

An aerial photograph of a large industrial ship, possibly an offshore supply vessel, sailing on the ocean. The ship's deck is visible, showing various pieces of equipment, including large spools of rope or cable. The ship's hull features a circular logo with a stylized 'G' or similar symbol. The entire image is overlaid with a semi-transparent blue gradient that is lighter on the left side and darker on the right. The text 'First quarter report 2021' is overlaid in white on the lower half of the image.

First quarter report 2021

May 6, 2021

First quarter report 2021

Highlights – 1Q21

- The chemical tanker market and our results were negatively influenced by seasonality, disruptions of COA volumes caused by the unprecedented freeze in Texas and a challenging CPP market
- Timecharter earnings in Odfjell Tankers of USD 120 mill compared to USD 125 mill 4Q20
- Net result contribution from Odfjell Terminals of USD 0.2 mill compared to USD -0.6 mill 4Q20
- EBIT of USD 8 mill compared to USD 18 mill 4Q20
- Net result of USD -16 mill compared to USD -3 mill 4Q20. Excluding extraordinary items, net result was USD -14 mill compared to USD -1 mill 4Q20
- Temporary blocking of Suez canal only had minor impact on operations
- Our reported Annual Efficiency Ratio (AER) for our managed fleet as of 1Q21 is 8.53, slightly up from 8.44 in 1Q20, but ahead of the Sustainability Performance Target trajectory. We are on track towards our goal for 2030
- Acquired JV partner's share in Odfjell Gas' two gas carriers and the vessels are now owned and incorporated in Odfjell Tankers
- The Board decided to not recommend a dividend for FY 2020

Key figures, USD mill

(USD mill, unaudited)	2Q20	3Q20	4Q20	1Q21	1Q20	FY20
Timecharter earnings	137.4	128.4	124.9	120.3	121.8	512.5
Total opex, TC,G&A	(63.7)	(64.5)	(65.5)	(67.9)	(63.8)	(198.9)
Net result from JV's	11.7	0.9	0.0	0.8	0.9	13.3
EBITDA	85.5	64.9	59.3	53.2	58.7	268.3
EBIT	48.7	26.1	17.8	7.8	22.6	115.3
Net financial items	(16.8)	(21.1)	(20.1)	(22.1)	(26.0)	(84.0)
Net result	30.9	3.9	(2.5)	(15.6)	(4.4)	27.8
EPS*	0.39	0.05	(0.03)	(0.20)	(0.06)	0.35
ROE**	13.6 %	3.5 %	(2.0 %)	(9.9%)	(0.5 %)	4.9 %
ROCE**	8.2 %	5.4 %	3.6 %	1.5%	5.1 %	6.1 %

- Figures based on equity method

* Based on 78.8 million outstanding shares

** Ratios are annualised

"The first quarter was impacted by a challenging chemical tanker market with disruptions in supply chains due to extraordinary weather conditions and Covid 19 together with a weak CPP market. Underlying fundamentals remain strong and we expect our markets to improve throughout the year. Following the end of the largest fleet renewal programme in the history of the company, we are now well positioned to generate improved free cash flow and strengthen our balance sheet. We expect to report improved results in 2Q21".

Kristian Mørch, CEO Odfjell SE

Result development

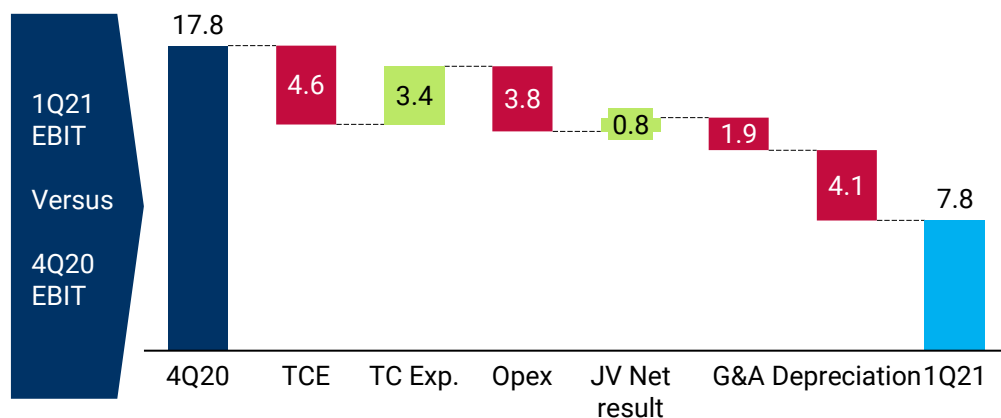
Profit & Loss

In 1Q21, the company reported timecharter revenues of USD 120 mill compared to USD 125 mill in 4Q20. Lower TC earnings reflect softer chemical tanker rates impacted by seasonality and challenges caused by the freeze in Texas as well as weak CPP markets.

EBIT including net result from Odfjell Terminals of USD 1 mill was USD 8 mill compared to USD 18 mill in 4Q20. Net result contribution from Odfjell Terminals improved slightly as 4Q20 results were impacted by the fire at the Houston terminal. Odfjell Gas is now consolidated in Odfjell Tankers and together with extension of timecharters and related IFRS 16 effects, increased total opex and depreciations by USD 4 mill.

Net result was USD -16 mill compared to USD -3 mill in 4Q20. Excluding one-offs and extraordinary items, net result was USD 14 mill compared to USD -1 mill previous quarter.

Break-even in 1Q 21 was USD 22,924/day compared to a break-even of USD 23,478/day in 4Q20. Break-even is projected to be approximately USD 21,300/day in 2021.



Balance sheet & Cash flow

Odfjell's cash balance end 1Q21 was USD 72 mill with total available liquidity of USD 130 mill including undrawn facilities under our Revolving credit facility (RCF). We repaid USD 28 mill of scheduled instalments on loans and leases and made an additional USD 20 mill repayment on our RCF.

Our ownership in Odfjell Gas increased to 100 per cent during the quarter, which led to consolidating results and this being removed from Investments in associates and JVs.

Operating cash flow was stable during the quarter while working capital increased by USD 20 mill related to increased number of pool vessels. Free cash flow was USD -2 mill for the quarter compared to USD -34 mill in 4Q20.

