Registered number: 11165869

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

ODFJELL RIG V LTD

CONTENTS OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

COMPANY INFORMATION

DIRECTORS:	S Lieungh A Shiach H Odfjell
SECRETARY:	G Basson New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire England SO53 3LG
REGISTERED OFFICE:	New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire England SO53 3LG
REGISTERED NUMBER:	11165869
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW
SOLICITORS:	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ
BANKERS:	Det Norske Bank ASA Dronning Eufemias gate 30 0191 Oslo Norway

STRATEGIC REPORT

The directors present their strategic report on the company for the year ended 31 December 2020.

REVIEW OF THE BUSINESS

The operations in Odfjell Rig V Ltd (the company) during the year was to own the mobile drilling unit, the Deepsea Nordkapp. The Deepsea Nordkapp is a harsh environment semi- submersible drilling rig and commenced operations on 10 May 2019. On 7 January 2019 Deepsea Nordkapp was delivered from Samsung Heavy Industries (SHI) in South Korea to Odfjell Rig V Ltd. The Deepsea Nordkapp is on a bareboat charter to the group company Odfjell Invest AS II AS. The operating company, Odfjell Invest II AS, commenced its current drilling contract for Aker BP under the Alliance agreement on 10 May 2019. The firm period, after exercise of the first and second option, will take the unit to end of Q2 2023, with an additional one year option.

The company was incorporated on 23th January 2018 as Odfjell Rig V Ltd. The company commenced trading on 10 May 2019.

KEY PERFORMANCE INDICATORS (KPIs)

As mentioned above the operating company is currently working with Aker BP and achieved a rig availability percentage of 99.0% during 2020 (2019: 98.0%).

The rig performed well during 2020 generating $60M (2019: $34M) in revenue for the company. Gross profit during 2020 was $58M (2019: $33M). Net assets at year end was $232M (2019:$227M) and net current liabilities at year end was $34M (2019: $25M). Non current liabilities at year end was $306M (2019: $343M). The business continues to deliver operations to a high standard as indicated by rig uptime and customer satisfaction and continues to focus on costs and efficiency to remain competitive in the market. The profit for the year and the financial position of the company are shown in these financial statements. The increase in operating profit when compared to 2019 is due to full year operations in 2020.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in a way they consider, and in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

a) The likely consequence of any decision in the long term;
b) The interests of the company's employees;
c) The need to foster the company's business relationships with suppliers, customers and others;
d) The impact of the company's operations on the community and the environment;
e) The desirability of the company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly between different members of the company.

During the 2020 financial year, the Directors have given careful consideration to the factors set out above in discharging their duties under section 172. Some examples of where the Board has taken account of matters a) to f) are summarised below.

The likely consequence of any decision in the long term

The Board of Directors of the company operate the company in accordance with the company's Articles and the overall Odfjell Drilling Group strategy, which considers the long terms success of the company and the group as a whole, and the likely long term consequences of any decisions are taken into account.

The interests of the company's employees

The employees of the company are a valued resource. The company is committed to equal opportunities for all and a workplace free from harassment and discrimination. The company selects, recruits, employs and promotes staff based on the abilities of the individual regardless of sex, age, race, disability, ethnic origin or religion. Within the Odfjell Drilling group, engagement with employees is considered at an organisation wide level. Employee engagement within the Group is on a continual basis, with news being shared frequently via a group intranet system. A number of employee engagement methods are in place within the Group including an annual employee survey, frequent town hall sessions which have been held virtually during 2020, employee networks which provide a safe environment for raising difficult issues such as harassment and structured communication channels with employee representatives and unions.

STRATEGIC REPORT (CONTINUED)

The need to foster the company's business relationships with suppliers, customers and others
The company relies on its suppliers to provide quality goods and services in order to maintain the highest standards of operation, safety and reliability in meeting the needs of its customers. The company is committed to having professional and ethical relationships with its suppliers. Supplier relationships within the Odfjell Drilling group are managed under the "Become a Supplier" procedures, which apply to all subsidiary companies. The company works to maintain a professional and ethical relationship with all of its customers. There is regular communication between the company and its customers through both formal and informal channels. Regular business and contract reviews are carried out to ensure that customer relations remain positive or that any issues can be raised and dealt with. Additionally, specific customer alliance arrangements are in place. High profile business development roles have been created to ensure that relationships are managed and appropriately resourced.

