

# Report for the 1<sup>st</sup> quarter of 2023

ODFJELL TECHNOLOGY LTD.



# 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 2,300 employees operating in more than 30 countries worldwide.**

## KEY FINANCIALS Q1 2023

**NOK 1,145m**

Q1 revenue

**1.05x**

Leverage ratio (adj)

**NOK 193m**

EBITDA

**NOK 598m**

Cash and cash equivalents

**NOK 11.1b**

Revenue Backlog

**2.5x**

EBITDA backlog vs NIBD

# Key figures for the Group

All figures in NOK million	Q1 23	Q1 22	FY 22
Operating revenue	1,145	836	3,885
EBITDA	193	118	673
EBIT	105	55	384
Net profit	43	93	253
EBITDA margin	17%	14%	17%
Total assets	3,654	2,566	3,115
Net interest bearing debt	756	873	780
Equity	923	452	779
Equity ratio	25%	18%	25%

- Operating revenue of NOK 1,145 million compared to NOK 836 million in Q1 2022.
- EBITDA of NOK 193 million compared to NOK 118 million in Q1 2022.
- EBITDA margin of 17% compared to an EBITDA margin of 14% in Q1 2022.
- The Group's contract backlog is NOK 11.1 billion, whereof NOK 5.6 billion is firm backlog.

## Segments

Refer to [Note 2](#) for information about changes applied to the segment reporting.

### Well Services

- Operating revenue of NOK 393 million compared to NOK 287 million in Q1 2022.
- EBITDA of NOK 136 million compared to NOK 99 million in Q1 2022.
- EBITDA margin of 35% compared to an EBITDA margin of 34% in Q1 2022.

### Operations

- Operating revenue of NOK 559 million compared to NOK 413 million in Q1 2022.
- EBITDA of NOK 34 million compared to NOK 28 million in Q1 2022.
- EBITDA margin of 6% compared to an EBITDA margin of 7% in Q1 2022.

### Projects & Engineering

- Operating revenue of NOK 140 million compared to NOK 93 million in Q1 2022.
- EBITDA of NOK 28 million compared to NOK 7 million in Q1 2022.
- EBITDA margin of 20% compared to an EBITDA margin of 7% in Q1 2022.

# Highlights in 2023

## Dividend

11 May 2023, the Board of Directors approved a dividend distribution of NOK 50 million with a payment date of 1 June 2023. An additional NOK 50 million is expected to be distributed to shareholders over the next two quarters, subject to Board of Director approval.

## Contracts

Well Services won a number of new contracts in Asia, UK, Europe and in Africa, which strengthens the backlog. Equinor exercised a 1 year option on Mariner and an incentive scheme was implemented.

## Operational performance

Operational performance was affected by seasonal effects for the Operations segment, reducing bonus earnings. Stable operations in our other segments. Utilisation of both personnel and equipment remains high.

## Financial performance

Strong financial performance in a quarter which normally is challenging due to seasonal effects. Revenue in line with Q4 and up 37 % compared to Q1 2022. EBITDA improved from 118 million in Q1 2022 to 193 million this quarter. The improvement in EBITDA is a result of a stronger contract portfolio, favourable market conditions, and reduced seasonal effects.

# Financial review

(Comparable figures for last comparable period in brackets.)

## Consolidated group financials

### Profit & loss Q1 2023

Operating revenue for Q1 2023 was NOK 1,145 million (NOK 836 million), an increase of NOK 309 million. There is increased revenue in all the segments from Q1 2022 to Q1 2023, mainly related to new contracts and higher activity.

EBITDA in Q1 2023 was NOK 193 million (NOK 118 million), an increase of NOK 75 million. The main contributors to the increase are Well Services and Projects & Engineering. The EBITDA margin in Q1 2023 was 17% (14%).

Depreciation and amortisation in Q1 2023 was NOK 88 million (NOK 63 million), an increase of NOK 25 million mainly related to Well Services equipment.

Net financial expenses in Q1 2023 amounted to NOK 49 million (NOK 1 million). There is an increase in net interest expenses of NOK 20 million, mainly due to financing being secured in

February 2022 and increased interest rates. There is also a net currency loss of NOK 17 million in Q1 2023 compared to a net currency gain of NOK 10 million in Q1 2022, both mainly related to the USD 25 million revolving credit facility.

Profit before tax in Q1 2023 was NOK 53 million (NOK 50 million).

Income tax expense in Q1 2023 was NOK 9 million. In Q1 2022, the income tax expense was positive with NOK 43 million due to utilisation of unrecognised tax losses in relation to group contribution received from the Odfjell Drilling Group.

Net profit in Q1 2023 was NOK 43 million (NOK 93 million), a decrease of NOK 50 million.

### Balance sheet

Total assets as at 31 March 2023 amounted to NOK 3,654 million (NOK 3,115

million as at 31 December 2022), an increase of NOK 539 million, mainly due to the non-current tax asset, refer to [Note 10](#) for further information, and increase in Well Services equipment.

Total equity as at 31 March 2023 amounted to NOK 923 million (NOK 779 million as at 31 December 2022), an increase of NOK 144 million. The equity ratio was 25% as at 31 March 2023.

