.2	(14.2)	46.0
Total		**957.0**	**(14.5)**	**942.6**

Contract assets - 2022

NOK million	Expected loss rate	Gross amount 31.12.2022	Loss allowance 31.12.2022	Net amount 31.12.2022
Not due	0.0%	0.9	-	0.9

The ageing of the trade receivables - 31.12.2021

NOK million	Expected loss rate	Gross amount 31.12.2021	Loss allowance 31.12.2021	Net amount 31.12.2021
Not due	0.0%	689.8	-	689.8
0 to 3 months	0.0%	74.1	-	74.1
3 to 6 months	0.0%	7.0	-	7.0
Over 6 months	21.4%	57.9	(12.4)	45.5
Total		**828.8**	**(12.4)**	**816.4**

Contract assets - 2021

NOK million	Expected loss rate	Gross amount 31.12.2021	Loss allowance 31.12.2021	Net amount 31.12.2021
Not due	0.0%	4.9	-	4.9

Movements in loss allowance / the provision for impairment of trade receivables and contract assets are as follows:

	Trade receivables		Contract assets	
NOK million	2022	2021	2022	2021
Loss allowance as at 1 January	12.4	9.7	-	-
Utilised	(2.6)	(0.6)	-	-
Released provision	(0.0)	(2.3)	-	-
New provisions	3.6	5.6	-	-
Translation differences	1.1	0.0	-	-
Loss allowance as at 31 December	**14.5**	**12.4**	**-**	**-**

NOK million	2022	2021
Net gain (loss) related to trade receivables	(3.7)	(3.3)

The impairment losses recognised are related to receivables arising from the Group's contracts with customers.

NOTE 27 Share capital and shareholder information

	No.of shares	Nominal value	Share capital - USD thousands
Common shares issued as at 31 December 2022	**39,463,867**	**USD 0.01**	**394.6**

Authorised, not issued shares was 5,536,133 as at 31 December 2022. All issued shares are fully paid. No shares are held by entities in the Group.

Largest common shareholders at 31 December 2022	Account type	Holding	% of shares
Odfjell Technology Holding Ltd.	Ordinary	23,825,396	60.37%
J.P. Morgan Securities Plc	Nominee	2,087,476	5.29%
Goldman Sachs International	Nominee	1,312,878	3.33%
BNP Paribas	Nominee	983,781	2.49%
Space AS	Ordinary	725,262	1.84%
UBS AG	Nominee	556,413	1.41%
Kontrari AS	Ordinary	500,000	1.27%
The Bank of New York Mellon SA/NV	Nominee	496,391	1.26%
Skandinaviska Enskilda Banken AB	Nominee	384,735	0.97%
Citibank, N.A.	Nominee	350,214	0.89%
State Street Bank and Trust Comp	Nominee	288,848	0.73%
Brown Brothers Harriman & Co.	Nominee	266,069	0.67%
Nordnet Livsforsikring AS	Ordinary	252,670	0.64%
Toluma Norden AS	Ordinary	250,000	0.63%
AS Clipper	Ordinary	249,758	0.63%
BNP Paribas	Nominee	211,304	0.54%
Nordea Bank Abp	Nominee	200,000	0.51%
Karsten Ellingsen AS	Ordinary	194,500	0.49%
Verdipapirfondet Heimdal Tinde	Ordinary	177,278	0.45%
Ulsmo Finans AS	Ordinary	140,000	0.35%
Total 20 largest common shareholders		**33,452,973**	**84.77%**
Other common shareholders		6,010,894	15.23%
Total common shareholders		**39,463,867**	**100.00%**

Common shares

The Company has only one class of ordinary shares. Each common share in the Company carries one vote, and all common shares carry equal rights, including the right to participate in General Meetings. All shareholders are treated on an equal basis.

The Company's common shares are freely transferable in Norway, provided however, that the Bye-laws include a right for the Board to decline to register a transfer of any share in the register of members, (or if required, refuse to direct any registrar appointed by the Company to transfer any interest in a share) where such transfer would result in 50% or more of the Company's shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway (or, alternatively, such shares or votes being effectively connected to a Norwegian business activity).

Accounting policy - Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Cash dividend paid in 2022

As part of re-organisation prior to the split of Odfjell Drilling Ltd Group, a company now part of the Odfjell Technology Ltd Group paid a cash dividend of USD 20 million, approximately NOK 177 million to Odfjell Drilling Ltd Group.

The Group has not paid any dividends after the listing on the Oslo Stock Exchange in 2022.

NOTE 28 Other reserves

NOK million	Note	Cash flow hedges	Translation differences	Share-Option plan	Total
At 1 January 2021		-	563.4	-	**563.4**
Currency translation difference		-	82.1	-	**82.1**
At 31 December 2021		**-**	**645.4**	**-**	**645.4**
Change in fair value of hedging instruments recognised in OCI	25	11.3	-	-	**11.3**
Reclassified from OCI to profit or loss	25	(0.5)	-	-	**(0.5)**
Currency translation difference		-	140.6	-	**140.6**
Cost of share-based option plan	36	-	-	2.8	**2.8**
At 31 December 2022		**10.8**	**786.0**	**2.8**	**799.7**

NOTE 29 Securities and mortgages

Liabilities secured by mortgage

NOK million	31.12.2022	31.12.2021
Non current liabilities - contractual amounts	1,100.0	-
Current liabilities	259.6	-
Total	**1,359.6**	**-**

Carrying amount of mortgaged assets:

NOK million	31.12.2022	31.12.2021
Property, plant and equipment	1,068.4	-
Spare parts	29.3	
Receivables and contract assets	1,059.0	-
Bank deposits	560.1	-
Total	**2,716.9**	**-**

Odfjell Technology Ltd – NOK 1.100 million bond loan and USD 25 million Senior Secured Rolling Credit Facility

As security for the loans, substantially all of the assets of Odfjell Technology Ltd., and its subsidiaries have been pledged in favour of the lenders. Subsidiaries Odfjell Technology Invest Ltd, Odfjell Platform Drilling AS and Odfjell Technology AS. have guaranteed as and for its own debt the due and punctual observance and performance of the obligors' obligations under the finance documents.

NOTE 30 Contingencies

Accounting policy - Provisions, contingent liabilities and contingent assets

A provision is recognised when an obligation exists (legal or constructive) as a result of a past event, it is probable that an economic settlement will be required as a consequence of the obligation, and a reliable estimate can be made of the amount of the obligation.

The best estimate of the expenditure required to settle the obligation is recognised as a provision. When the effect is material, the provision is discounted using a market based pre-tax discount rate.