The impact of the company's operations on the community and the environment
Engagement on environmental and community matters is primarily considered at an Odfjell Drilling group level and details can be found in the Odfjell Drilling Ltd. Sustainability Report. The company's nominates a charity to benefit from fundraising evets during the year. A "Green Team" has been created within the office to identify and implement regional solutions for waste reduction and environmentally friendly projects at a local level.

The desirability of the company maintaining a reputation for high standards of business conduct
Maintaining a reputation for, and upholding high standards of business conduct is considered vital to the success of the Odfjell Drilling Group and the company. Ethical Principles apply Group wide and are supported by a detailed Code of Business Conduct. At a regional/company level particular attention has been given to the training of employees on the business conduct standards expected, especially with regards induction of new employees.

The need to act fairly between different members of the company
The company has a single member and is a wholly owned subsidiary of Odfjell Rig Owning Ltd..

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES
The Board has identified the following factors as principal potential risks to the successful operation of the company.

Operational risks
Odfjell Rig V Ltd will provides bareboat charter contract for the cyclical oil and gas industry. Activity levels in connection with oil and gas exploration and production fluctuate and the company endeavours to reduce this risk by securing long-term contracts. One of the major activity drivers is the level of oil and gas prices.

Commercial risks
Contracts in the offshore sector require high safety standards. It is important to note that all offshore contracts are associated with considerable risk and responsibilities, including technical, operational, commercial and political risks. The Company has insurance coverage deemed adequate in order to limit the above risks.

Covid-19
The developments in 2020, with the COVID-19 outbreak and the drop in the oil price, have increased the uncertainty within the drilling and oil service market, although the company has, to a limited extent, been directly impacted by the COVID-19 outbreak as we acted quickly to implement required routines to limit the contagion of the virus. Procedures are in place to safeguard the health and safety of our employees during this time and mitigate some of the risks presented to operations from the Covid-19 pandemic. We will continue to pay attention to the situation and take actions as required and recommended by local authorities.training topics. Our *environmental and sustainability focus for the future will also impact our selection of future training platforms in* 2021. In 2021, we plan to make a significant investment in leadership training targeted

ON BEHALF OF THE BOARD

A Shiach - Director

Date: 07/06/2021

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

FUTURE DEVELOPMENTS
Odfjell Rig V Ltd is expected to continue to provide a bareboat charter to Odfjell Invest II AS in 2021 and beyond. Odfjell Invest II AS was awarded a contract with Aker BP for the use of the Deepsea Nordkapp in the Norwegian North Sea. The firm period, after exercise of the first and second option, will take the unit to end of Q2 2023. There is also an additional one year option.

The drilling and oil service market has developed positively in recent years due to strong focus on cost discipline and more efficient operations, combined with a healthier oil price development. We have over time observed an increased appetite for field development and production spending across the segment, however with some regional differences. The negative developments in 2020, with the COVID-19 outbreak and the drop in the oil price, have however increased the uncertainty within the drilling and oil service market. Although the oil price has recently recovered, we note that the oil companies globally have adjusted their activities for the short to medium term. Additionally, the strong shift in the energy discussion towards renewable sources has created discussion about energy composition for the future. The general situation for the global offshore industry is challenging with oversupply in several segments. The abovementioned challenges have enforced such situation and currently we observe that the several of the global offshore drilling contractors are, or will likely be, in restructuring processes during 2021. The oversupply issues are mainly tied to ultra deep water and benign water segments - the harsh environment segment looks very different. We consequently expect the overall utilization of the global drilling fleet to remain at low levels, particularly for those segments with high overcapacity. For the harsh environment market where the company operates in, the utilization outlook looks sound and in balance. Additionally, the strong focus on high efficiency combined with low emissions favour contractors with such capabilities and focus.

DIVIDENDS
No dividends have been recommended or paid during the year or up to the date of signing of the financial statements.