Corporate Development

We acquired the equity stake of our JV partners in Odfjell Gas and the two vessels are now incorporated as a part of Odfjell Tankers. We further concluded a refinancing which 100% funded the acquisition. We refinanced four vessels with lower leverage and substantially improved terms. The new financing was issued under our sustainability-linked finance framework.

Key figures (USD mill)	30.06.20	30.09.20	31.12.20	31.03.21
Cash and available-for-sale investments	148.4	92.4	103.1	71.9
Interest bearing debt	1,192.2	1,174.4	1,238.6	1,231.9
Debt, right of use assets	285.0	271.5	269.2	278.3
Net debt	1,328.9	1,353.6	1,404.7	1,438.3
Available drawing facilities	–	46.0	41.9	58.0
Total equity	549.6	560.1	575.9	569.1
Equity ratio	25.1 %	26.0 %	25.9 %	25.5 %
Equity ratio in covenants (IFRS 16 Adj.)	28.8 %	29.7 %	29.5 %	29.1 %

Chemical Tankers

The chemical tanker market was challenging during the quarter as seasonality in combination with lockdown measures in the western hemisphere reduced volumes. The challenging market was further exacerbated by the freeze in Texas that was only partly compensated by alternative export regions towards the end of the quarter.

Speciality volumes in our COA portfolio were stable during the quarter and continued to support strong front haul results. The easy chemical market softened for above mentioned reasons putting pressure on freight rates on backhaul voyages in particular. Our exposure to the vegoil market increased slightly as we took delivery of new coated tonnage. This market was also challenging but improved somewhat towards the end of the quarter. The CPP market remains weak, and we carried limited volumes in this market during the quarter.

Covid-19 keeps being a challenge when it comes to facilitating crew changes, spare part deliveries and access to service personnel. Our operational performance and safety statistics remain strong.

Off-hire days were higher than usual driven by drydockings and related repositioning of vessels.

Key result drivers	1Q20	2Q20	3Q20	4Q20	1Q21
TCE/day*	19,879	22,523	21,235	21,102	19,676
Average annual break-even (2021 estimate)	21,386	21,386	21,386	21,386	21,300
Total Volumes carried (Million tonnes)	3.7	3.8	3.8	4.1	4.0
- Volumes Odfjell vessels (Million tonnes)	3.2	3.2	3.1	3.3	3.0
- Volumes external pool vessels (Million tonnes)	0.5	0.6	0.7	0.8	1.0
- COA volumes (Million tonnes)	2.0	1.3	1.9	1.9	1.9
Total calendar revenue days	7,073	7,344	7,528	7,610	8,058
Commercial revenue days	6,960	7,166	7,150	7,266	7,751
Commercial revenue days – external pools	836	1,067	1,130	1,309	1,637
Off-hire days	112	178	378	293	343
Fleet (number of vsls/Mdwt)	80/2.6	82/2.8	83/2.9	89/3.1	91/3.3

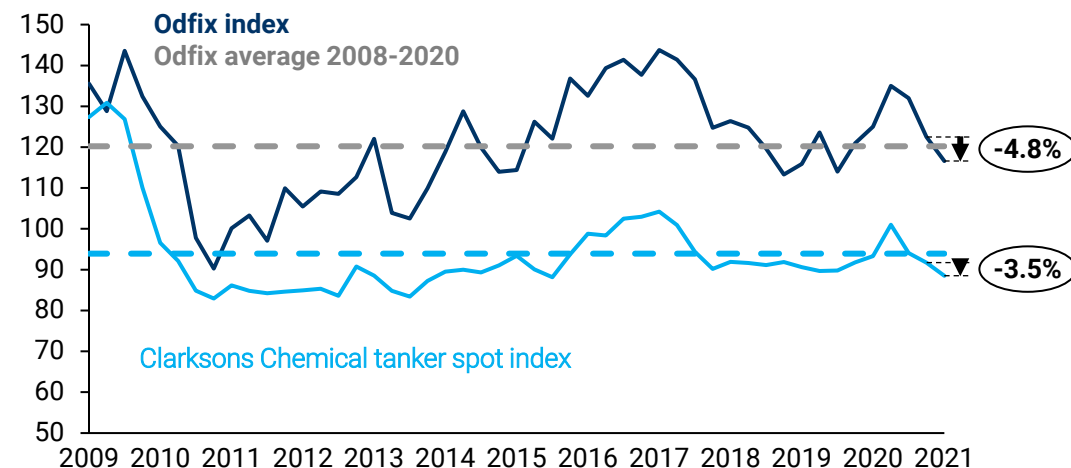
* TCE/day= Timecharter revenues net of pool distributions/Commercial revenue days less commercial revenue days – external pools

COA coverage was 48% in 1Q21 compared to 47% in 4Q20 and COA volumes were stable. We concluded new COA volumes equivalent to 20% of COA volumes lifted in 2020. This increase reflects our growing fleet and also positions us to optimize our COA portfolio and only renew COAs yielding acceptable results. Majority of COA renewals was concluded at roll-over terms, but the challenging market has led to a pause in the positive momentum seen the last years, especially COA on backhaul routes was impacted by increased competition. The trend of positive COA renewals should resume with expected improved chemical tanker markets in 2H21.

We have established a new pool of 33,000 dwt large stainless steel tankers with EGD Shipholding (EGD) where Odfjell will contribute four vessels and EGD three vessels. The pool arrangements will be concluded during the second quarter.

In 2021, we have zero outstanding newbuilding capex and future capex end of 1Q21 only includes approximately USD 15 mill of drydocking and USD 6 mill of investments related to energy efficiency initiatives in our fleet.

ODFIX vs Clarksons Chemical tanker spot earnings index



Tank Terminals

Overview

For Odfjell Terminals, 1Q21 was marked by two Force Majeure events at our terminal in Houston (OTH), first the December fire incident which impacted operations into January of 2021 and, later, the extreme winter weather that struck Houston area in February. In both instances, the team at OTH has been quick in resuming normal operations, however, the latter event caused widespread impacts throughout the entire Houston petrochemical supply chain.