A provision for restructuring costs is recognised when a constructive obligation arises. Such an obligation is assumed to have arisen when the restructuring plan is approved and the implementation of the plan has begun, or its main features are announced to those affected by it.

Contingent liabilities and contingent assets are not recognised. Contingent liabilities are disclosed unless the possibility of an economic settlement as a consequence of the obligation is remote. Contingent assets are disclosed where an economic settlement as a consequence of the asset is probable.

Significant judgement and estimation uncertainty

The Group may from time to time be subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, investments etc., of which the outcomes are subject to significant uncertainty. Management applies significant judgement when evaluating the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to accrue for a matter that has not been previously accrued for because it was not considered probable, or a reasonable estimate could not be made, or increase or decrease an amount accrued for a matter in previous reporting periods.

A Group subsidiary is subject to challenges by HM Revenue and Customs ("HMRC") on the historical application of National Insurance Contributions ("NICs") to workers in the UK Continental Shelf. 1 October 2021, a decision was issued by HMRC against Odfjell Technology (UK) Ltd "OT UK" (Previously Odfjell Drilling (UK) Ltd) in respect of the historic application of NICs. OT UK has appealed against the decision and no payment has been made to HMRC pending the outcome of the first level appeal. A final verdict is not expected in the short to medium term. Management, taking into consideration advice from independent legal and tax specialists, believes that the most probable outcome is that no outflow of resources embodying economic benefits will be required to settle the obligation, and accordingly, no provision has been recognised. The potential exposure to OT UK in relation to NICs and interest should it be unsuccessful in defending its position is approximately NOK 280 million.

Refer to Note 9 Income Taxes for information about the Odfjell Offshore Ltd tax case.

There are no other material contingencies to be disclosed as at 31 December 2022.

NOTE 31 Commitments

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

NOK million	31.12.2022	31.12.2021
Well Service equipment	88.3	196.2
Total	**88.3**	**196.2**

NOTE 32 Subsidiaries

Material subsidiaries

Name of entity	Country of incorporation	Principal place of business	Functional currency	Ownership 2022	Ownership 2021 *	Principal activities
Odfjell Technology Invest Ltd. (previous Odfjell Partners Invest)	Bermuda	United Arab Emirates	USD	100	100	Holding company / Well services equipment owner
Odfjell Well Services II Ltd.	Bermuda	Kurdistan	USD	100	100	Well services
Odfjell Services (Thailand) FLC	Thailand	Thailand	THB	100	100	Well services
Odfjell Well Services Cooperatief U.A.	Netherlands	Europe	EUR	100	100	Well services
Odfjell Well Services SRL	Romania	Europe	RON	100	100	Well services
Odfjell Arabia Drilling Services LLC	Saudi Arabia	Saudi Arabia	USD	100	100	Well services
Odfjell Well Service (UK) Ltd.	Scotland	UK	GBP	100	100	Well services
Odfjell Well Services Norway AS	Norway	Norway	NOK	100	100	Well services
Odfjell Well Services AS	Norway	Norway	NOK	100	100	Well services
Odfjell Well Services Ltd.	British Virgin Islands	United Arab Emirates	USD	100	100	Well services
Odfjell Platform Drilling AS	Norway	Norway	NOK	100	100	Holding company / Drilling operations and Engineering
Odfjell Operations AS (previous Odfjell Drilling Management)	Norway	Norway	NOK	100	100	Drilling operations
Odfjell Technology (UK) Ltd. (previous Odfjell Drilling (UK))	Scotland	UK	GBP	100	100	Drilling operations
Odfjell Offshore Ltd.	Bermuda	Norway	NOK	100	100	Drilling operations
Odfjell Engineering AS (previous Drilling Technology)	Norway	Norway	NOK	100	100	Engineering
Odfjell Energy Crewing AS	Norway	Norway	NOK	100	100	Offshore crewing rig inspection and installation services
Odfjell Technology AS (previous Odfjell Global Business Services)	Norway	Norway	NOK	100	100	Group Business Services
Odfjell Drilling Philippines Corporation	Philippines	Philippines	PHP	100	100	Group Business Services

** Odfjell Technology Ltd., was not the parent company in 2021, but present historical information as if Odfjell Technology Ltd and its subsidiaries were a part of the same group for all periods presented.*

The group's principal subsidiaries are set out in table above. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Other subsidiaries included in the consolidated group financial statements:

Name of entity	Country of incorporation	Principal place of business	Functional currency	Ownership 2022	Ownership 2021 *	Principal activities
Odfjell Well Services Ltda	Brazil	Brazil	BRL	100	100	No activity
Odfjell Drilling Brasil Ltda.	Brazil	Brazil	BRL	100	100	No activity
Odfjell Gestao de Perfurancoes do Brasil Ltda.	Brazil	Brazil	BRL	100	100	No activity
Odfjell Energy (Malaysia) SDN BHD	Malaysia	Malaysia		100	n/a	No activity
Odfjell Well Services (Malaysia) SDN BHD	Malaysia	Malaysia		100	n/a	No activity

** Odfjell Technology Ltd., was not the parent company in 2021, but present historical information as if Odfjell Technology Ltd and its subsidiaries were a part of the same group for all periods presented.*

NOTE 33 Investments in joint ventures and associates

Accounting policy

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Joint ventures

Company	Acquisition/ formation date	Registered office	Principal place of business	Voting and owning interest 31.12.2022	Voting and owning interest 31.12.2021
Odfjell Oceanwind AS	2020	Oslo, Norway	Bergen, Norway	21.1%	15.2%*

** Fully consolidated in the Group Financial Statements from 30 September 2020 until end April 2021*

NOK million	2022	2021
Book value as at 1.1.	4.3	-
Investments *	-	6.9
Share of profit after tax	(19.9)	(4.6)
Disposals **	-	2.0
Capital contributions	30.0	-
Mandatory convertible loan	35.6	-
Book value as at 31.12	**50.0**	**4.3**

** Due to capital contributions from other investors in end April 2021, the Group's financial interest was reduced from about 28 % to about 18%, and is accounted for using the equity method from May 2021.*

*** Due to capital contributions from other investors in 2021, the Group's financial interest has been reduced to about 15% as at 31 December 2021.*

Odfjell Oceanwind AS does not have observable market values in form of market price or similar.

Mandatory convertible loan

15 November 2022 the Company signed a loan agreement with Odfjell Oceanwind AS and subsequently paid out NOK 35 million. The loan is subordinated and runs with 5% interest and without instalment until maturity 23 November 2023. At maturity the loan and interest shall mandatory be converted to shares. The subscription price is dependent on whether or not an equity capitalisation have been carried out prior to conversion.