GOING CONCERN
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 financial statements were approved. The company has received confirmation from the parent Odfjell Rig Owning Ltd. that the payment of intergroup payable balances will not be demanded until such a time as there are sufficient liquid funds available. Taking all relevant risk factors, the Board has a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Hence, the company has adopted the going concern basis in preparing its financial statements.

BREXIT
We have addressed the risks and potential impact of the United Kingdom's withdrawal from the European Union and will continue to monitor developments, but there are no material uncertainties arising that would have a significant effect on the company.

FINANCIAL RISK MANAGEMENT
The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions and amounts due from related parties. For banks and institutions, only independently rated parties with a minimum of 'A' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

REPORT OF THE DIRECTORS (CONTINUED)

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through group companies. The company maintains flexibility in funding by keeping adequate cash balances generated from its operations.

CARBON AND ENERGY REPORTING
The company has with the Odfjell Drilling Group taken an active part in reducing its carbon footprint and has an overall strategy to become a zero emission drilling company. By focusing on energy optimization of operational procedures, crew awareness and fuel saving battery-hybrid technology, there has already been made significant reduction of emissions. We recognise that the oil and gas industry needs to contribute to emission reduction targets, and we are prepared to do our part together with clients, suppliers, partners and employees. Odfjell Drilling has a strong history for innovation, and we see this green shift as yet another challenge where we need to come up with new solutions to continue to operate safely and efficiently, also from an environmental point of view. The company is currently evaluating further steps to 100% electrify our drilling unit such as green onshore power.

The environmental program Odfjell Drilling's environmental program is based on the following principles:

- Use energy and other natural resources efficiently
- Minimize waste generation and promote reduce, reuse and recycle opportunities
- Work systematically to replace or reduce harmful chemicals
- Integrate environmental considerations into planning and development of new activities and products
- Consider environmental performance in selecting suppliers and contractors

These environmental principles are applicable for all activities of the company, anchored at top level of the company management system and QHSE-program. The company's QHSE function systematically maps processes and activities that have an impact on the environment. Significant environmental aspects are identified through standardized risk assessments. Our commitment to the environmental impact of the business is reflected in the ISO 14001:1500 certificate, which was renewed on 27 May 2019 for another 3 years.

BRANCHES OUTSIDE THE UK
The company has a branch in United Arab Emirates.

DIRECTORS
The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S Lieungh
T Marsoner (resigned 27 February 2020)
A Shiach (appointed 3 March 2020)
H Odfjell

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418, report of the directors shall include a statement, in the case of each director in office at the date the report of the directors is approved that:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD:

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A Shiach - Director

Date: 07/06/2021

Independent auditors' report to the members of Odfjell Rig V Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Odfjell Rig V Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted by unexpected users, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
7 June 2021

Financial statements for the year ended 31 December 2020

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31.12.2020 USD	Year ended 31.12.19 USD
TURNOVER	4	60 192 890	34 444 455
Cost of sales		(2 127 492)	(1 419 265)
GROSS PROFIT		58 065 398	33 025 190
Administrative expenses		(33 234 932)	(20 407 951)
Other operating expenses		(4 270 554)	(5 091 866)
OPERATING PROFIT	6	20 559 912	7 525 373
Interest receivable and similar income		5 672	365 706
Interest payable and similar expenses		(15 304 332)	(10 905 198)
PROFIT/(LOSS) BEFORE TAXATION		5 261 252	(3 014 119)
Tax on profit/(loss)	7	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5 261 252	(3 014 119)

All items dealt with in arriving at the profit/loss for the financial year stated above relate to continuing operations. There are no other items of comprehensive income in either year other than those shown above.