All our other terminals have maintained normal operations throughout the quarter. In spite of challenging circumstances in 1Q21 due to Covid-19, all terminals including OTH have maintained safe and efficient operations and the positive performance on key safety indicators has been maintained this quarter.

Market development

The commercial occupancy of the portfolio remained in line with the previous quarter at approx. 96% in 1Q21. Overall activity levels (throughput and handlings) have remained relatively stable compared to previous quarter. The negative impacts by the events in Houston have partially been offset by increasing activity levels in Europe. With regards to the US market, the extreme weather in February has contributed to low inventory levels across the value chain, temporarily impacting the supply-demand picture for storage. It is expected that the situation will normalize during 2Q21.

In Europe, Noordnatie Odfjell Antwerp Terminals (NNOAT) noted a gradual pick-up in activity levels in Q1, partially due to a shift in demand caused by the Texas freeze.

In Asia, Odfjell Terminals Korea (OTK) saw stable commercial occupancy although slightly down from the peak in 2020, in part caused by lower production levels at local refineries. Odfjell Nangang Terminals Tianjin (ONTT) has continued on the positive trend of 2020, both driven by targeted commercial efforts and favorable local market conditions.

Capital expenditure & expansions

- At NNOAT, the construction of an additional 35k cbm of stainless-steel capacity is progressing according to schedule. The new tankpit will be operational during 2022.
- At Odfjell Terminals US, we have launched a digital transformation program encompassing both OTH and OTC. This multi-year program will be a key component in realizing much of the efficiency and improvement potential we see within our US terminal operations.
- The recent events at OTH has contributed to a delay in the engineering of the Bay 13 expansion project. Subject to final investment decision, commissioning of the new tank pit will likely be pushed to 2023.

All CAPEX will be funded locally in the respective JVs.

Odfjell Terminals key figures (Odfjell share)	1Q20	2Q20	3Q20	4Q20	1Q21
Gross revenues	17.5	16.0	16.3	15.9	16.4
Odfjell Terminals US EBITDA	5.5	5.4	5.4	4.8	4.3
Odfjell Terminals Asia EBITDA	1.5	1.0	0.4	0.6	1.5
Noord Natie Odfjell EBITDA	1.2	1.3	1.7	1.5	1.4
Odfjell Terminals EBITDA*	8.1	7.6	7.8	6.6	7.1
EBIT	2.7	12.5	2.2	0.3	1.3
Net financials	(1.3)	(0.7)	(0.5)	(1.8)	(1.0)
Net results	1.0	11.6	1.5	(0.6)	0.2
Cash flow from operations	(2.2)	16.8	7.6	5.4	(2.8)
Cash flow from investments	(2.2)	16.7	(6.8)	(31.1)	(5.1)
Cash flow from financing	2.9	(2.2)	0.8	18.0	8.2
Net debt	122.8	90.8	90.6	103.3	109.8
Commercial average occupancy rate (%)	97.3	99.4	98.9	96.5	95.9
Commercial available capacity (1,000 cbm)	1,123	1,148	1,148	1,148	1,146

* Including corporate items

Sustainability

Carbon emissions

Odfjell presented ambitious climate targets in 2020. One of these targets was a 50% reduction of carbon intensity from 2008 to 2030 for our managed fleet. We intend to report regularly on the progress of this target.

We will use the Annual Efficiency Ratio (AER) as a measure for carbon intensity. The reason for using AER and not the Energy Efficiency Operational Index (EEOI) are mainly:

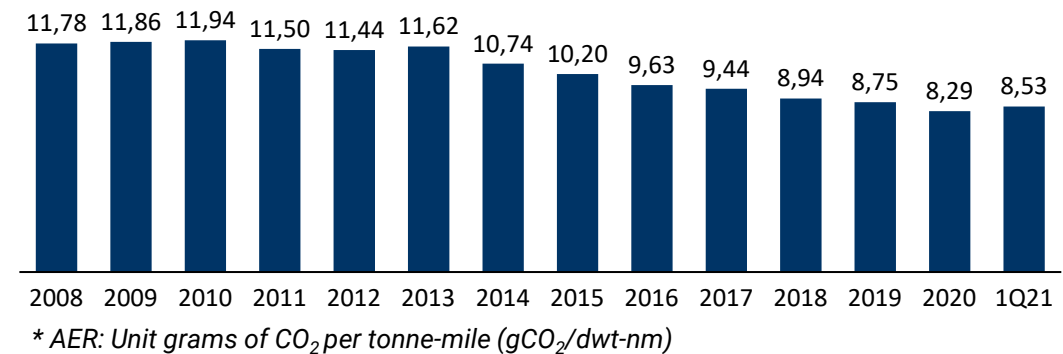
- It is the proposed index used as IMO carbon intensity indicator (CII) as it will be based on IMO Data Collection System (DCS) reporting and regulation
- EEOI is heavily affected by utilization of the vessel, which is not controlled by shipowners (owner of the carbon emissions)
- AER creates incentives for improving fuel consumption and retrofit on energy saving devices in the fleet and selecting efficient vessels on charter
- AER removes market uncertainty and gives predictability for manager/owner to work on achieving CII trajectory/targets.

Odfjell AER development

Odfjell have between 2008-2020 reduced AER with 26.4% for our managed fleet and 26.8% for our operated fleet. AER for our managed fleet as of 1Q21 is 8.53 which compares to 8.44 in the corresponding quarter 2020. The AER for our operated fleet is 8.44 in 1Q21.

Our reported AER per 31.12.20 is ahead of the Sustainability Performance Target trajectory and we are on track towards our goal for 2030. The AER will on a quarterly basis be sensitive to seasonal variations on factors like temperature, weather, port congestions. The figures should be regarded as preliminary and will be reviewed by a 3rd party once a year.

AER Odfjell fleet*



Prospects

Market outlook

Forecasts of economic growth for 2021 keeps being increased, and IMF now forecasts global GDP growth of 6% for the year. It is expected that Asia will lead the growth as key economies are already experiencing economic growth above 2019 levels. It is also widely expected that the western hemisphere will follow suit in the second half of 2021 alongside easing of lockdowns as a consequence of vaccination progress across the globe. It is further expected that policy stimuli will be high and filter through to economies that will have a direct impact on consumption and demand. We therefore forecast chemical demand growth to enter normalised growth trajectory during the second half of 2021.