In accordance with IAS 28, the mandatory convertible loan is accounted for as part of the investment in the joint venture.

Description of the business in Odfjell Oceanwind AS

Odfjell Oceanwind offers services through the full lifecycle of a floating offshore wind project from in house staff, based on standardised solutions. Services include applications, front end engineering and design, project management, construction, assembly and installation follow-up, operations and maintenance planning and execution and other related services.

The table below shows the condensed financial information of Odfjell Oceanwind AS, based on 100%

NOK million	2022	2021
Total revenue	16.7	4.5
Total operating expenses	(124.7)	(38.1)
Net financial items	(0.3)	(0.1)
Net profit/(loss)	(108.3)	(33.7)
Current assets	70.4	5.7
-whereof cash and cash equivalents	65.5	2.9
Non-current assets	-	-
Current liabilities	65.7	4.3
Non-current liabilities	-	-
Equity	4.7	1.3

NOK million	2022	2021
The company's share of equity	1.0	0.2
Goodwill	13.4	4.1
Mandatory convertible loan	35.6	-
Book value as at 31.12	**50.0**	**4.3**

NOTE 34 Related parties - transactions, receivables, liabilities and commitments

The Group had the following material transactions with related parties:

NOK million	Relation	2022	2021
Odfjell Oceanwind AS	Joint-venture	30.5	9.4
Companies within the Odfjell Drilling Ltd. Group	Related to main shareholder	816.7	533.9
Total sales of services to related parties		**847.2**	**543.3**

Sales of services include casing and rental services, engineering services, personnel hire, administration services and business support.

NOK million	2022	2021
Well Services	374.7	162.5
Drilling operations	0.0	0.8
Engineering	290.4	205.1
Corporate / GBS	182.0	174.9
Total operating revenue to related parties	**847.2**	**543.3**

NOK million	Relation	2022	2021
Companies within the Odfjell Drilling Ltd. Group	Related to main shareholder	35.0	79.4
Total operating expenses to related parties		**35.0**	**79.4**

NOK million	Relation	2022	2021
Odfjell Drilling Ltd.	Related to main shareholder	0.8	5.1
Odfjell Oceanwind AS	Joint-venture	0.2	
Total interest income from related parties		**1.0**	**5.1**

The Group had the following receivables and liabilities to related parties

NOK million	Relation	Type	31.12.2022	31.12.2021	01.01.2021
Odfjell Drilling Ltd.	Related to main shareholder	Loan	-	-	91.7
Total non-current interest-bearing receivables related parties			**-**	**-**	**91.7**

NOK million	Relation	Type	31.12.2022	31.12.2021	01.01.2021
Odfjell Drilling Ltd.	Related to main shareholder	Loan	-	100.0	-
Odfjell Drilling Services Ltd.	Related to main shareholder	Cash pool	-	1,208.8	1,413.7
Current interest-bearing receivables related parties			**-**	**1,308.8**	**1,413.7**

NOK million	Relation	Type	31.12.2022	31.12.2021	01.01.2021
Odfjell Drilling Services Ltd.	Related to main shareholder	Cash pool	-	151.5	54.4
Current interest-bearing payables related parties			**-**	**151.5**	**54.4**

Cash pool

Some of the Group's bank deposits were in 2021 part of the cash pool scheme where Odfjell Drilling Services Ltd. was the account owner and thus the owner of the bank funds. The cash pool was created to help optimise liquidity management in Odfjell Drilling Ltd. Group. The Group had a joint and several liability for deposits in the cash pool arrangement. The Group's loans or deposits are presented as current interest-bearing receivables group companies and current interest-bearing liabilities group companies.

Other current receivables and liabilities related parties

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

NOK million	Related party	Relation	31.12.2022	31.12.2021	01.01.2021
Trade receivables	Companies in Odfjell Drilling Ltd Group	Related to main shareholder	119.2	142.8	106.2
Other current receivables	Companies in Odfjell Drilling Ltd Group	Related to main shareholder	9.4	4.3	10.1
Trade payables	Companies in Odfjell Drilling Ltd Group	Related to main shareholder	(3.8)	(8.0)	(9.6)
Other current payables	Companies in Odfjell Drilling Ltd Group	Related to main shareholder	(5.8)	(5.5)	(9.0)
Net current payables related parties			**119.1**	**133.6**	**97.7**

Shareholdings by related parties

Chair of the Board, Helene Odfjell, controls Odfjell Technology Holding Ltd., which owns 60.37% of the common shares.

Victor Vadaneaux (Director) controls 16,563 (0.04%) of the common shares, and Susanne Munch Thore (Director) controls 500 (0.00%) of the common shares in the company as per 31 December 2022

Simen Lieungh (CEO of Odfjell Technology AS) controls 40,000 (0.10%) of the common shares, and Jone Torstensen (CFO of Odfjell Technology AS) controls 5,000 (0.01%) of the common shares in the company as per 31 December 2022.

NOTE 35 Remuneration to the Board of Directors, key executive management and auditor

Details of salary, variable pay and other benefits provided to Group management in 2022:

NOK thousands		Salary	Bonus	Pension premium	Other remuneration	Expense share-based payments	Total
Simen Lieungh	CEO from 29 March 2022 - Odfjell Technology AS	4,018	-	99	175	1,367	**5,659**
Jone Torstensen	CFO from 29 March 2022 - Odfjell Technology AS	2,009	-	100	174	456	**2,738**
Diane Stephen	General Manager - Odfjell Technology Ltd.	689	119	36	40	-	**883**
Total		**6,715**	**119**	**235**	**389**	**1,822**	**9,280**

The amounts listed as Salary, Bonus, and Other remuneration in the table above represent cash payments in 2022. Refer to the Executive Remuneration Report for bonuses earned in 2022.

Amounts listed as Pension premium and Expense share-based payments relates to the expense accounted for as personnel expenses in 2022.

For details regarding incentive share option programme, refer to the Executive Remuneration Report and Note 36 - Share-based payments

Fees paid to Board of non-executive directors:

NOK thousands	2022	2021
Helene Odfjell	206	-
Susanne Munch Thore	122	-
Alasdair Shiach	109	-
Victor Vadaneaux	97	-
Total remuneration to Board of non-executive directors	**534**	**-**

Fees to the Group's auditor

NOK thousands	2022	2021
Audit	1,794	686
Other assurance services	-	90
Tax advisory fee	-	-
Fees for other services	185	-
Total remuneration to the Group's auditor	**1,978**	**776**

In addition to fees to the Group's auditor listed in the table above, audit fees paid to other auditors for statutory audits of subsidiaries amount to NOK 505 thousands in 2022 (NOK 390 thousands in 2021).