Financial statements for the year ended 31 December 2020 (continued)

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	31.12.20 USD	31.12.19 USD
FIXED ASSETS			
Tangible assets	8	573 316 762	595 881 106
CURRENT ASSETS			
Debtors	9	7 307 108	6 450 790
Cash at bank and in hand		12 019 601	14 822 778
		19 326 709	21 273 568
CREDITORS: Amounts falling due within one year	10	(53 756 969)	(46 524 218)
NET CURRENT LIABILITIES		(34 430 260)	(25 250 650)
TOTAL ASSETS LESS CURRENT LIABILITIES		538 886 502	570 630 456
CREDITORS: Amounts falling due after more than one year	11	(306 459 096)	(343 464 302)
NET ASSETS		232 427 406	227 166 154
CAPITAL AND RESERVES			
Called up share capital	12	3	3
Share premium account		229 999 999	229 999 999
Profit and loss account		2 427 404	(2 833 848)
TOTAL SHAREHOLDERS' FUNDS		232 427 406	227 166 154

The financial statements on pages 12 to 26 were approved by the Board of Directors on 21 of April and signed on its behalf on 7 of June by:

A Shiach – Director

Reg No 11165869

Financial statements for the year ended 31 December 2020 (continued)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium Account	Profit and loss account	Total shareholders' funds
	USD	USD	USD	USD
Balance as at 1 January 2019	3	229 999 999	180 271	230 180 273
Profit for the financial period	-	-	(3 014 119)	(3 014 119)
Balance as at 31 December 2019	3	229 999 999	(2 833 848)	227 166 154
Balance as at 1 January 2020	3	229 999 999	(2 833 848)	227 166 154
Profit for the financial year	-	-	5 261 252	5 261 252
Balance as at 31 December 2020	3	229 999 999	2 427 404	232 427 406

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements

1. GENERAL INFORMATION

Odfjell Rig V Ltd is a private company limited by shares and is incorporated and domiciled in England, UK. The address of its registered office is New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, England, SO53 3LG.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Odfjell Rig V Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, (Accounts and Reports) Regulations 2008 (SI 2008/410).

3. ACCOUNTING POLICIES

The principle accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity to FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed separately.

Going Concern
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 financial statements were approved. The company has received confirmation from the parent Odfjell Rig Owning Ltd. that the payment of intergroup payable balances will not be demanded until such a time as there are sufficient liquid funds available. Taking all relevant risk factors, the Board has a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Hence, the company has adopted the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:-

i. from preparing a statement of cash flows, on the basis that it is a qualifying entity;

ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(ii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;

iii. from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

3. ACCOUNTING POLICIES (continued)

Foreign currencies
The national currency of the United Kingdom is ("GBP"), however effective from incorporation, the reporting currency of the company is the USD – which is also the functional currency as well as the currency of the primary economic environment in which the company operates. In preparing the financial statements, transactions in currencies other than the company's reporting currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the year in which they arise.

Tangible fixed assets
Tangible fixed assets are presented at their original cost, net of accumulated depreciation and impairment (if any). Tangible fixed assets are recorded at their original cost and include expenditures incurred associated with the acquisition of the asset and in bringing it to a condition where it is ready for its intended use.

The company depreciates mobile drilling units, periodic maintenance and equipment using the following depreciation rates:

Mobile drilling units	5-30 years on straight-line basis
Periodic maintenance	5 years on straight-line basis

The total expenditures on the rig Deepsea Nordkapp are allocated into groups of components that have different expected useful lifetimes. The different groups of components are depreciated over their expected useful lifetimes. The main group of components is expected to have an economic useful lifetime of 30 years.

Deepsea Nordkapp is depreciated using the straight line method as from the date of acquisition considering the date of the commencement of the first drilling contract, May 10 2019. When calculating depreciation, the estimated residual value is taken into consideration for Deepsea Nordkapp.

Periodic maintenance are capitalized and depreciated up to next planned maintenance. Other maintenance will be expensed.

The mobile drilling units are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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 cots to sell and value in use. For the purposes of assessing impairment, assets are groups at the lowest levels for which there are separately identifiable cash flows (CGUs).

Periodic maintenance
Periodic maintenance costs directly relate to obtaining the 5 year class certificate for the drilling unit. This certificate provides information on the drilling unit's condition and sea worthiness and is necessary to comply with the company's contractual requirements.