The current supply pressure from swing tonnage is expected to ease the next six months and into 2022. This is driven by global crude and CPP inventories fast approaching historical average levels and expectations that crude and CPP production and demand will increase in the corresponding period, leading to shipping demand surpassing limited supply growth.

The chemical tanker orderbook is currently 4.8% of the current fleet and by 2023, 6.1% of the current fleet will be above 25 years old which will limit net fleet growth of the fleet in the years to come. One vessel was ordered during the quarter and while some orders were placed in April, we continue to see limited interest for new orders driven by weak markets and regulatory uncertainty when it comes to future propulsion systems. The supply outlook therefore looks favorable and should stimulate improved markets in the years to come

We forecast chemical tanker demand growth to average 3% between 2021 and 2023 relative to a supply growth of 1% in the same period.

2Q 21 guidance

While we expect limited improvements in the chemical tanker market the next quarter, we expect to report improved results for the next quarter due to seasonality, less off-hire and less operational disturbances as experienced by the Texas freeze in 1Q21.

Bergen, 5 May 2021

THE BOARD OF DIRECTORS OF ODFJELL SE

Interim financial information – ODFJELL GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures based on equity method

(USD mill)	Note	4Q20	1Q21	1Q20	FY20
Gross revenue	1, 9	233.9	243.2	240.3	939.1
Voyage expenses	1	(87.0)	(99.0)	(102.4)	(347.0)
Pool distribution		(22.0)	(23.9)	(16.1)	(79.6)
Time-charter earnings		124.9	120.3	121.8	512.5
Time-charter expenses		(7.0)	(3.6)	(8.4)	(32.7)
Operating expenses	8	(43.6)	(47.4)	(40.1)	(166.2)
Gross result		74.3	69.3	73.2	313.6
Share of net result from associates and joint ventures	5	0.0	0.8	0.9	13.5
General and administrative expenses		(15.0)	(16.9)	(15.3)	(58.7)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		59.3	53.2	58.7	268.3
Depreciation and amortization	4, 7	(41.5)	(45.6)	(36.1)	(153.0)
Operating result (EBIT)		17.8	7.8	22.6	115.3
Interest income		0.1	0.1	0.6	0.9
Interest expenses	9	(20.5)	(20.3)	(21.6)	(83.2)
Other financial items	6	0.3	(1.9)	(5.0)	(1.6)
Net financial items		(20.1)	(22.1)	(26.0)	(84.0)
Result before taxes		(2.3)	(14.3)	(3.4)	31.3
Income tax expense		(0.3)	(1.3)	(1.0)	(3.5)
Net Result		(2.6)	(15.6)	(4.4)	27.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Figures based on equity method

(USD mill)	Note	4Q20	1Q21	1Q20	FY20
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net changes in cash-flow hedges		12.5	10.1	(31.7)	(7.7)
Translation differences on investments of foreign operations		0.1	0.1	(0.1)	–
Share of comprehensive income on investments accounted for using equity method		6.6	(2.0)	(1.6)	5.9
Share of other comprehensive income reclassified to income statement on disposal			–	–	–
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:					
Net actuarial gain/(loss) on defined benefit plans		(0.5)	–	–	(0.5)
Other comprehensive income		18.7	8.3	(33.4)	(2.4)
Total comprehensive income		16.1	(7.3)	(37.7)	25.4
Earnings per share (USD) – basic/diluted		(0.03)	(0.20)	(0.06)	0.35

Net result and total comprehensive income is allocated 100% to the owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Figures based on equity method)

(USD mill)	Note	31.12.20	31.03.21	31.03.20
Deferred tax assets		0.7	0.7	0.6
Ships	4	1,515.1	1,531.1	1,428.1
Property, plant and equipment	4	9.7	9.7	9.3
Right of use assets	7	258.8	266.9	247.5
Investments in associates and joint ventures	5	200.4	181.2	161.0
Derivative financial instruments		1.7	1.1	–
Non-current receivables		6.6	4.6	10.8
Total non-current assets		1,993.0	1,995.2	1,857.3
Current receivables		92.1	123.9	97.7
Bunkers and other inventories		25.2	32.3	17.5
Derivative financial instruments		6.7	8.2	0.7
Cash and cash equivalents	3	103.1	71.9	121.1
Total current assets		227.1	236.3	236.9
Total assets		2,220.1	2,231.4	2,094.2
Equity		575.9	569.1	513.3
Non-current interest bearing debt	3	1,059.8	1,132.1	920.4
Non-current debt, right of use assets	7	209.6	220.6	206.8
Derivatives financial instruments		25.7	19.9	53.8
Other non-current liabilities		6.9	9.1	5.9
Total non-current liabilities		1,301.9	1,381.7	1,186.9
Current portion interest bearing debt	3	178.8	99.8	220.3
Current debt, right of use assets	7	59.6	57.7	48.0
Derivative financial instruments		8.4	6.0	47.9
Other current liabilities		95.5	117.1	77.7
Total current liabilities		342.3	280.6	393.9
Total equity and liabilities		2,220.1	2,231.4	2,094.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures based on equity method

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as per January 1, 2020	199.2	0.3	(13.7)	(1.2)	4.7	361.9	351.9	551.2
Other comprehensive income	—	—	(7.7)	(0.5)	5.9	—	(2.4)	(2.4)
Net result	—	—	—	—	—	27.8	27.8	27.8
Dividend payment	—	—	—	—	—	—	—	—
Sale of treasury shares	—	—	—	—	—	—	—	—
Other adjustments	—	—	—	(0.2)	—	(0.5)	(0.7)	(0.7)
Equity as at December 31, 2020	199.2	0.3	(21.4)	(1.9)	10.6	389.2	376.7	575.9
Equity as per January 1, 2021	199.2	0.3	(21.4)	(1.9)	10.6	389.2	376.7	575.9
Other comprehensive income	—	0.1	10.1	—	(2.0)	—	8.3	8.3
Net result	—	—	—	—	—	(15.6)	(15.6)	(15.6)
Sale of treasury shares 1)	—	—	—	—	—	0.4	0.4	0.4
Other adjustments	—	—	—	—	—	0.2	0.2	0.2
Equity as at March 31, 2021	199.2	0.4	(11.3)	(1.9)	8.6	374.1	369.9	569.1

(1) In the first quarter of 2021 senior management received a total of 137,127 shares related to long-term incentive programs for a total value of NOK 3.6 million.