All listed fees are net of VAT.

NOTE 36 Share-based payments

Accounting principle

The company have a long term equity settled incentive share option programme, in which the employee receives remuneration in the form of share-based payment for services rendered.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details below.

That cost is recognised in personnel expenses together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Details regarding share option programme:

27 June 2022, the Company implemented a long term incentive plan. A total of 1,995,000 options have been awarded to certain of its employees at strike prices ranging from NOK 22.31 to NOK 24.13 per share.

The options can only be exercised in three equal tranches, with vesting periods of one, two and three years. The options may be exercised during the subsequent year. Any options not exercised in the first two tranches can be rolled forward to the next tranches. Any options not exercised within end of period (Q3 2025) will be terminated.

Overview of outstanding options:

Overview of outstanding options:	2022	2021
Outstanding options 1.1	-	-
Options granted	1,995,000	-
Options forfeited	-	-
Options exercised	-	-
Options expired	-	-
Outstanding options 31.12	**1,995,000**	**-**
Of which exercisable	-	-

The fair value of the options has been calculated using Black & Scholes option-pricing model. The average fair value of the options granted in 2022 is NOK 9.07. The total cost of the share option plan is calculated based on the fair value 1,995,000 options granted. The total cost equals approximately NOK 18 million and is recognised over the period until August 2025.

The calculations are based on the following assumptions:

- The share price on the grant dates were set to the stock exchange price on the grant dates (27 June 2022, 15 August 2022 and 1 September 2022).
- The strike price per options were a weighted average of NOK 22.75.
- The expected price volatility of the company's shares was set to 55% based on historical volatility adjusted for expected changes.
- The expiry date was set to 4 July 2025, 22 August 2025 and 8 September 2025.
- The expected dividend yield was set to 0%.
- The risk-free interest rate was set to 3.67%

NOTE 37 Earnings per share

Accounting policy

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent divided by the weighted average number of common shares outstanding.

When calculating the diluted earnings per share, the profit that is attributable to the common shareholders of the parent and the weighted average number of common shares outstanding are adjusted for all the dilution effects relating to warrants and share options.

The calculation takes account of all the share options that are"in-the-money" and can be exercised. In the calculations, share options are assumed to have been converted/ exercised on the first date in the fiscal year. Share options issued this year are assumed to be converted/ exercised at the date of issue/ grant date. The dilution effect on share options is calculated as the difference between average fair value in an active market and exercise price and the sum of the not recognised cost portion of the options.

Further description

The Company has a share option plan for 1,995,000 common shares, see further description in Note 36 - Share-based payments.

The options do not affect the basic or diluted number of shares in 2021 or 2022.

The share option plan may have dilutive effects in later periods.

NOK million	2022	2021
Profit/(loss) due to owners of the parent	253.0	116.5
Diluted profit/(loss) for the period due to the holders of common shares	**253.0**	**116.5**

	2022 *	2021 *
Weighted average number of common shares in issue	39,463,867	39,463,867
Effects of dilutive potential common shares:		
Share option plan	-	-
Diluted average number of shares outstanding	**39,463,867**	**39,463,867**

** Number of shares as per listing 29 March 2022 used for comparative figures*

	2022	2021
BASIC EARNINGS PER SHARE (NOK)	**6.410**	**2.951**
Diluted earnings per share (NOK)	6.410	2.951

NOTE 38 Events after the reporting period

There have been no other events after the balance date with material effect for the financial statements ended 31 December 2022.

Parent Company Financial Statements

Income Statement

for the year ended 31 December

NOK thousands	Note	2022	2021
OPERATING REVENUES	3	**934**	**-**
Personnel expenses	4	(4,744)	-
Other operating expenses	5	(19,239)	-
TOTAL OPERATING EXPENSES		**(23,983)**	**-**
Operating profit / (loss) - EBIT		**(23,049)**	**-**
Share of profit (loss) from joint ventures	8	(19,042)	
Interest income		1,451	-
Interest expenses	6	(101,111)	-
Dividends from subsidiaries	3	1,036,092	-
Impairment of investments in subsidiaries	7	(1,036,092)	-
Other financial items	6	(34,272)	-
Net financial items		(133,933)	-
Profit / (loss) before tax		**(176,023)**	**-**
Income tax (expense) / income	17	-	-
Profit / (loss) for the period		**(176,023)**	**-**
Of which attributable to common shareholders		(176,023)	-
EARNINGS PER SHARE (NOK)			
Basic earnings per share (NOK)	18	(4.460)	- 0
Diluted earnings per share (NOK)	18	(4.460)	- 0

Statement of Comprehensive Income

for the year ended 31 December

NOK thousands	Note	2022	2021
Profit / (loss) for the period		(176,023)	
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss:			
Cash flow hedges	13	10,773	
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**10,773**	**-**
Total comprehensive income for the period		**(165,250)**	
Total comprehensive income for the period is attributable to:			
Common shareholders		(165,250)	

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

NOK thousands	Note	31.12.2022	31.12.2021
ASSETS			
Investments in subsidiaries	7	2,190,860	-
Investments in joint ventures	8	69,314	
Derivative financial instruments	9	10,773	
Total non-current assets		**2,270,946**	**-**
Trade receivables		934	-
Other current assets	10	3,136	88
Current receivables group cash pool overdrafts	3	218,455	-
Cash and cash equivalents	11	197,897	-
Total current assets		**420,422**	**88**
TOTAL ASSETS		**2,691,368**	**88**

NOK thousands	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Share capital	14	3,530	88
Other contributed capital		1,090,305	-
Other reserves	15	13,619	-
Retained earnings		(176,023)	-
Total equity		**931,431**	**88**
Non-current interest-bearing borrowings	12	1,084,238	-
Total non-current liabilities		**1,084,238**	**-**
Current interest-bearing liabilities	12	255,716	-
Current liabilities group cash pool deposits	3	415,966	
Trade payables		1,429	-
Other current liabilities	10	2,588	-
Total current liabilities		**675,699**	**-**
TOTAL LIABILITIES		**1,759,937**	**-**
TOTAL EQUITY AND LIABILITIES		**2,691,368**	**88**

The accompanying notes are an integral part of these financial statements.