Net interest-bearing debt as at 31 March 2023 amounted to NOK 756 million (NOK 780 million as at 31 December 2022), a decrease of NOK 24 million.

### Cash flow Q1 2023

Net cash flow from operating activities in Q1 2023 was positive with NOK 60 million (NOK 109 million). The decrease of NOK 49 million was mainly related to trade receivables. The Group paid NOK 31 million (NOK 1 million) in interest, and got a net

refund of NOK 4 million (paid NOK 10 million) in income taxes. In addition, the Group paid NOK 307 million related to the tax case in Norway. The payment was funded by Odfjell Drilling Ltd, see [Note 10](#) for further information.

Net cash outflow from investing activities in Q1 2023 was NOK 41 million (NOK 2,395 million). The cash outflow in Q1 2023 was mainly due to purchase of Well Services equipment.

Net cash outflow from financing activities in Q1 2023 was NOK 6 million (cash flow of NOK 2.215 million). The Q1 2023 outflow relates to repayment of lease liabilities.

At March 2023, cash amounted to NOK 598 million. There has been a positive change of NOK 38 million since 31 December 2022.



## Segments

(Comparable figures for last comparable period in brackets.)

### Well Services

All figures in NOK million	Q1 23	Q1 22	FY 22
Operating revenue	393	287	1,365
EBITDA	136	99	485
EBIT	58	41	226
EBITDA margin	35%	34%	36%

#### Q1 2023

Operating revenue for the Well Services segment in Q1 2023 was NOK 393 million (NOK 287 million), an increase of NOK 106 million. All regions have seen an increase in activity from Q1 2022 due to the

commencement of new contracts and increase in the market in general.

EBITDA for the Well Services segment in Q1 2023 was NOK 136 million (NOK 99 million), an increase of NOK 37 million.

EBITDA margin for the OWS segment in Q1 2023 was 35% (34%). Increased activity, a shift towards higher margin product offerings and results from cost

initiative programmes all continue to contribute to the increase in EBITDA.

EBIT for the Well Services segment in Q1 2023 was NOK 58 million (NOK 41 million).

### Operations

All figures in NOK million	Q1 23	Q1 22*	FY 22*
Operating revenue	559	413	1,972
EBITDA	34	28	185
EBIT	34	28	185
EBITDA margin	6%	7%	9%

\*Restated, refer to Note 2 for further information

#### Q1 2023

Operating revenue for the Operations segment in Q1 2023 was NOK 559 million (NOK 413 million), an increase of NOK 146 million. This is mainly explained by increase in activity, compared to Q1 2022,

related to management of the jack-up rig Linus for SFL Corporation Ltd, as well as increased activity in rig inspection services.

EBITDA for the Operations segment in Q1 2023 was NOK 34 million (NOK 28 million), an increase of NOK 6 million. The EBITDA margin for the Operations segment in Q1 2023 was 6% (7%). The increase in EBITDA

is mainly explained by increase in activity compared to the same quarter last year.

## Projects & Engineering

All figures in NOK million	Q1 23	Q1 22*	FY 22*
Operating revenue	140	93	357
EBITDA	28	7	44
EBIT	28	7	44
EBITDA margin	20%	7%	12%

\*Restated, refer to [Note 2](#) for further information

### Q1 2023

Operating revenue for the Projects & Engineering segment in Q1 2023 was NOK 140 million (NOK 93 million), an increase of NOK 47 million. Activity has been high throughout the quarter, mainly driven by

yard stay activities on the Deepsea Mira and Hercules, and the modification work on the FSU Heidrun B.

EBITDA for the segment in Q1 2023 was NOK 28 million (NOK 7 million), an increase of NOK 21 million. The EBITDA margin for the segment in Q1 2023 was 20% (7%). The increase is mainly

explained by very high utilisation and execution of lump sum projects with high-risk exposure which provide higher margins.

# Environmental, social and governance

Odfjell Technology is in the process of establishing a new ESG strategy on a standalone basis within 2023. The ESG impacts from Odfjell Technology's business operations are included in Odfjell Technology's Sustainability Report for 2022, as this describes the group as of 31 December 2022. The report can be found on: [www.odfjelltechnology.com/sustainability](http://www.odfjelltechnology.com/sustainability)

## Environmental Impact:

Odfjell Technology arranged an "open house" Additive Manufacturing event to present a demonstration of the technology and explore the opportunities within the industry to reduce lead times, waste, the use of natural resources, spare part vulnerability, emissions, etc.

Within Operations multiple initiatives are ongoing focusing on chemical substitution, waste reduction in personal

protective equipment and improvement of spill barriers. In connection with Heidrun, energy management verification will be conducted in May 2023. In relation to Linus, several projects have been initiated with the intention of increasing fuel consumption efficiency and providing automated monitoring and control of power generation and consumption.

There have been no medium or serious spills to sea/water in Q1 2023.

## People & Safety:

The OTL Leadership Summit took place in Bergen, Norway with the aim of aligning leaders with the Company's vision and strategy looking forward. This event has a significant impact on the overall employee base by inspiring managers to inspire employees, impacting culture and retention. The summit includes participation in the creation of a renewed

People Strategy for the coming year, as well as increased focus on sustainability by the business.