KEY FIGURES

Figures based on equity method

	4Q20	1Q21	1Q20	FY20
PROFITABILITY				
Earnings per share (USD) – basic/diluted	(0.03)	(0.20)	(0.06)	0.35
Return on equity ¹⁾	(2.0 %)	(9.9 %)	(0.5 %)	4.9 %
Adjusted return on equity ³⁾	(2.0 %)	(9.6 %)	0.5 %	3.0 %
Return on capital employed ¹⁾	3.6 %	1.5 %	5.1 %	6.1 %
Adjusted return on capital employed ³⁾	3.6 %	1.5 %	5.3 %	5.4 %
FINANCIAL RATIOS				
Average number of outstanding shares (mill) ²⁾	78.6	78.7	78.6	78.6
Basic/diluted equity per share (USD)	7.31	7.23	6.53	7.31
Share price per A-share (USD)	3.2	3.3	1.9	3.2
Current ratio	0.7	0.8	0.6	0.7
Equity ratio	25.9 %	25.5 %	24.5 %	25.9 %
USD/NOK rate at period end	8.54	8.55	10.51	8.54

¹⁾ Return ratios are based on annualized results, except for non-recurring items that are included in the relevant period.

²⁾ Per end of March 2021 Odfjell holds 5,681,966 Class A shares and 2,322,482 Class B shares.

³⁾ Adjusted for non-recurring items.

CONSOLIDATED CASH FLOW STATEMENT

Figures based on equity method

(USD mill)	4Q20	1Q21	1Q20	FY20
Profit before income taxes	(2.3)	(14.3)	(3.4)	31.3
Taxes paid in the period	(0.3)	(1.5)	(1.1)	(3.6)
Depreciation, impairment and capital (gain) loss fixed assets	41.5	45.6	36.1	153.1
Change in inventory, trade debtors and creditors (increase) decrease	(1.0)	(20.2)	(1.5)	(9.5)
Share of net result from associates and JV's	–	(0.8)	(0.9)	(13.4)
Net interest expenses	20.5	20.2	21.0	82.3
Interest received	0.1	0.1	0.7	1.0
Interest paid	(21.8)	(18.7)	(22.0)	(85.3)
Effect of exchange differences and changes in unrealized derivatives	(2.5)	1.6	5.8	(1.1)
Change in other current accruals	5.1	7.3	(3.0)	0.5
Net cash-flow from operating activities	39.3	19.3	31.7	155.2
Sale of ships, property, plant and equipment	–	–	4.1	4.1
Investment in ships, property, plant and equipment	(56.9)	(10.5)	(47.6)	(207.2)
Dividend/other from investments in associates and JV's	–	–	–	1.4
Investments in associates and joint ventures	(19.0)	–	–	(19.0)
Acquisition of subsidiary ¹⁾	–	(11.7)	–	–
Other non-current receivables and investments	2.7	1.1	2.3	6.1
Net cash-flow from investing activities	(73.2)	(21.1)	(41.3)	(214.6)
New interest bearing debt (net of fees paid)	62.7	121.2	71.1	323.1
Loans from associates and joint ventures	19.0	–	–	19.0
Repayment of interest bearing debt	(21.7)	(114.3)	(27.4)	(175.1)
Repayment of drawing facilities	–	(20.0)	–	(50.0)
Repayment of lease debt related to right of use assets	(15.9)	(15.6)	(12.1)	(53.9)
Net cash-flow from financing activities	44.1	(28.7)	31.6	63.1
Effect on cash balance from currency exchange rate fluctuations	0.7	(0.7)	(1.7)	(1.4)
Net change in cash and cash equivalents	10.8	(31.2)	20.3	2.3
Opening cash and cash equivalents	92.4	103.1	100.8	100.8
Closing cash and cash equivalents	103.1	71.9	121.1	103.1

1) Odfjell SE purchased the remaining 50 % of shares in Odfjell Gas AS in March 2021. The purchase price was USD 16.7 million, fully settled in cash. Cash and cash equivalents in the Odfjell Gas group at the time of purchase was USD 4.9 million for a net cash outflow of USD 11.7 million, presented under investing activities.

Through the purchase, the group has acquired ships with a book value of USD 34.1 million and assumed current interest bearing debt of USD 6.8 million, see note 3 and 4.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrs veg 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements ended March 31, 2021 for the Odfjell Group and have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2020. The interim financial statements are unaudited.

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2020.

Impairment assessment

The Group last performed an impairment test at year end 2020. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. The Group has maintained its view of future earnings assumptions as applied in the impairment test at year end 2020. The result of this impairment test did not reveal any need for impairment. We refer to the annual report for more details regarding the impairment test at year end 2020, ref disclosure 3 and 13.

Changes in presentation

As of the first quarter of 2021, Odfjell has changed its presentation of expenses related to IFRS 16 by aggregating them into their related line items. The information will be made available in separate disclosures which are listed below. The changes made relate to the following line items:

'Operating expenses' and 'Operating expenses, right of use assets' are now aggregated into a single line item. The information is now shown in note 8.

'Depreciation and amortization' and 'Depreciation expense, right of use assets' are now aggregated into a single line item. The information is now shown in note 4.

'Interest expenses' and 'Interest expenses, right of use assets' are now aggregated into a single line item. The information is now shown in note 9.

Acquisition of shares in Odfjell Gas AS

The acquisition of the shares in Odfjell Gas AS is considered an asset acquisition and not a business combination. The acquisition of the 50% of the shares in March 2021 is booked at fair value. When the Odfjell Gas AS group is consolidated, the cost price of the two gas vessels is booked at historical cost. This implies that 50% of the cost price represent the agreed price for the vessels in March 2021, and the remaining 50% of the cost price represent 50% of the book value at 1 March 2021 from the former Odfjell Gas AS joint venture.