The Board of Odfjell Technology Ltd.
20 April 2023, London, United Kingdom

Helene Odfjell	Susanne Munch Thore	Alasdair Schiach	Victor Vadaneaux	Diane Stephen
Chair	Director	Director	Director	General Manager

Statement of Changes in Equity

NOK thousands	Note	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2021		-	-	-	-	-
Profit/(loss) for the period		-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**
Equity contribution from Odfjell Drilling Ltd.		88	-	-	-	**88**
Transactions with owners		**88**	**-**	**-**	**-**	**88**
BALANCE AT 31 DECEMBER 2021		**88**	**-**	**-**	**-**	**88**
Profit/(loss) for the period		-	-	-	(176,023)	**(176,023)**
Other comprehensive income for the period		-	-	10,773	-	**10,773**
Total comprehensive income for the period		**-**	**-**	**10,773**	**(176,023)**	**(165,250)**
Equity contribution from Odfjell Drilling Ltd.		3,442	1,090,305	-	-	**1,093,746**
Share-based option plan	15	-	-	2,847		**2,847**
Transactions with owners		**3,442**	**1,090,305**	**2,847**	**-**	**1,096,593**
BALANCE AT 31 DECEMBER 2022		**3,530**	**1,090,305**	**13,619**	**(176,023)**	**931,431**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flow

for the year ended 31 December

NOK thousands	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before tax		(176,023)	-
Adjustments for:			
Share of profit (loss) from joint ventures	8	19,042	-
Net interest expense / (income)		95,156	-
Amortised transaction costs borrowings		4,505	-
Income from subsidiaries	3	(1,036,092)	-
Impairment of investments in subsidiaries	7	1,036,092	-
Net currency loss / (gain) not related to operating activities		30,709	-
Changes in working capital:			
Trade receivables		(934)	
Trade payables		1,429	-
Other accruals and current receivables /payables		(554)	-
Cash generated from operations		**(26,671)**	**-**
Net interest received / (paid)		(82,123)	-
Net cash flow from operating activities		**(108,794)**	**-**

NOK thousands	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash used in obtaining control of subsidiaries	7	(2,312,575)	-
Cash payments to acquire interests in joint-ventures	8	(14,994)	
Mandatory convertible loan to joint venture	8	(35,403)	
Dividend received from subsidiaries	3	1,036,092	-
Proceeds from sale of shares	7	99,800	
Net cash flow current group cash pool deposits and overdrafts	3	197,511	-
Net cash flow from investing activities		**(1,029,568)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from external borrowings	12	1,295,548	
Net proceeds from capital increases		44,729	-
Net cash from financing activities		**1,340,277**	**-**
Exchange gains/(losses) on cash and cash equivalents		(4,019)	-
Net change in cash and cash equivalents		**197,896**	**-**
Cash and cash equivalents at 01.01		-	-
CASH AND CASH EQUIVALENTS AT 31.12		**197,896**	**-**

The accompanying notes are an integral part of these financial statements.

Notes to the Parent Company Financial Statements

All amounts are in NOK thousands unless otherwise stated

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NOTE 1 Accounting policies

The principal activities of the Company is owning its shares in subsidiaries, as well as providing management services.

Odfjell Technology Ltd was founded in December 2021, and these are the first-time financial statements prepared for the Company.

The financial statements for Odfjell Technology Ltd., have been prepared and presented in accordance with IFRS as endorsed by EU, and are based on the same accounting policies as the Consolidated Group Financial Statements with the following exceptions:

Investments in subsidiaries

Investments in subsidiaries are based on the cost method. Refer to Note 7 - Investments in subsidiaries

Dividends

Dividends and group contribution from subsidiaries are recognised in profit or loss in the parent company financial statements when the Company's right to receive the dividend is established.

For further information, reference is made to the consolidated group financial statements

NOTE 2 Critical accounting estimates and judgements

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 Company 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 Company's control. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The most important areas where estimates and judgements are having an impact are listed below. Detailed information of these estimates and judgements are disclosed in the relevant notes.

- Note 16 Contingencies
- Note 7 Investment in subsidiaries

Going concern

Refer to Consolidated Financial Statements Note 4 - Critical accounting estimates and judgements.

Taking all relevant risk factors and available options for financing into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

NOTE 3 Related parties - transactions, receivables and liabilities

Revenue from related parties

Type of transaction	Related party	Relation	2022	2021
Management services	Odfjell Technology AS	Related to main shareholder	934	-
Dividends	Odfjell Offshore Ltd.	Subsidiary	1,036,092	-
Total			**1,037,027**	**-**

Related parties expenses

Type of transaction	Related party	Relation	2022	2021
Service fee	Odfjell Technology AS	Subsidiary	1,100	-
Guarantee commissions	Companies in Odfjell Technology Group	Subsidiary	5,775	-
Total			**6,875**	**-**

Other current receivables and liabilities - related parties

NOK thousands			2022	2022	2021	2021
Type of transaction	Related party	Relation	Receivables	Liabilities	Receivables	Liabilities
Trade	Companies in Odfjell Technology Ltd Group	Subsidiary	-	1,100	-	-
Trade	Odfjell Driling Ltd	Related to main shareholder	934	1,226	-	-
Total current *			**934**	**2,326**	**-**	**-**

** The current receivables and liabilities have less than one year maturity.*

Group Cash Pool

Odfjell Technology Ltd. is the group account holder of the cash pool for the Odfjell Technology group as per 31.12.2022, hence the company is the owner of the bank deposits included in the cash pool. Odfjell Technology Ltd. and the group companies included in the cash pool are jointly liable for the outstanding amount of bank deposits in the cash pool.

Listing in Note 11 - Cash and Cash equivalents shows balance on the top accounts in each currency, representing Odfjell Technology Ltd.'s net balance towards the bank, DNB.

Each subsidiary's net loan or deposit is presented as current receivable group cash pool loans or current liabilities group cash pool deposits, on separate lines in the Statement of Financial Position.

To facilitate optimal interest calculations on the group's net balance towards DNB, the company uses an overnight sweep account to net bank balances in subsidiary Odfjell Technology (UK) Ltd. Balances are transferred back to the UK company the next morning. Net liability related to the sweep account is classified as current liabilities group cash pool deposits, and included in the listing below.