Odfjell Technology has established new targets for gender diversity. The Company will work to mirror our overall employee population through a target of 40% women in mid-level management within 2026. Currently, female managers at this level represent 21% of managers in Q1, 2023.

The annual performance feedback process for the global onshore organisation is launched in Q1 and will be followed by the establishment of updated employee development plans. Campaigns for mental health and psychological wellbeing continue. New training topics include feedback, hybrid working, and discrimination.

There were no high potential incidents or serious incidents within Q1. Lost Time Incidents and Total Recordable frequency

trends were positive in Q1, but our Dropped Object trend increased.

Odfjell Technology received several safety awards in Q1 for our Company's safety performance in 2022, including: Tern Alpha won IADC best safety performance award platforms 2022; Linus rescue team won global 2023 SPIRIT of Performance Lifesaver Award from ConocoPhillips; and Ekofisk X won best safety performance from ConocoPhillips.

## Ethics & Governance:

Odfjell Technology has launched a new and updated Code of Conduct. The document includes Odfjell Technology's policy on topics such as anti-corruption, anti-money laundering, fair competition and human rights as well as concrete guidelines to employees on topics such as gifts and hospitality, conflict of interest and whistleblowing.



# Outlook

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 market for our Operations services 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.

# Risks and uncertainties

In the Group's view, factors that could cause actual results to differ materially from the outlook contained in this report are the following: volatile oil and gas prices, global political changes regarding energy composition, competition within the oil and gas services industry, changes in clients' spending budgets 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.

Total liquidity position continues to be monitored. The Group has, in recent years, implemented cost reduction and efficiency improvement programs, and continues its focus on capital discipline in order to improve its competitiveness in this challenging market.

# Quality, health, safety & environment (QHSE)

Key figures QHSE	YTD 23	FY 22
Lost time incident frequency (as per 1 million working hours)	0.9	1.4
Total recordable incident frequency (as per 1 million working hours)	2.1	3.2
Sick leave (percentage)	3.8	4.1
Dropped objects frequency (as per 1 million working hours)	5.4	5.0
Number of employees	2,230	2,172

Aberdeen, United Kingdom

11 May 2023

Board of Directors of Odfjell Technology Ltd.

Helene Odfjell, Chair

Susanne Munch Thore, Director

Alasdair Shiach, Director

Victor Vadaneaux, Director

# Condensed Consolidated Financial Statements



## Condensed Consolidated Income Statement

NOK million	Note	Q1 23	Q1 22	FY 22
<b>Operating revenue</b>	2,3,11	<b>1,145.5</b>	<b>836.2</b>	<b>3,885.0</b>
Other gains and losses		1.8	5.0	13.6
Personnel expenses		(699.3)	(535.8)	(2,381.6)
Other operating expenses		(254.9)	(187.6)	(844.5)
<b>EBITDA</b>		<b>193.1</b>	<b>117.8</b>	<b>672.5</b>
Depreciation, amortisation and impairment	5,6	(88.1)	(63.0)	(288.4)
<b>Operating profit (EBIT)</b>		<b>105.0</b>	<b>54.8</b>	<b>384.1</b>
Share of profit (loss) from joint ventures and associates		(3.8)	(3.7)	(19.9)
Net financial items	4	(48.7)	(1.4)	(138.0)
<b>Profit before tax</b>		<b>52.6</b>	<b>49.7</b>	<b>226.2</b>
Income tax expense		(9.2)	42.8	26.8
<b>Net profit</b>		<b>43.4</b>	<b>92.5</b>	<b>253.0</b>
<b>Profit (loss) attributable to:</b>				
Owners of the parent		43.4	92.5	253.0
<b>EARNINGS PER SHARE (NOK)</b>				
Basic earnings per share	15	1.10	2.34	6.41
Diluted earnings per share	15	1.08	2.34	6.41

## Condensed Consolidated Statement of Comprehensive Income

NOK million	Q1 23	Q1 22	FY 22
<b>NET PROFIT</b>	<b>43.4</b>	<b>92.5</b>	<b>253.0</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain (loss) on post employment benefit obligations	-	-	(1.5)
<b>Items that are or may be reclassified to profit or loss:</b>			
Cash flow hedges	(0.5)	6.7	10.8
Currency translation differences	99.7	(20.1)	140.6
<b>OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>	<b>99.2</b>	<b>(13.5)</b>	<b>149.9</b>
<b>Total comprehensive income</b>	<b>142.6</b>	<b>79.1</b>	<b>402.9</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	142.6	79.1	402.9