Note 2 – Segment information

Management has determined the operating segments based on the information regularly reviewed by executive management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method.

As of the first quarter of 2021, the Group has discontinued its reporting of the gas carriers segment as the two LPG/Ethylene carriers have been included in the chemical tankers segment in our internal reporting from this quarter. Comparative figures for the chemical tankers segment have been restated to include the Gas segment in accordance with IFRS 8.

The Group therefore has two remaining reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation. The segment also includes two LPG/Ethylene carriers and corporate entities.

Tank Terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through joint ventures owned by the subsidiary Odfjell Terminals BV.

Note 2 – Segment information - continued

USD mill	Chemical Tankers				Tank Terminals				Total			
	4Q20	1Q21	1Q20	FY20	4Q20	1Q21	1Q20	FY20	4Q20	1Q21	1Q20	FY20
Gross revenue	233.7	243.0	241.8	944.5	15.9	16.4	17.5	65.6	249.6	259.4	259.3	1,009.0
Voyage expenses	(87.2)	(99.0)	(103.2)	(349.5)	—	—	—	—	(87.2)	(99.0)	(103.2)	(349.5)
Pool distribution	(22.0)	(23.9)	(16.1)	(79.6)	—	—	—	—	(22.0)	(23.9)	(16.1)	(79.6)
TC earnings	124.5	120.1	122.5	515.4	15.9	16.4	17.5	65.6	140.4	136.5	140.0	579.9
TC expenses	(8.1)	(3.6)	(8.4)	(33.8)	—	—	—	—	(7.0)	(3.6)	(8.4)	(32.7)
Operating expenses	(39.0)	(41.0)	(35.1)	(147.3)	(6.5)	(6.6)	(6.6)	(25.4)	(45.4)	(47.6)	(41.7)	(172.6)
Operating expenses - right of use assets	(4.8)	(6.4)	(5.6)	(20.8)	—	—	—	—	(4.8)	(6.4)	(5.6)	(20.8)
General and administrative expenses	(14.3)	(16.5)	(15.1)	(57.7)	(2.9)	(2.7)	(2.7)	(10.2)	(17.2)	(19.2)	(17.8)	(67.8)
EBITDA	59.4	52.6	58.2	255.9	6.6	7.1	8.1	30.0	66.0	59.7	66.3	285.9
Depreciation	(25.3)	(29.1)	(22.8)	(95.9)	(5.5)	(5.6)	(5.3)	(21.3)	(30.8)	(34.7)	(28.1)	(117.3)
Depreciation - right of use assets	(15.5)	(16.1)	(13.7)	(57.8)	(0.1)	(0.2)	(0.1)	(0.4)	(15.6)	(16.3)	(13.8)	(58.2)
Impairment	—	—	—	0.1	(0.9)	—	—	(0.9)	(0.9)	—	—	(0.8)
Capital gain/loss	—	—	—	0.1	0.2	—	(0.1)	10.3	0.2	—	(0.1)	10.4
Operating result (EBIT)	18.6	7.4	21.7	102.3	0.3	1.3	2.7	17.7	18.9	8.7	24.3	120.0
Net interest expense	(16.9)	(16.6)	(17.8)	(68.6)	(0.9)	(0.8)	(1.2)	(3.3)	(17.8)	(17.3)	(18.9)	(71.9)
Interest expense - right of use assets	(3.6)	(3.6)	(3.3)	(13.9)	—	—	—	(0.1)	(3.6)	(3.6)	(3.3)	(14.0)
Other financial items	0.2	(1.8)	(5.0)	(2.0)	(0.9)	(0.2)	(0.1)	(1.0)	(0.7)	(2.0)	(5.2)	(3.0)
Taxes	(0.3)	(1.3)	(1.0)	(3.5)	1.0	(0.1)	(0.3)	0.2	0.7	(1.4)	(1.3)	(3.3)
Net result	(2.0)	(15.8)	(5.4)	14.3	(0.6)	0.2	1.0	13.5	(2.5)	(15.6)	(4.4)	27.8
Non current assets	1,803.9	1,814.0	1,713.8	1,803.9	326.1	325.5	302.5	326.1	2,129.9	2,158.2	2,017.6	2,129.9
Cash and cash equivalents	99.3	67.8	120.8	99.3	39.3	39.5	14.1	39.3	138.6	109.3	134.9	138.6
Other current assets	135.6	157.1	115.6	135.6	15.2	14.7	32.7	15.2	150.8	172.5	130.3	148.7
Total assets	2,038.8	2,039.0	1,950.2	2,038.8	380.6	379.6	349.3	380.6	2,419.2	2,440.0	2,282.7	2,419.2
Equity	407.6	404.7	367.6	407.6	168.3	164.4	146.5	168.3	575.9	585.1	513.3	575.9
Non-current interest bearing debt	1,059.8	1,132.1	920.4	1,059.8	136.1	140.5	132.4	136.1	1,195.9	1,272.5	1,052.8	1,195.9
Non-current debt, right of use assets	208.7	220.6	206.8	208.7	2.9	3.1	0.6	2.9	211.6	223.7	207.4	211.5
Other non-current liabilities	32.5	27.0	59.8	32.6	28.4	29.8	29.1	28.4	60.9	56.7	90.9	61.0
Current interest bearing debt	182.2	99.8	225.1	182.2	6.5	8.8	4.5	6.5	188.7	113.9	229.6	188.7
Current debt, right of use assets	56.4	57.7	48.0	56.4	0.3	0.3	0.4	0.3	56.7	58.0	48.4	56.7
Other current liabilities	91.5	97.1	122.6	91.5	38.0	32.8	35.8	38.0	129.6	130.0	137.6	127.5
Total equity and liabilities	2,038.8	2,039.0	1,950.2	2,038.8	380.6	379.6	349.3	380.6	2,419.2	2,440.0	2,282.7	2,419.2
Cashflow from operating activities	39.1	18.8	33.0	149.2	5.4	(2.8)	(2.2)	27.6	44.5	16.0	30.7	176.8
Cashflow from investment activities	(53.0)	(21.1)	(41.3)	(195.8)	(31.1)	(5.1)	(2.2)	(23.4)	(84.1)	(26.2)	(43.5)	(219.2)
Cashflow from financing activities	24.6	(29.2)	29.4	46.2	18.0	8.2	2.9	19.5	42.6	(21.0)	32.3	65.7
Net change in cash and cash equivalents	10.7	(31.5)	21.1	(0.4)	(7.7)	0.2	(1.6)	23.6	3.0	(31.3)	19.5	23.2

Note 2 – Segment information - reconciliation of segment reporting to group figures

The following table reconciles reported revenue, EBIT, assets and liabilities in our segments to the income statement and statement of financial position.