Specification of cash pool receivables:

NOK thousands	Relation	31.12.2022	31.12.2021
Odfjell Energy Crewing AS	Subsidiary	3,766	- 0
Odfjell Platform Drilling AS	Subsidiary	84,038	- 0
Odfjell Technology AS	Subsidiary	50,187	- 0
Odfjell Well Services AS	Subsidiary	35,893	- 0
Odfjell Well Services Cooperatief UA.	Subsidiary	38,099	- 0
Odfjell Well Services Ltd	Subsidiary	6,472	- 0
Total current receivables group cash pool overdrafts		**218,455**	**- 0**

Specification of cash pool payables

NOK thousands	Relation	31.12.2022	31.12.2021
Odfjell Engineering AS	Subsidiary	55,978	- 0
Odfjell Offshore Ltd.	Subsidiary	21,986	- 0
Odfjell Operations AS	Subsidiary	148,564	- 0
Odfjell Technology Invest Ltd.	Subsidiary	120,297	- 0
Odfjell Well Services II Ltd.	Subsidiary	1,545	- 0
Odfjell Well Services Norge AS	Subsidiary	9,110	- 0
Odfjell Technology (UK) Ltd.	Subsidiary	58,485	- 0
Total current liabilities group cash pool deposits		**415,966**	**- 0**

NOTE 4 Personnel expenses

NOK thousands	2022	2021
Salaries	2,855	-
Payroll tax	231	-
Pension costs	77	
Employee benefits	10	-
Board of directors fee	1,572	-
Total personnel expenses	**4,744**	**-**

The company had two employees at 31 December 2022 and (none at 31 December 2021.)

For details of salary, variable pay and other benefits provided to the General Manager and compensation to the Board of Directors, refer to Note 35 - Remuneration to the Board of Directors, key executive management and Group auditor in the Group Financial Statements.

Refer to Note 36 - Share-based payments in the Group Financial Statements for information about the Share-option plan.

No loans or guarantees have been given to the members of the board of directors.

NOTE 5 Operating expenses

NOK thousands	Note	2022	2021
FEE TO THE AUDITOR (EXCLUDING VAT):			
Auditors fee		1,080	-
Other services from auditor		185	-
OTHER OPERATING EXPENSES:			
Service fee	3	1,100	-
Fees legal and financial assistance		14,643	-
Travel expenses		134	-
Other expenses		2,097	-
Total operating expenses		**19,239**	**-**

NOTE 6 Combined items, income statement

NOK thousands	2022	2021
Interest expense external borrowings	(96,606)	-
Amortised transaction costs borrowings	(4,505)	-
Other interest expenses	(1)	-
Total interest expenses	**(101,111)**	**-**

NOK thousands		2022	2021
Guarantee commissions	3	(5,775)	-
Net currency gain / (loss)		(28,219)	-
Other financial expenses		(277)	-
Total other financial items		**(34,272)**	**-**

NOTE 7 Investments in subsidiaries

Accounting policy

Investments in subsidiaries are valued at cost in the company accounts. The investment is valued as cost of acquiring shares, providing they are not impaired. An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The recoverable amount of an investment in a subsidiary would normally be based on the present value of the subsidiary's future cash flow.

Listing of directly owned subsidiaries

Company	Acquisition / formation date	Registered office	Place of business	Shares owned	Voting rights	Functional currency	Share capital in NOK thousand	Profit / (loss) 2022	Equity as at 31.12.2022	Book value as at 31.12.2022
Odfjell Technology Invest Ltd.	2022 / 2003	Hamilton, Bermuda	Aberdeen, UK	100%	100%	USD	106	155,657	1,368,345	1,620,364
Odfjell Platform Drilling AS	2022 / 2017	Bergen, Norway	Bergen, Norway	100%	100%	NOK	1,337	858	131,107	564,138
Odfjell Technology AS	2022 / 2017	Bergen, Norway	Bergen, Norway	100%	100%	NOK	249	8,262	87,749	6,357
										2,190,860

Changes in 2022

As described in Note 3 of the consolidated financial statements, as of 1 March 2022, the re-organisation of the Odfjelll Drilling group was completed and Odfjell Technology obtained control of the relevant companies.

Shares in Odfjell Technology AS and Odfjell Offshore Ltd was contributed to the Company as share capital increases, while the shares in Odfjell Technology Invest Ltd, Odfjell Platform Drilling AS, Odfjell Engineering AS and Odfjell Drilling Philippines Corporation were purchased.

The shares in Odfjell Engineering AS and Odfjell Drilling Philippines Corporation were sold to subsidiaries.

Dividends received and impairment recognised

As part of the internal re-organisation described above, the subsidiary Odfjell Offshore Ltd distributed a dividend of USD 117 million, approximately NOK 1 billion to the Company. An impairment assessment was performed and an impairment of NOK 1 billion was recognised to align book value of the investment with the calculated value in use. The company had no operations and the only asset was a bank deposit. Discount rate was not relevant.

Subsequent of the dividend received and impairment posted, the shares in Odfjell Offshore Ltd was contributed to subsidiary Odfjell Platform Drilling AS

Impairment assessment

Investment in subsidiaries are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment exceed the recoverable amount.

Other than the impairment recognised regarding investment in Odfjell Offshore Ltd, the Company has not identified any impairment indicators for the investments as at 31.12.2022.

No impairment of assets in the subsidiaries have been identified. No material off balance sheet liabilities have been identified in the subsidiaries, other than contingency listed in Note 30 - Contingencies in the consolidated financial statements and the tax issue described in Note 9 - Income taxes in the consolidated financial statements.

NOTE 8 Investment in joint ventures

NOK thousands	2022
Book value as at 1.1.	-
Investment 1 March 2022	37,775
Share of profit after tax	(19,042)
Amortisation of excess value	-
Capital contributions	14,994
Mandatory convertible loan	35,588
Book value as at 31.12	**69,314**

NOK thousands	2022
The company's share of equity	985
Goodwill	32,741
Mandatory convertible loan	35,588
Book value as at 31.12	**69,314**

Refer to Note 33 - Investments in joint ventures in the consolidated financial statements for information about the joint venture, including the mandatory convertible loan provided to the joint venture.

Due to different acquisition dates in the Company versus the consolidated group, the book value of the investment in the Company is higher than the book value in the consolidated financial statements.

NOTE 9 Financial assets and liabilities

Financial instruments by category and level

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). For short term assets and liabilities at level 3, the value is approximately equal to the carrying amount. As the time horizon is due in short term, future cash flows are not discounted.

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. Interest rate swaps are fair valued using forward rates extracted from observable yield curves. Interest rate swaps are recognised according to mark-to-market reports from external financial institutions.

The Company had the following financial instruments at each reporting period:

NOK thousands	Note	Level	31.12.2022	31.12.2021
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current assets	13	2	10,773	-
OTHER FINANCIAL ASSETS				
Trade receivables	3		934	-
Other current assets			736	88
Current receivables group cash pool overdrafts	3		218,455	-
Cash and cash equivalents	11		197,897	-
Total assets as at 31.12			**428,794**	**88**

NOK thousands	Note	Level	31.12.2022	31.12.2021
OTHER FINANCIAL LIABILITIES				
Non-current interest-bearing borrowings	12		1,084,238	-
Current interest-bearing liabilities	12		255,716	-
Current liabilities group cash pool deposits	3		415,966	-
Trade payables	3		1,429	-
Other current liabilities	3		2,427	-
Total liabilities as at 31.12.			**1,759,776**	**-**

Fair value for instruments at amortised cost

The fair value of the financial assets and liabilities at amortised cost approximate their carrying amount.