## Condensed Consolidated Statement of Financial Position

NOK million	Note	31.03.2023	31.03.2022	31.12.2022
<b>ASSETS</b>				
Property, plant and equipment	5	1,076.5	875.4	1,068.4
Intangible assets	6	258.4	228.2	252.1
Deferred tax asset	10	61.6	15.3	51.3
Non-current tax asset	10	307.2	-	-
Investments in joint venture		46.6	16.8	50.0
Other non-current assets	9	45.9	30.3	44.6
<b>Total non-current assets</b>		<b>1,796.2</b>	<b>1,166.0</b>	<b>1,466.5</b>
Trade receivables	11	1,109.1	791.4	942.6
Other current receivables and assets	11	151.2	179.7	145.8
Cash and cash equivalents		597.9	428.5	560.1
<b>Total current assets</b>		<b>1,858.2</b>	<b>1,399.6</b>	<b>1,648.4</b>
<b>TOTAL ASSETS</b>		<b>3,654.4</b>	<b>2,565.6</b>	<b>3,114.9</b>

NOK million	Note	31.03.2023	31.03.2022	31.12.2022
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital	14	1,093.8	1,093.8	1,093.8
Other equity		(171.0)	(641.7)	(315.0)
<b>Total equity</b>		<b>922.9</b>	<b>452.1</b>	<b>778.8</b>
Non-current interest-bearing borrowings	7	1,085.3	1,081.1	1,084.2
Non-current lease liabilities	8	96.6	80.9	96.8
Post-employment benefits		44.0	46.3	46.7
Non-current contract liabilities		44.4	51.3	37.9
Liability repayment to Odfjell Drilling Ltd	10	307.2	-	-
<b>Total non-current liabilities</b>		<b>1,577.4</b>	<b>1,259.6</b>	<b>1,265.6</b>
Current interest-bearing borrowings	7	268.8	220.4	255.7
Current lease liabilities	8	32.3	22.4	30.6
Trade payables	11	306.7	233.1	264.1
Current income tax		55.4	13.2	55.4
Other current liabilities	11	490.8	364.8	464.6
<b>Total current liabilities</b>		<b>1,154.1</b>	<b>853.9</b>	<b>1,070.4</b>
<b>Total liabilities</b>		<b>2,731.5</b>	<b>2,113.5</b>	<b>2,336.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,654.4</b>	<b>2,565.6</b>	<b>3,114.9</b>

## Condensed Consolidated Statement of Changes in Equity

<i>NOK million</i>	Paid-in capital	Other equity	Total equity
<b>BALANCE AT 1 JANUARY 2022</b>	<b>0.1</b>	<b>2,962.1</b>	<b>2,962.2</b>
Profit/(loss) for the period	-	92.5	92.5
Other comprehensive income for the period	-	(13.5)	(13.5)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>79.1</b>	<b>79.1</b>
Equity contribution from Odfjell Drilling Ltd.	1,093.7	(1,049.1)	44.6
Dividends distributed to Odfjell Drilling Ltd. Group	-	(321.1)	(321.1)
Continuity difference	-	(2,312.6)	(2,312.6)
<b>TRANSACTIONS WITH OWNERS</b>	<b>1,093.7</b>	<b>(3,682.8)</b>	<b>(2,589.1)</b>
<b>Balance at 31 March 2022</b>	<b>1,093.8</b>	<b>(641.7)</b>	<b>452.1</b>
Total comprehensive income for the period Q2-Q4	-	323.8	323.8
Total transactions with owners for the period Q2-Q4	-	2.8	2.8
<b>Balance at 31 December 2022</b>	<b>1,093.8</b>	<b>(315.0)</b>	<b>778.8</b>
Profit for the period	-	43.4	43.4
Other comprehensive income for the period	-	99.2	99.2
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>142.6</b>	<b>142.6</b>
Cost of share-based option plans	-	1.5	1.5
<b>TRANSACTIONS WITH OWNERS</b>	<b>-</b>	<b>1.5</b>	<b>1.5</b>
<b>Balance at 31 March 2023</b>	<b>1,093.8</b>	<b>(171.0)</b>	<b>922.9</b>



## Condensed Consolidated Statement of Cash Flows

NOK million	Note	Q1 23	Q1 22	FY 22
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit before tax		52.6	49.7	226.2
Adjustment for provisions and other non-cash elements		135.5	62.6	438.9
Changes in working capital		(101.9)	7.2	10.6
<b>Cash generated from operations</b>		<b>86.1</b>	<b>119.4</b>	<b>675.7</b>
Net interest (paid) / received		(30.7)	(1.0)	(86.8)
Payment related to tax case in Norway	10	(307.2)	-	-
Funds received from Odfjell Drilling Ltd regarding tax case	10	307.2	-	-
Net other incomes tax refunded (paid)		4.1	(9.6)	(21.2)
<b>Net cash flow from operating activities</b>		<b>59.5</b>	<b>108.9</b>	<b>567.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property, plant and equipment and intangible assets	5,6	(43.0)	(72.8)	(336.1)
Proceeds from sale of property, plant and equipment		2.4	7.4	16.6
Other non-current receivables		-	(1.0)	(8.0)
Cash used in obtaining control of subsidiaries		-	(2,312.6)	(2,312.6)
Cash payments to acquire interests in joint-ventures		-	(16.3)	(30.0)
Mandatory convertible subordinated loan to joint venture		-	-	(35.4)
<b>Net cash flow from investing activities</b>		<b>(40.6)</b>	<b>(2,395.3)</b>	<b>(2,705.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net change group cash pool receivables and liabilities		-	1,057.3	1,057.3
Proceeds from borrowings		-	1,295.5	1,295.5
Repayment of lease liabilities	8	(5.9)	(5.5)	(20.5)
Proceeds from capital increases		-	44.7	44.7
Dividends paid to Odfjell Drilling Ltd. Group		-	(176.9)	(176.9)
<b>Net cash flow from financing activities</b>		<b>(5.9)</b>	<b>2,215.1</b>	<b>2,200.2</b>
Effects of exchange rate changes on cash and cash equivalents		24.7	1.9	(0.1)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>37.8</b>	<b>(69.4)</b>	<b>62.3</b>
Cash and cash equivalents at beginning of period		560.1	497.8	497.8
<b>Cash and cash equivalents at period end</b>		<b>597.9</b>	<b>428.5</b>	<b>560.1</b>