USD mill	Chemical Tankers (2)				Tank Terminals				Total (1)			
	4Q20	1Q21	1Q20	FY20	4Q20	1Q21	1Q20	FY20	4Q20	1Q21	1Q20	FY20
Total segment revenue	233.7	243.0	241.8	944.5	15.9	16.4	17.5	65.6	250.7	259.4	261.0	1,016.4
Segment revenue JV's	(1.1)	—	(1.7)	(6.3)	(15.6)	(16.2)	(17.3)	(64.6)	(16.7)	(16.2)	(20.7)	(77.2)
Consolidated revenue in income statement	232.6	243.0	240.1	938.2	0.3	0.2	0.2	1.0	234.0	243.2	240.3	939.2
Total segment EBIT	18.6	7.4	21.7	102.3	0.3	1.3	2.7	17.7	18.7	8.7	24.4	120.0
Segment EBIT JV's	(0.3)	(0.2)	0.2	(0.1)	(0.4)	(1.5)	(2.7)	(18.0)	(1.1)	(1.7)	(2.6)	(18.7)
Share of net result JV's (4)	0.3	0.2	(0.2)	0.1	(0.3)	0.6	1.1	13.6	—	0.8	0.9	13.7
Consolidated EBIT in income statement	18.6	7.4	21.7	102.3	(0.4)	0.4	1.1	13.3	17.6	7.8	22.7	115.0
Total segment asset	2,038.8	2,039.0	1,950.2	2,038.8	380.6	379.6	349.3	380.6	2,417.2	2,418.6	2,282.7	2,417.2
Segment asset (3)	(19.7)	5.1	(20.8)	(19.7)	(372.5)	(373.5)	(346.7)	(372.5)	(397.5)	(368.4)	(349.6)	(397.5)
Investment in JV's (4)	15.8	—	15.8	15.8	184.6	181.2	145.2	184.6	200.4	181.2	161.0	200.4
Total consolidated assets in statement of financial position	2,034.9	2,044.1	1,945.2	2,034.9	192.7	187.3	147.8	192.7	2,220.1	2,231.4	2,094.1	2,220.1
Total segment liabilities	1,631.1	1,634.3	1,582.7	1,631.1	212.2	215.3	202.8	212.2	1,841.2	1,849.6	1,769.5	1,841.2
Segment liability (3)	(3.9)	5.1	(4.9)	(3.9)	(208.9)	(192.4)	(201.5)	(208.9)	(197.0)	(187.3)	(188.6)	(197.0)
Total consolidated liabilities in statement of financial position	1,627.2	1,639.4	1,577.8	1,627.2	3.3	22.9	1.3	3.3	1,644.2	1,662.3	1,580.9	1,644.2

(1) The table is shown without eliminations, therefore Total doesn't equal sum of Chemical Tankers ad Tank Terminals..

(2) This segment also includes «corporate».

(3) Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

(4) Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.21	31.03.20	31.12.20
Mortgaged loans from financial institutions	361.5	470.8	371.8
Financial leases and sale-lease back	637.0	492.5	650.3
Unsecured bonds	251.5	190.7	234.3
Lease liability, right of use assets	278.3	254.8	269.2
Subtotal debt	1,528.3	1,408.8	1,525.6
Debt transaction fees	(18.1)	(13.3)	(17.8)
Total debt	1,510.2	1,395.5	1,507.8
Cash and cash equivalent ¹⁾	71.9	121.1	103.1
Net debt	1,438.3	1,274.4	1,404.7

1) Of USD 71.9 million, a total of USD 1.0 million is restricted cash related to withholding taxes for employees in Odfjell Management AS and Odfjell Maritime Services AS. Available drawing facilities end March 2021 amounts to USD 57.9 million.

(USD mill)	4Q20	1Q21	1Q20	FY20
Total debt, beginning of period	1,446.0	1,507.8	1,345.8	1,345.8
New loans, financial leases and bonds	64.4	121.4	72.4	328.9
Repayment of loans, financial leases and bonds	(21.7)	(127.5)	(27.4)	(225.1)
Change in debt, lease liability right of use assets	(2.3)	9.1	41.3	55.6
Debt transaction fees, net paid and amortized	(1.7)	(0.3)	(1.3)	(5.8)
Currency translation differences	23.1	(0.4)	(35.3)	8.3
Total debt, end of period	1,507.8	1,510.2	1,395.5	1,507.8

Odfjell SE acquired the remaining 50% of shares in Odfjell Gas AS in March 2021 and the Gas entities are therefore consolidated as of the first quarter in 2021. The total effect of the acquisition on net interest bearing liabilities equals USD 6.8 million.

For debt related to right of use assets see note 7.

Note 4 – Ships, property, plant and equipment

(USD mill)	4Q20	1Q21	1Q20	FY20
Net carrying amount, beginning of period	1,493.2	1,524.8	1,412.1	1,412.1
Investments in ships, property, plant and equipment	56.9	10.5	47.6	207.4
Depreciation	(25.3)	(28.8)	(22.4)	(94.6)
Acquisition of two gas vessels	–	34.1	–	–
Net carrying amount, end of period	1,524.8	1,540.7	1,437.3	1,524.8

(USD mill)	4Q20	1Q21	1Q20	FY20
Depreciation property, plant and equipment	(25.3)	(28.8)	(22.4)	(94.6)
Depreciation right of use assets	(16.2)	(16.8)	(13.7)	(58.4)
Total	(41.5)	(45.6)	(36.1)	(153.0)

Note 5 – Investments joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognized based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity. See note 2 for further details about joint ventures.