NOTE 10 Other assets and liabilities

NOK thousands	31.12.2022	31.12.2021
VAT receivables	1,870	
Prepayments	530	
Other current receivables	736	88
Total other current assets	**3,136**	**88**

NOK thousands	Note	31.12.2022	31.12.2021
Social security and other taxes		161	-
Accrued salaries, holiday pay, bonus provisions and Board of Director's fee		1,082	-
Other accrued expenses	3	1,345	-
Total other current liabilities		**2,588**	**-**

NOTE 11 Cash and cash equivalents

NOK thousands	31.12.2022	31.12.2021
Current account NOK	18,565	-
Current account USD	33,741	-
Current account GBP	60,958	-
Current account EUR	5,774	-
Time deposit USD	78,858	-
Total cash and bank deposits	**197,897**	**-**

None of the bank deposits are restricted.

NOTE 12 Interest-bearing borrowings

Refer to Note 18 - Interest-bearing borrowings in the Group Financial Statements.

NOTE 13 Financial Risk Management

Refer to Note 23 - Financial risk management in the Group Financial Statements.

Liquidity risk

The liquidity risk is low as a result of adequate long-term funding and available liquidity in subsidiaries.

The amounts disclosed in the table are the contractual non-discounted cash flows. The table include estimated interest payments for drawn facilities at the balance sheet date, based on the remaining period at the end of the reporting period to the contractual maturity date.

Maturity of financial liabilities - 31.12.2022

NOK thousands	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Interest-bearing borrowings	306,622	56,050	112,100	1,238,602	-	1,713,375	1,339,955
Current liabilities group cash pool deposits	415,966					415,966	415,966
Trade payables	1,429					1,429	1,429
Other current liabilities	2,427					2,427	2,427

Foreign exchange risk

Foreign exchange risk - Exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in NOK, was as follows:

NOK thousands	USD	GBP	Other non-NOK currencies
Cash and cash equivalents	112,600	60,958	5,774
Trade receivables	-	934	-
Interest-bearing borrowings	(244,141)	-	-
Net liabilities group cash pool	(32,414)	(65,064)	(5,764)
Other current payables	-	(1,147)	-

Aggregated net foreign exchange gains/losses recognised in profit or loss:

NOK thousands	2022	2021
Net currency gain / (loss) included in finance costs	(28,219)	-

The net currency loss in 2022 is mainly related to the USD 25 million credit facility.

Foreign exchange risk - Sensitivity

Sensitivity to changes in USD/NOK exchange rates	USD is strengthened by 20 % against NOK		USD is strengthened by 10 % against NOK		USD is weakened by 10 % against NOK	
NOK million	2022	2021	2022	2021	2022	2021
Cash and cash equivalents	22,520	-	11,260	-	(11,260)	-
Interest-bearing borrowings	(49,287)	-	(24,643)	-	24,643	-
Net liabilities group cash pool	(6,483)	-	(3,241)	-	3,241	-
Net effect on profit before tax	**(33,249)**	**-**	**(16,625)**	**-**	**16,625**	**-**

Interest rate risk

Refer to Note 25 in the consolidated financial statements.

Credit risk

The company is exposed to credit risk related to related party current and non-current receivables as listed in Note 3 - Related parties - transactions, receivables and liabilities.

Following IFRS 9 Financial Instruments, the company assess expected credit losses at each reporting date. The credit risk for the receivables mentioned above has not increased significantly since initial recognition, and the company therefore measures the loss allowance to an amount equal to 12-months expected credit losses.

Due to the low estimated probability of default in the next 12-month period no loss provision is recognised.

NOTE 14 Share capital and shareholders

Refer to Note 27 - Share capital and shareholder information in the Group Financial Statements.

NOTE 15 Other reserves

NOK thousands	Note	Cash flow hedges	Share-Option plan	Total
At 31 December 2021		-	-	-
Change in fair value of hedging instruments recognised in OCI	13	11,305	-	11,305
Reclassified from OCI to profit or loss	13	(532)	-	(532)
Cost of share-based option plan		-	2,847	2,847
At 31 December 2022		**10,773**	**2,847**	**13,619**

Refer to Note 25 in the consolidated financial statements for information about the cash flow hedges.

Refer to Note 36 in the consolidated financial statements for information about the share based option plan.

NOTE 16 Contingencies

As reported in Note 9 - Income taxes in the consolidated financial statements, Odfjell Offshore Ltd, a subsidiary of Odfjell Technology, 21 December 2022 received a tax ruling from the Norwegian Tax Authorities where the tax loss of on the realization of shares in 2017 was denied on the basis of the anti-avoidance rule developed as tax case law. Odfjell Offshore Ltd will appeal the ruling, and the Company 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.

Odfjell Offshore Ltd made an upfront payment 1 February 2023 of NOK 307 million in taxes and interest for the financial years 2017 through to 2021. The amount was financed and refunded to Odfjell Technology Ltd from Odfjell Drilling Ltd., as it is covered by the letter of indemnity issued 1 March 2022 to Odfjell Technology Ltd. .Odfjell Drilling Ltd will hold the Company indemnified in respect of any liability that may occur in relation to the ongoing Odfjell Offshore Ltd tax case for the financial years 2017 through to 2021. This includes financing of prepayments to the Norwegian Tax Authorities, and funds for legal proceedings.

Odfjell Technology Ltd has on 1 March 2022 issued a letter of financial support to Odfjell Offshore Ltd, declaring that if the Company is indemnified by Odfjell Drilling Ltd for the relevant tax liability, the Company will, if so requested and if needed, contribute relevant funds into Odfjell Offshore Ltd.

No provisions have been recognised in the financial statements in relation to this tax case.

NOTE 17 Income taxes

Odfjell Technology Ltd. is registered in Bermuda.

There is no Bermuda income, corporation, or profit tax, withholding tax, capital gains, capital transfer tax, estate duty or inheritance tax payable by the company or its shareholders not ordinarily resident in Bermuda. The company is not subject to Bermuda stamp duty on the issue, transfer or redemption of its shares.

The company has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1996 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 2035 be applicable to the company or to any of its operations, or to the shares, debentures or other obligations of the company except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the company or any land leased or let to the company.