## NOTE 1 Accounting Principles

### General information

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

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

These condensed interim financial statements were approved by the Board of Directors on 11 May 2023 and have not been audited.

### Basis for preparation

These condensed interim financial statements for the three months period ended 31 March 2023 have been prepared in accordance with IAS 34, 'Interim financial reporting'. These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022.

### Accounting principles

The accounting principles adopted are consistent with those of the previous financial year.

### Use of estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. These estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as interest rates, foreign exchange rates and other factors which are outside the Group's control. The resulting estimates

will, by definition, seldom equal the related actual results.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

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

## NOTE 2 Segment summary

The Board is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

### Changes in segment reporting

Odfjell Rig Inspection services (RIS) Norway is a one stop shop for Installation services, Rope Access services, Inspection/NDT services and Enterprise and competence services. As the activity in RIS Norway has more operational synergies with the segment Operations, it was moved from Projects & Engineering to

Operations. As of 1.1.2023 the RIS Norway segment is fully managed and reported as part of the business area Operations. Comparable figures have been restated accordingly.

Management has also changed how revenue for each segment is presented. As of January 2023, all revenue generated by a segment is allocated to that said segment, even though the end customer is invoiced through a contract within a different segment. Therefore, there is no inter segment revenue in the segments. Comparable figures have been restated accordingly.

### Well Services

The 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

The main service offering of the 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, as well as rig

installation services. 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

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.

NOK million	Well Services			Operations			Projects & Engineering			Corporate / GBS			Consolidated		
	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22	FY 22
External segment revenue	393.0	287.2	1,365.4	558.6	412.8	1,972.1	139.9	93.3	356.5	54.0	43.0	190.9	1,145.5	836.2	3,885.0
Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>393.0</b>	<b>287.2</b>	<b>1,365.4</b>	<b>558.6</b>	<b>412.8</b>	<b>1,972.1</b>	<b>139.9</b>	<b>93.3</b>	<b>356.5</b>	<b>54.0</b>	<b>43.0</b>	<b>190.9</b>	<b>1,145.5</b>	<b>836.2</b>	<b>3,885.0</b>
<b>EBITDA</b>	<b>136.3</b>	<b>98.9</b>	<b>485.3</b>	<b>34.4</b>	<b>28.4</b>	<b>184.8</b>	<b>28.3</b>	<b>6.8</b>	<b>44.5</b>	<b>(5.9)</b>	<b>(16.3)</b>	<b>(42.1)</b>	<b>193.1</b>	<b>117.8</b>	<b>672.5</b>
Depreciation and impairment	(78.5)	(57.5)	(259.3)	(0.0)	(0.0)	(0.1)	(0.2)	(0.1)	(0.6)	(9.4)	(5.4)	(28.4)	(88.1)	(63.0)	(288.4)
<b>EBIT</b>	<b>57.8</b>	<b>41.4</b>	<b>226.0</b>	<b>34.4</b>	<b>28.4</b>	<b>184.8</b>	<b>28.1</b>	<b>6.7</b>	<b>43.9</b>	<b>(15.3)</b>	<b>(21.6)</b>	<b>(70.5)</b>	<b>105.0</b>	<b>54.8</b>	<b>384.1</b>
Share of profit (loss) from joint ventures and associates													(3.8)	(3.7)	(19.9)
Net financial items													(48.7)	(1.4)	(138.0)
Profit / (loss) before tax - Consolidated Group													52.6	49.7	226.2

\* Restated due to changes in segment reporting, as explained above

**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 3 Revenue

<i>NOK million</i>	Q1 23	Q1 22	FY 22
Revenue from contracts with customers	1,033.8	746.3	3,430.5
Lease component in Well Services contracts	111.5	89.8	454.0
Other operating revenue	0.2	0.1	0.4
<b>Operating revenue</b>	<b>1,145.5</b>	<b>836.2</b>	<b>3,885.0</b>