All periodic maintenance costs incurred are released to the profit and loss account over the duration of the 5 year class certificate.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

3. ACCOUNTING POLICIES (continued)

Revenue recognition
Revenues are measured at the fair value of the consideration received or receivable. Revenues are shown net of VAT and discounts. The company recognises revenue at the time of delivery, which represents the point at which the significant risks and rewards of ownership are transferred to the customer, and when collection of the resulting consideration for those goods is reasonably assured. Turnover from bareboat charter contracts is recognised based on day rates.

Income taxes
The income tax expense represents the sum of tax currently payable and deferred income tax.

Current tax
Tax currently payable is based on taxable income for the year. Taxable income differs from net profit as reported in the profit and loss account as it excludes income or expense items that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates in effect at the balance sheet date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if a temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

A deferred tax asset or liability is calculated at tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

3. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hedging arrangements
The company does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Borrowing cost
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.

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.

Assets that are subject to amortisation or depreciation, i.e. mobile drilling units, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
If available, estimated fair value of an asset is obtained externally. In addition, the company has financial models which calculate and determine the value in use through a combination of actual and expected cash-flow generation discounted to present value. In measuring value in use the company has based its calculation on reasonable and supportable assumptions that represent management's best estimate for the range of economic conditions that will exist over the remaining useful life of the asset. The company has applied latest available market assumptions when calculating value in use as of 31 December 2020.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

3. ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

To support the value in use calculation the company has also looked at the broker values at the applicable balance date and analysed contract values and other factors (new build parity etc), bridging book value of the rig.

The company acknowledges that there may be both macroeconomic and industry specific challenges when looking at a longer period of time, which a rig's lifetime is. Estimated cash flows may for these reasons vary over time and different scenarios have therefore been accounted for. The company has in its calculations accounted for different scenarios when it comes to assumptions related to day rate, exercised options, operating expenses, financial utilisation and market recovery.

The discount factor applied in the cash flow budgets is a pre-tax weighted average cost of capital. As the analysis in note 8 demonstrates, the impairment assessment is sensitive to changes in key assumptions. Please refer to sensitivity analyses in note 8 for further information.

4. TURNOVER

The turnover and profit/(loss) before taxation are attributable to the principal activity of the company, the provision of a mobile drilling unit.

Analysis of turnover by geography is as follows:

	Year ended 31.12.20 USD	Year ended 31.12.19 USD
Norway	60 192 890	34 444 455
	60 192 890	34 444 455

5. DIRECTORS' REMUNERATION

The directors neither received nor waived any emoluments during the year from the Company (2019:nil). Their emoluments were borne by other companies in the Odfjell Drilling Group, and the directors time can not be accurately split between entities.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year ended 31.12.20 USD	Year ended 31.12.19 USD
Depreciation / owned assets	33 196 320	20 346 080
Auditors' remuneration - audit of the financial statements	21 228	18 404
Foreign exchange differences	(24 479)	618 180
	33 193 069	20 982 664

The auditors' remuneration was $21,228 for the audit of the year ended 31.12.20 financial statements. The auditors' remuneration was $18,404 for the audit of the year ended 31.12.19 financial statements. There has not been any non-audit fees from the auditor for the year ended 31.12.20 (2019: $Nil). All amounts excluding VAT.

7. TAX ON PROFIT/(LOSS)

a) Tax on profit/(loss)

The tax charge is made up as follows:	Year ended 31.12.20 USD	Year ended 31.12.19 USD
Current tax:		
19% (2019: 19%)	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit/(loss)	-	-

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

7. TAX ON PROFIT/(LOSS) (continued)

b) Factors affecting the current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31.12.20 USD	Year ended 31.12.19 USD
Profit/(loss) before taxation	5 261 252	(3 014 119)
Profit/(loss) multiplied by the standards rate of corporation tax in the UK of 19% (2019:19%)	999 638	(572 683)
Effects of:		
Amounts not chargeable to UK tax*	(999 638)	572 683
Total charge tax (note 7a)	-	-

* Relates to profits attributable to the Dubai branch of the company, which is exempt from UK tax.