As an exempted company, the company is liable to pay an annual registration fee in Bermuda.

The company is tax resident in the United Kingdom. The company is as all United Kingdom resident companies residents liable for UK corporate income taxes.

The company did not pay any taxes to the United Kingdom for the fiscal year 2021, and does not expect to pay any taxes to the United Kingdom for the fiscal year 2022. There are no material temporary differences to disclose.

Income tax reconciliation

NOK thousands	2022	2021
Profit / (loss) before tax	(176,023)	-
Tax calculated at domestic tax rate - 19%	33,444	-
Effect of non-taxable income and expenses	(21,474)	-
Effect of group relief	(11,970)	-
Total income tax expense	**-**	**-**

NOTE 18 Earnings per share

NOK thousands	2022	2021
Profit/(loss) for the period	(176,023)	-
Profit/(loss) for the period due to holders of common shares	(176,023)	-
Diluted profit/(loss) for the period due to the holders of common shares	**(176,023)**	**-**

Refer to Note 37 - Earnings per share in the Group Financial Statements for accounting policy and further description

	2022	2021
Weighted average number of common shares in issue	39,463,867	39,463,867
EFFECTS OF DILUTIVE POTENTIAL COMMON SHARES:		
Share option plan	-	-
Diluted average number of shares outstanding	**39,463,867**	**39,463,867**

* *Number of shares as per listing 29 March 2022 used for comparative figures*

	2022	2021
Basic earnings per share (NOK)	(4.460)	-
Diluted earnings per share (NOK)	(4.460)	-

NOTE 19 Guarantees

Guarantees from the company in relation to subsidiaries' agreements

Odfjell Technology Ltd., has issued parent company guarantees regarding Odfjell Technology (UK) Ltd's platform drilling service contracts for Mariner with Equinor UK.

The company has also issued parent company guarantees regarding subsidiaries' platform drilling service and drilling equipment contracts with ConocoPhillips Skandinavia AS.

Odfjell Technology Ltd., has issued performance guarantee regarding OWS SRL, Romania of a contract with Kuwait Oil Company to provide casing while drilling services and associated tools.

NOTE 20 Events after the reporting period

There have been no other events after the balance date with material effect for the financial statements ended 31 December 2022.

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

The Board of Odfjell Technology Ltd.

20 April 2023, London, United Kingdom

Helene Odfjell Chair	Susanne Munch Thore Director	Alasdair Schiach Director	Victor Vadanueax Director	Diane Stephen General Manager

odfjell technology

Auditors Report

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To the General Meeting of Odfjell Technology Ltd

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Odfjell Technology Ltd, which comprise:

- the financial statements of the parent company Odfjell Technology Ltd (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- the consolidated financial statements of Odfjell Technology Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards

Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 11 January 2022 for the accounting year 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Reference is made to Note 4 Critical accounting estimates and judgements, Note 6 Revenue and the Board of Directors report section "Critical accounting estimates"

The Key Audit Matter	How the matter was addressed in our audit
As of 31 December 2022, the Group recognized NOK 3,885 million in revenue. The Group has multiple revenue sources generated from three different operating segments. The Group generally recognise revenue over time because of the continuous transfer of control to the customer. Certain contracts contain milestone payments, lump sum projects, prepayments for maintenance services as well as variable or conditional service fee arrangements. Management's judgement is required to assess the key elements for determining revenue recognition in the contracts. Significant management judgment can be required in determining the appropriate measurement and timing of revenue recognition, particularly for variable consideration such as incentive bonuses. The high volume of transactions and varying contract elements give a higher inherent risk of material misstatement.	Our audit procedures in this area included: • Obtaining an understanding of the revenue recognition process and evaluating the design and implementation of internal controls over the revenue recognition process. • Applying professional scepticism and critically assessing that the accounting judgments are in compliance with the relevant requirements for revenue recognition, including an assessment of the timing of revenue recognised in the period. • Challenging management's assessment of the revenue recognition criteria in particular for variable consideration in the operations segment. • Inspecting a selection of contracts with customers, to assess if the identified performance obligations and method for revenue recognition was appropriate. • Performing cut-off procedures over a selection of both billed and unbilled amounts before and after the balance sheet date to ensure revenue is recognized in the correct period. • Vouching a sample of recorded revenue to invoice, customer approval and cash receipt. • Vouching revenue accruals to client confirmation of receipt of services provided. • Evaluating the adequacy of the financial statement disclosures, including accounting policy for revenue recognition.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the reporting on Corporate Social Responsibility, as included in the Board of Directors report, and the Corporate Governance Report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Odfjell Technology Ltd we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 529900ZYHGCPTAD1R169-2022-12-31, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

London, 20 April 2023
KPMG AS

Ståle Christensen
State Authorised Public Accountant
(This document is signed electronically)

Definitions Of Alternative Performance Measures

CONTRACT BACKLOG

The Company's fair estimation of revenue in firm contracts and relevant optional periods measured in NOK - subject to variations in currency exchange rates. .

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

EBITDA backlog vs NIBD

Estimated EBITDA for illustrative purposes based on revenue backlog and 2022 EBITDA margins (36%, 8% and 12% for Well Services, Drilling Operations and Engineering, respectively), excluding corporate overhead costs. This does not constitute an opinion of anticipated EBITDA and actual results may differ from the illustrative EBITDA backlog.

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 (LOSS) PROFIT

Equal to Profit (loss) for the period

EARNINGS PER SHARE

Net profit / number of outstanding shares

LEVERAGE RATIO (ADJ)

		2022	
Non-current interest-bearing borrowings	NOK	1,084.2	million
Current interest-bearing borrowings	NOK	255.7	million
Non-current lease liabilities	NOK	96.8	million
Current lease liabilities	NOK	30.6	million
Adjustment for operational lease contracts	NOK	(127.4)	million
A Adjusted financial indebtedness	**NOK**	**1,340.0**	**MILLION**
Cash and cash equivalents	NOK	560.1	million
Adjustment for restricted cash and other cash not readily available	NOK	(62.7)	million
B Adjusted cash and cash equivalents	**NOK**	**497.4**	**MILLION**
A-B=C Adjusted Net interest-bearing debt	**NOK**	**842.6**	**MILLION**
EBITDA last 12 months	NOK	672.5	million
Adjustment for operational lease contracts	NOK	(2.9)	million
Adjustment for transaction costs	NOK	14.4	million
D Adjusted EBITDA	**NOK**	**684.0**	**MILLION**
C/D=E Leverage ratio (adj)		**1.2**	

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