### Disaggregation of revenue - Primary geographical markets

<i>NOK million</i>	Well Services			Operations			Projects & Engineering			Corporate / GBS			Consolidated		
	Q1 23	Q1 22	FY 22	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22*	FY 22*	Q1 23	Q1 22	FY 22
Norway	211.2	164.1	759.0	379.3	259.8	1,305.0	120.5	81.4	297.0	53.0	41.7	185.4	783.3	547.0	2,546.5
UK	42.6	26.0	117.5	179.3	153.0	667.1	19.4	11.8	59.5	0.4	0.6	3.1	222.3	191.4	847.3
Europe - other countries	51.0	36.6	176.9	-	-	-	-	-	-	-	-	-	51.0	36.6	176.9
Malaysia	32.4	17.3	78.9	-	-	-	-	-	-	-	-	-	32.4	17.3	78.9
Asia - other countries	54.4	42.2	224.1	-	-	-	-	-	-	0.6	0.7	2.3	55.1	42.9	226.4
Other geographical markets	1.3	1.0	9.0	-	-	-	-	-	-	-	-	-	1.3	1.0	9.0
<b>Total operating revenue</b>	<b>393.0</b>	<b>287.2</b>	<b>1,365.4</b>	<b>558.6</b>	<b>412.8</b>	<b>1,972.1</b>	<b>139.9</b>	<b>93.3</b>	<b>356.5</b>	<b>54.0</b>	<b>43.0</b>	<b>190.9</b>	<b>1,145.5</b>	<b>836.2</b>	<b>3,885.0</b>

\* Restated. Refer to Note 2 for further information

## NOTE 4 Net financial items

<i>NOK million</i>	Note	Q1 23	Q1 22	FY 22
Interest income	11	6.1	1.1	6.0
Interest expense lease liabilities	8	(2.2)	(1.7)	(7.8)
Other interest expenses		(33.7)	(9.9)	(98.4)
Other borrowing expenses		(1.4)	(0.4)	(4.5)
Net currency gain/(loss)		(16.8)	10.1	(31.8)
Other financial items		(0.6)	(0.5)	(1.5)
<b>Net financial items</b>		<b>(48.7)</b>	<b>(1.4)</b>	<b>(138.0)</b>

## NOTE 5 Property, plant and equipment

<i>NOK million</i>	Well Services equipment	Other fixed assets	Right-of-use assets	Total fixed assets
Opening net book value as at 1 January 2023	921.0	34.7	112.8	1,068.4
Additions	33.1	0.8	4.4	38.3
Disposals	(0.6)	(0.0)	-	(0.6)
Depreciation	(73.7)	(2.8)	(5.8)	(82.2)
Currency translation differences	48.7	1.1	2.8	52.6
<b>Net book amount as at 31 March 2023</b>	<b>928.5</b>	<b>33.8</b>	<b>114.2</b>	<b>1,076.5</b>
<i>Useful lifetime</i>	<i>3 - 10 years</i>	<i>3 - 5 years</i>	<i>2-10 years</i>	
<i>Depreciation schedule</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>	

All Right-of-use assets are related to properties.

### Impairment of property, plant and equipment

Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the recoverable amount. The Group has not identified any impairment indicators as at 31 March 2023.

## NOTE 6 Intangible assets

<i>NOK million</i>	Goodwill	Software and other intangible assets	Total intangible assets
Opening net book value as at 1 January 2023	132.8	119.4	252.1
Additions	-	10.7	10.7
Amortisation	-	(5.8)	(5.8)
Currency translation differences	-	1.4	1.4
<b>Closing net book amount as at 31 March 2023</b>	<b>132.8</b>	<b>125.6</b>	<b>258.4</b>

### Impairment test for goodwill

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The Group has not identified any impairment indicators as at 31 March 2023.

## NOTE 7 Interest-bearing borrowings

<i>NOK million</i>	31.03.2023	31.03.2022	31.12.2022
Non-current	1,085.3	1,081.1	1,084.2
Current	268.8	220.4	255.7
<b>Total</b>	<b>1,354.1</b>	<b>1,301.5</b>	<b>1,340.0</b>

### Available drawing facilities

The group has no available undrawn facilities as per 31 March 2023.

### Covenants

The Group is compliant with all financial covenants as at 31 March 2023.



### Movement in interest-bearing borrowings are analysed as follows:

NOK million	Non-current	Current	Total
Carrying amount as at 1 January 2023	1,084.2	255.7	1,340.0
<b>NON-CASH FLOWS:</b>			
Change in transaction cost, unamortised	1.0	0.3	1.4
Change in accrued interest cost	-	(0.5)	(0.5)
Change due to currency revaluation	-	13.3	13.3
<b>Carrying amount as at 31 March 2023</b>	<b>1,085.3</b>	<b>268.8</b>	<b>1,354.1</b>

### Repayment schedule for interest-bearing borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining payments due at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. The revolving credit facility is available also after the contractual maturity date.

NOK million	31.03.2023	31.03.2022	31.12.2022
Maturity within 3 months	-	-	-
Maturity between 3 and 6 months	-	-	-
Maturity between 6 and 9 months	-	-	-
Maturity between 9 months and 1 year *	259.7	215.7	246.4
Maturity between 1 and 2 years	-	-	-
Maturity between 2 and 3 years	1,100.0	-	-
Maturity between 3 and 4 years	-	1,100.0	1,100.0
Maturity between 4 and 5 years	-	-	-
Maturity beyond 5 years	-	-	-
<b>Total contractual amounts</b>	<b>1,359.7</b>	<b>1,315.7</b>	<b>1,346.4</b>

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

## NOTE 8 Leases

The Right-of-use assets are all related to property, and are included in the line item "Property, plant and equipment" in the balance sheet, refer to [Note 5](#).