c) Taxation subsequent changes

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

8. TANGIBLE ASSETS

	Mobile drilling units USD	Periodic maintenance USD	Total USD
COST			
At 1 January 2020	581 227 186	35 000 000	616 227 186
Additions	10 442 264	244 257	10 686 521
Disposal	(54 545)	-	(54 545)
At 31 December 2020	591 614 905	35 244 257	626 859 162
ACCUMULATED DEPRECIATION			
At 1 January 2020	(15 848 770)	(4 497 310)	(20 346 080)
Charge of the period	(26 179 102)	(7 017 218)	(33 196 320)
At 31 December 2020	(42 027 872)	(11 514 528)	(53 542 400)
NET BOOK VALUE			
At 31 December 2020	549 587 033	23 729 729	**573 316 762**
At 31 December 2019	565 378 416	30 502 690	595 881 106

Impairment tests mobile drilling unit

The company has during 2020 identified impairment indicators related to the rig market in general and the day rates, as the market is still not back to normalised levels.

Due to identified impairment indicators for the MODU segment, the company has conducted impairment tests for its mobile drilling unit.

The company performs Impairment tests on a regular basis. When evaluating the potential impairment of its offshore mobile drilling unit, the company has assessed the unit's recoverable amount.

In the sensitivity analysis, the estimated impairment in the different scenarios is based on the assumption that the asset will be written down to the highest of value in use and fair value less costs to sell. Rig broker estimates of fair value in a hypothetical transaction between a willing buyer and a willing seller are part of the input for estimating for fair value less cost to sell.

Based on impairment tests performed as at 31 December 2020, the company has not identified any impairment in relation to its drilling unit as the recoverable value (value in use) is higher than the recognised asset.

The following key assumptions have been used when conducting impairment tests for the mobile drilling unit:

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

8. TANGIBLE ASSETS (continued)

Firm contract dayrate (weighted average)	344' USD	329' USD
Future normalised base case day rates - at full market recovery	400' USD	435' USD
Financial utilisation in normalised period	95 %	95 %

Sensitivity analysis mobile drilling units

Estimated impairment write down if:		USD $000	USD $000
WACC increased by	1 pp	47 000	49 000
WACC increased by	2 pp	87 000	92 000
Day rate level decreased by	5 %	57 000	51 000
Day rate level decreased by	10 %	114 000	103 000
Normalised opex level increased by	5 %	29 000	26 000
Normalised opex level increased by	10 %	57 000	53 000
Financial utilisation in normalised period decrease by	1 pp	13 000	11 000
Financial utilisation in normalised period decrease by	2 pp	25 000	23 000
Financial utilisation in normalised period decrease by	3 pp	38 000	34 000

Drilling contract status as per 31 December 2020

Deepsea Nordkapp commenced operations for Aker BP under the Alliance agreement on 10 May 2019. The firm period, after exercise of the first and second option, will take the unit to end of Q2 2023. There is also an additional one year option.

9. DEBTORS

	31.12.20 USD	31.12.19 USD
Trade debtors	610 449	1 431 493
Amounts owed by group undertakings	6 259 645	4 695 529
VAT recoverable	21 051	21 051
Other debtors	-	15 764
Prepayments and accrued income	415 963	286 953
	7 307 108	6 450 790

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 USD	31.12.19 USD
Bank loans and overdrafts	34 210 526	34 210 526
Trade creditors	514 674	3 519 509
Amounts owed to group undertakings	15 923 313	4 644 352
Accruals and deferred income	3 108 455	4 149 831
	53 756 968	46 524 218

Bank loan and overdraft is first year instalment of loan facility, see note11. Also see note 11 for securities related to the first year instalment of the bank loan.

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.20 USD	31.12.19 USD
Amounts falling due between one and five years		
Bank loans and overdrafts	248 026 316	282 236 842
Capitalised loan expenses, bank loan	(6 165 489)	(8 702 733)
Seller credit	46 326 392	44 761 703
Amounts owed to group undertakings	18 271 877	25 168 490
Total creditors falling due between one and five years	306 459 096	343 464 302

The bank loans and overdrafts are secured debt. The Odfjell Rig V Ltd facility of $325M, with Odfjell Rig V Ltd, as borrower and DNB Bank ASA as Agent on behalf of the lenders, was fully drawn on 3 January 2019 in relation to the delivery of Deepsea Nordkapp that took place on 7 January 2019. At the same day, the seller's credit of $43.25M from Samsung Heavy Industries was made effective. The seller's credit at the year ended 31 December comprise loan and accrued interest.