(USD mill)	YTD21			YTD20		
	Tank Terminals	Gas Carriers ¹⁾	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	16.1	0.9	17.0	17.5	1.7	19.2
EBITDA	7.3	0.6	7.9	8.1	0.3	8.5
EBIT	1.6	0.4	2.0	2.7	(0.2)	2.5
Net result	0.5	0.3	0.8	1.1	(0.2)	0.9
Depreciation of excess values net of deferred tax						
USA	(1.3)	–	(1.3)	(1.3)	–	(1.3)
Europe	(0.4)	–	(0.4)	(0.4)	–	(0.4)
Total	(1.7)	–	(1.7)	(1.7)	–	(1.7)
Non current assets	325.5	–	325.5	302.5	18.4	320.9
Cash and cash equivalents	37.4	–	37.4	12.0	1.7	13.7
Other current assets	10.7	–	10.7	13.7	0.8	14.5
Total assets	373.6	–	373.6	328.2	20.8	349.0
Total equity closing balance	181.2	–	181.2	145.1	15.8	161.0
Long-term debt	140.5	–	140.5	132.4	–	132.4
Other non-current liabilities	32.9	–	32.9	29.7	–	29.7
Short-term debt	8.8	–	8.8	4.5	4.8	9.3
Other current liabilities	10.2	–	10.2	16.5	0.1	16.6
Total equity and liabilities	373.6	–	373.6	328.2	20.8	349.0

1) Odfjell SE acquired the remaining 50% of shares in Odfjell Gas AS in March 2021. The amount's represent revenue and net result in the period 1.1.2021 up until acquiring the shares. Going forward, the entities formerly in the Gas segment are accounted for as subsidiaries under the chemical tankers segment.

Note 6 – Other financial items

(USD mill)	4Q20	1Q21	1Q20	FY20
Changes in fair value in derivatives	24.9	(1.3)	(39.3)	10.8
Currency gains (losses)	(23.6)	(0.4)	34.8	(10.8)
Other	(1.0)	(0.2)	(0.5)	(1.6)
Total other financial items	0.3	(1.9)	(5.0)	(1.6)

Note 7 - Right of use assets

The Odfjell Group has a number of operating leases, mainly vessels under time charter and bare boat contracts, which are recognized as right of use assets as from January 1, 2019.

(USD mill)	4Q20	1Q21	1Q20
Net carrying amount, beginning of period	261.4	258.8	207.9
New right of use assets	13.6	24.6	53.3
Remeasurement	–	0.3	–
Depreciation	(16.2)	(16.8)	(13.7)
Net carrying amount, end of period	258.8	266.9	247.5

(USD mill)	31.12.20	31.03.21	31.03.20
Non current debt, right of use assets	209.6	220.6	206.8
Current debt, right of use assets	59.6	57.7	48.0
Total	269.2	278.3	254.8

Note 8 - Operating expenses

(USD mill)	4Q20	1Q21	1Q20
Operating expenses right of use assets	(5.2)	(6.7)	(5.6)
Other operating expenses	(38.4)	(40.7)	(34.5)
Total	(43.6)	(47.4)	(40.1)

Note 9 - Interest expenses

(USD mill)	4Q20	1Q21	1Q20
Interest expenses - right of use assets	(3.6)	(3.6)	(3.3)
Other interest expenses	(16.9)	(16.7)	(18.3)
Total	(20.5)	(20.3)	(21.6)

NEWBUILDINGS ON ORDER:

CHEMICAL TANKERS	NUMBER	DWT	CBM	STEEL, CBM	TANKS	DELIVERY	OWNERSHIP
Asakawa/Nissen	3	26 000			26	2022 / 2023	Time Charter
Total newbuildings:	3	78 000	0	0	78		

GAS CARRIERS	BUILT	DWT	CBM	TYPE	TANKS	OWNERSHIP
Bow Gallant	2008	10 282	8 922	LPG/Ethylene	2	Owned
Bow Guardian	2008	10 282	8 922	LPG/Ethylene	2	Owned
Total Gas Carriers:	2	20 564	17 844		4	

FLEET CHANGES SINCE LAST QUARTER:

CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS STEEL, CBM	TANKS	OWNERSHIP	MONTH
Fleet additions:							
TRF Mobile	2016	37 596	41 619	0	16	Pool	01.01.2021
TRF Moss	2016	37 596	41 619	0	16	Pool	01.01.2021
TRF Marquette	2016	37 596	41 619	0	16	Pool	01.01.2021
TRF Bergen	2015	50 698	49 126	0	22	Pool	01.02.2021
TRF Memphis	2016	37 596	41 619	0	16	Pool	01.02.2021
Fleet redeliveries:							
CTG Cobalt	2018	27 500	28 036	28 036	24	Pool	01.01.2021
CTG Argon	2017	27 500	28 036	28 036	24	Pool	01.02.2021
RT Star	2011	26 199	3 195	30 391	18	Time Charter	01.02.2021

TANK TERMINALS	LOCATION	OWNERSHIP¹	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Houston) Inc.	Houston, USA	51 %	379 658	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 400	0	9
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	50,00 %	313 710	15 860	85
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	26
Noord Natie Terminals NV	Antwerp, Belgium	25,00 %	382 061	71 542	253
Total terminals	5 terminals		1 292 629	207 582	492

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	66 230	1 600	55
Granel Quimica Ltda	Rio Grande, Brazil	70 150	2 900	32
Granel Quimica Ltda	Sao Luis, Brazil	125 390	0	49
Granel Quimica Ltda	Ladario, Brazil	8 050	0	6
Granel Quimica Ltda	Teresina, Brazil	7 640	0	6
Granel Quimica Ltda	Palmas, Brazil	16 710	0	12
Granel Quimica Ltda	Santos, Brazil	51 190	0	17
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 720	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 670	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	0	25
Terquim S.A.	Mejillones, Chile	16 840	0	7
Total tank terminals partly owned by related parties	11 terminals	503 180	15 220	371

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	ESTIMATED COMPLETION
Sao Luis	Sao Luis, Brazil	24 800	Q4 2021
Total expansion tank terminals partly owned by related parties		24 800	0

Grand total (incl. related tank terminals partly owned by related parties)	16 existing terminals	1 795 809	222 802
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¹Odfjell SE's indirect ownership share