### Lease liabilities:

<i>NOK million</i>	31.12.2022	31.03.2022	31.12.2022
Non-current	96.6	80.9	96.8
Current	32.3	22.4	30.6
<b>Total</b>	<b>128.8</b>	<b>103.3</b>	<b>127.4</b>

### Movements in the lease liabilities are analysed as follows for 2022:

<i>NOK million</i>	Non-current	Current	Total
Carrying amount as at 1 January 2023	96.8	30.6	127.4
<b>CASH FLOWS:</b>			
Payments for the principal portion of the lease liability	-	(5.9)	(5.9)
Payments for the interest portion of the lease liability	-	(2.3)	(2.3)
<b>NON-CASH FLOWS:</b>			
New lease liabilities recognised in the year	4.4	-	4.4
Interest expense on lease liabilities	2.2	-	2.2
Reclassified to current portion of lease liabilities	(8.7)	8.7	-
Currency exchange differences	1.9	1.2	3.0
<b>Carrying amount as at 31 March 2023</b>	<b>96.6</b>	<b>32.3</b>	<b>128.8</b>

## NOTE 9 Financial risk management and financial instruments

### Valuation techniques used to derive Level 2 fair values

Level 2 derivatives held at fair value through profit or loss and hedging derivatives, comprise interest rate swaps. 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.

Set out below, is an overview of financial assets and liabilities held by the Group:

<i>NOK million</i>	Level	31.03.2023	31.03.2022	31.12.2022
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Derivatives designated as hedging instruments				
- Interest rate swaps - Other non-current assets	2	10.3	6.7	10.8
<b>OTHER FINANCIAL ASSETS</b>				
Other non-current receivables		35.6	23.6	33.9
Trade and other current receivables		1,130.1	828.3	968.3
Cash and cash equivalents		597.9	428.5	560.1
<b>Total financial assets</b>		<b>1,773.9</b>	<b>1,287.0</b>	<b>1,573.0</b>

<i>NOK million</i>	Level	31.03.2023	31.03.2022	31.12.2022
<b>OTHER FINANCIAL LIABILITIES</b>				
Non-current interest-bearing borrowings		1,085.3	1,081.1	1,084.2
Non-current lease liabilities		96.6	80.9	96.8
Current interest-bearing borrowings		268.8	220.4	255.7
Current lease liabilities		32.3	22.4	30.6
Trade and other payables		657.0	524.1	574.2
<b>Total financial liabilities</b>		<b>2,140.0</b>	<b>1,928.9</b>	<b>2,041.5</b>

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

## NOTE 10 Uncertain tax position

As reported in Note 9 in the [Annual report 2022](#), Odfjell Offshore Ltd, a company included in these financial statements, received a tax ruling from the Norwegian Tax Authorities in December 2022, 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 both the company and the Group is still of the opinion that the most likely outcome of a court case is that the anti-avoidance rule should not be

applicable and the denial of the tax loss should be revoked.

The Group made an upfront payment 1 February 2023 of NOK 307 million in taxes and interest for the financial years 2017 through to 2021. As the Group is of the opinion that the most likely outcome is that the taxes will be repaid, the amount is recognised as a non-current tax asset.

The NOK 307 million upfront payment 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. As the Group is of the opinion that the most likely outcome is that the taxes will be repaid, a liability of NOK 307 million has been recognised as a non-current payable to Odfjell Drilling Ltd.

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 pay the amount in April 2023. Q1 2023 income tax payable in 2024 to Norway is estimated to NOK 10 million. 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 46 million following a court case win.

## NOTE 11 Related parties

The Group had the following material transactions with related parties:

NOK million	Relation	Q1 23	Q1 22	FY 22
Odfjell Oceanwind AS	Joint-venture	3.4	7.7	30.5
Companies within the Odfjell Drilling Ltd. Group	Related to main shareholder	183.6	189.6	816.7
<b>Total sales of services to related parties</b>		<b>187.0</b>	<b>197.3</b>	<b>847.2</b>

Sales of services include casing and rental services, engineering services, personnel hire, administration services and business support.