Covenants and security Odfjell Rig V Ltd - $325M facility
There shall be no dividends from Odfjell Drilling Ltd. on ordinary shares until 1 January 2021. Thereafter, dividends on ordinary shares shall be limited to 50% of its net income. Moreover, there are certain restrictions on ownership, including that Helene Odfjell and descendants shall own at least 50.1 per cent of the voting rights and capital interests in Odfjell Drilling Ltd. Otherwise, the facility contains provisions that are regarded as customary for these type of facilities, including, but not limited to, undertakings related to reporting and information, certain restrictions on corporate actions and change of business and covenants relating to the valuation, operation and maintenance of the semi-submersible drilling rig "Deepsea Nordkapp".

Substantially all of the assets of Odfjell Rig V Ltd have been pledged in favour of the lenders, including a mortgage over Deepsea Nordkapp which was established at delivery of the unit on 7 January 2019.

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The Parent Odfjell Rig Owning Ltd., has guaranteed for the loan limited to $422.5M plus any unpaid amount of interest, fees and expenses, and shall be reduced with amounts actually repaid (and prepaid, if any) under the loan agreement. Also, Odfjell Rig Owning Ltd. and Odfjell Invest II AS, have guaranteed the obligors' obligations under the finance documents. In addition, Odfjell Drilling AS has pledged its shares in charter company Odfjell Invest II AS as security.

Covenants and security Odfjell Rig V Ltd - $43.25Mseller's credit from Samsung Heavy *Industries*
$43.25M seller's credit granted to Odfjell Rig V Ltd by Samsung Heavy Industries at delivery of Deepsea Nordkapp 7 January 2019, which is subordinated to the $325M facility. The facility contains covenants that are customary for these type of facilities.

The seller's credit is secured by a second priority mortgage over Deepsea Nordkapp, a second priority assignment of insurances and a parent company guarantee from Odfjell Rig Owning Ltd..

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.20 USD	31.12.19 USD
2 (2019:2)	Ordinary Shares	£1	3	3
			3	3

In 2018, 2 ordinary shares £1 was issued at par. The consideration received for the allotment of the ordinary shares was $230,000,002.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS 102 not to disclose any transactions with entities that are part of the Group which qualify as related parties, on the grounds that it is a subsidiary where 100% of the voting rights are controlled with the Group.

14. ULTIMATE PARENT COMPANY

The immediate parent undertaking and the smallest group to consolidate these financial statements is Odfjell Rig Owning Ltd., a company incorporated in Bermuda. The ultimate parent undertaking and the largest group to consolidate these financial statements is Odfjell Drilling Ltd.. All these companies are incorporated in Bermuda.

Since migration of Odfjell Rig Owning Ltd. and Odfjell Drilling Ltd. to United Kingdom in December 2018, the residential address of the companies is Bergen House, Crawpeel Road, Altens, Aberdeen, United Kingdom.

A copy of the group financial statements can be obtained from Odfjell Drilling Ltd. and on the company website; www.odfjelldrilling.com or it can be obtained from Odfjell Rig V Ltd, New Kings Tollgate,

Financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

14. ULTIMATE PARENT COMPANY (continued)

Chandler's Ford, Eastleigh, Hampshire, England, SO53 3LG.

Odfjell Drilling Ltd., is controlled by Odfjell Partners Ltd., which owns 60.2% of the common shares. Director, Helene Odfjell, controls Odfjell Partners Ltd..

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent events have been reviewed from the end of the period to the issue of the financial statements. Aker BP has exercised the second 12 month option for Deepsea Nordkapp under the contract entered into between the parties in April 2018. The second 12 month option shall commence after expiry of the first optional period in June 2022. The approximate contract value for the exercised optional scope is $109M (excluding any integrated services). In addition, a performance bonus will be applicable. An additional scope based option period has been agreed which, if exercised shall follow completion of the firm period and have a duration of up to 12 months.

There have not been any other events identified after the reporting period, which would materially affect these financial statements.