NOK million	Q1 23	Q1 22	FY 22
Well Services	102.5	72.1	374.7
Operations	2.3	42.7	148.8
Projects & Engineering	28.2	39.6	132.8
Corporate / GBS	54.0	43.0	190.9
<b>Total operating revenue to related parties</b>	<b>187.0</b>	<b>197.3</b>	<b>847.2</b>

NOK million	Relation	Q1 23	Q1 22	FY 22
Companies within the Odfjell Drilling Ltd. Group	Related to main shareholder	6.3	16.7	35.0
<b>Total operating expenses to related parties</b>		<b>6.3</b>	<b>16.7</b>	<b>35.0</b>

NOK million	Relation	Q1 23	Q1 22	FY 22
Odfjell Drilling Ltd.	Related to main shareholder	-	0.8	0.8
Odfjell Oceanwind AS	Joint-venture	0.4	-	0.2
<b>Total interest income from related parties</b>		<b>0.4</b>	<b>0.8</b>	<b>1.0</b>

### The Group had the following receivables and liabilities to 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	31.03.2023	31.03.2022	31.12.2022
Trade receivables	102.4	163.9	119.2
Other current receivables	7.1	4.4	9.4
Trade payables	(4.4)	(5.7)	(3.8)
Other current payables	(0.2)	(13.5)	(5.8)
<b>Net current payables related parties</b>	<b>104.9</b>	<b>149.1</b>	<b>119.1</b>

### Shareholdings by related parties

Chairman 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.

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 March 2023.

## NOTE 12 Commitments

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

<i>NOK million</i>	31.03.2023	31.03.2022	31.12.2022
Well Services equipment	65.2	125.0	88.3
<b>Total</b>	<b>65.2</b>	<b>125.0</b>	<b>88.3</b>

## NOTE 13 Contingencies

As described in Note 30 in the [Annual Report 2022](#), 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. There are no

changes or development in Q1 2023. 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 10](#) regarding uncertain income tax treatment.

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

## NOTE 14 Equity information

<i>Listed shares</i>	No. of shares	Nominal value	Share capital - USD thousand
Common shares issued as at 31 March 2023	39,463,867	USD 0.01	394.6

Authorised, not issued shares was 5,536,133 as at 31 March 2023.

All issued shares are fully paid. No shares are held by entities in the Group.

The Group has not paid any dividend in Q1 2023.



## NOTE 15 Earnings per share

The Company has a share option plan for 1,995,000 common shares, see further description in Note 36 in the [Annual report 2022](#).

The options affect the diluted number of shares in 2023, see table below.

Refer to Note 37 in the [Annual report 2022](#) for description of accounting principle for calculating diluted effect.

<i>NOK million</i>	Q1 23	Q1 22	FY 22
Profit/(loss) due to owners of the parent	43.4	92.5	253.0
Diluted profit/(loss) for the period due to owners of the parent	43.4	92.5	253.0

	Q1 23	Q1 22	FY 22
Weighted average number of common shares in issue	39,463,867	39,463,867	39,463,867
Effects of dilutive potential common shares:			
-Share option plan	643,394	-	-
Diluted average number of shares outstanding	40,107,261	39,463,867	39,463,867

<i>Earnings per share (NOK)</i>	Q1 23	Q1 22	FY 22
Basic earnings per share	1.10	2.34	6.41
Diluted earnings per share	1.08	2.34	6.41

## NOTE 16 Important events occurring after the reporting period

11 May 2023, the Board of Directors approved a dividend distribution of 1.267 NOK per share, equal to approximately NOK 50 million, with a payment date of 1 June 2023.

There have been no other events after the balance sheet date which have a material effect on the quarterly financial statements ended 31 March 2023.

## Appendix 1: 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.

### EBITDA backlog vs NIBD

Estimated EBITDA for illustrative purposes based on revenue backlog and 2022 EBITDA margins (36%, 8% and 12% for Well Services, Operations and Projects & 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.

### EBIT

Earnings before interest and taxes.

### EBIT margin

EBIT/Operating revenue.

### EBITDA

Earnings before interest, taxes, depreciation and amortisation.

### EBITDA margin

EBITDA/Operating revenue.

### Equity ratio

Total equity/total equity and liabilities.

### Net interest-bearing debt

Non-current interest-bearing borrowings plus current interest-bearing borrowings less cash and cash equivalents. Interest-bearing borrowings do not include lease liabilities.

### Net profit (loss)

Equal to profit (loss) for the period after taxes.

### Earnings per share

Net profit / number of outstanding shares.

### Leverage ratio (adj)

31.03.2023			
Non-current interest-bearing borrowings	NOK	1,085.3	million
Current interest-bearing borrowings	NOK	268.8	million
Non-current lease liabilities	NOK	96.6	million
Current lease liabilities	NOK	32.3	million
Adjustment for operational lease contracts	NOK	(128.9)	million
<b>A Adjusted financial indebtedness</b>	<b>NOK</b>	<b>1,354.1</b>	<b>MILLION</b>
Cash and cash equivalents	NOK	597.9	million
Adjustment for restricted cash and other cash not readily available	NOK	(39.9)	million
<b>B Adjusted cash and cash equivalents</b>	<b>NOK</b>	<b>558.0</b>	<b>MILLION</b>
<b>A-B=C Adjusted Net interest-bearing debt</b>	<b>NOK</b>	<b>796.1</b>	<b>MILLION</b>
EBITDA last 12 months	NOK	747.8	million
Adjustment for operational lease contracts	NOK	(2.9)	million
Adjustment for transaction costs	NOK	14.4	million
<b>D Adjusted EBITDA</b>	<b>NOK</b>	<b>759.3</b>	<b>MILLION</b>
<b>C/D=E LEVERAGE RATIO (ADJ)</b>		<b>1.0</b>	



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