2022
ANNUAL REPORT

ODFJELL

Odfjell's core business is to transport and store liquid chemicals, oils and acids – safely, sustainably and efficiently. We steered a steady course through 2022, even as global tensions and economic slowdown made waves. Our chemical tankers sail around the world, supporting vital production on all continents. Our terminals connect sea and land at core locations, providing quality storage. We operate around the clock to ensure that industries get the necessary building blocks to create everyday items that we all depend on.

For more than a century, Odfjell's team at sea and ashore has driven business innovation and growth, together with our customers and partners. Today, we operate at the heart of global trade and have one of the world's most energy-efficient chemical tanker fleets. Our strategic direction is anchored in ambitious decarbonization targets, paving the way for a greener industry.

You can always rely on us to put safety first. More than 2,200 colleagues pull together to provide world-class services to our customers, offering the safest, most efficient storage and transportation solutions for around 600 different chemicals, oils and acids, each one requiring specific handling. When navigating unpredictable waters, the expertise of our team makes all the difference.

ODFJELL

Key highlights & Strategy

Environmental, Social & Governance (ESG)

Operations & Markets

Shareholder information

Annual accounts

Financial calendar 2023

1st quarter report
May 3, 2023

2nd quarter report
August 17, 2023

3rd quarter report
November 2, 2023

4th quarter report
February 8, 2024

The Annual General Meeting will be held May 2, 2024.

Navigating safely through turbulent waters

2022 was yet another year of contrasts. Geopolitical tension, and a persistent Covid pandemic, led to global unpredictability and deeply affected our markets, operations, and people. At the same time, we experienced a year of encouraging market developments, strong fundamentals, and safe, efficient operations, leading to our strongest annual result since 2008.

We are pleased to report a successful fiscal year. This cannot be attributed to one year alone; rather, it is the result of the deliberate strategic choices we have taken in our organization through many years of change.

> The results are the work of 2 271 competent and dedicated colleagues on board our ships, at our terminals and offices worldwide. I am honored and proud to lead and work together with such an exceptional team.

Global tensions impact markets and operations

The cautious optimism of seeing the pandemic decline in the beginning of 2022 was quickly replaced by a new dramatic situation in February, when Russia invaded Ukraine. The war's devastating consequences on the people in Ukraine are incomprehensible. Since the outbreak, our ships have refrained from calling on Russian ports, carrying Russian products, or making agreements with Russian-owned entities. We have made an effort to help by donating to the Red Cross's work in the country, hoping to make a difference.

The effects of the war immediately rippled across to global trade, and also caused uncertainty in the financial markets. The situation was exacerbated by the persistence of Covid challenges in some regions, increased protectionism, and growing geopolitical tension, leading to increased costs, energy shortages, and fear of recession.

Strong fundamentals, a versatile fleet, and positive market trends

Historically, the chemical tanker segment has been relatively resilient to market downturns. Despite – and in some ways because of – the volatile global situation, our markets began to show signs of improvement in the first quarter, beginning in Asia and spreading to all our trade lanes during the first half of the year. Healthy spot markets then gradually set the stage for us to negotiate significantly improved contract rates and terms.

Chemical market operators are currently also benefiting from an attractive supply situation, with few vessels on order and limited yard capacity for newbuildings. Supply is further constrained by regulatory speed limitations and increased tonne-mile production.

We presently have an all deep-sea fleet of 69 chemical tankers, mostly stainless steel. Our mix of high-quality commoditized and specialized tonnage is well adapted to our customers' needs – and we have the freedom to adjust our fleet composition to shifting markets and new environmental requirements.

Reaching new milestones through continuous improvement

We have a lean organization with a wide range of in-house expertise. Our people's drive and diligence continue to impress me, and we kept moving forward in 2022:

- **Safety first:** We do not compromise on safety and registered another year of strong records, on board and ashore
- **Fiscal results:** In the second half of 2022, we delivered two of the best quarterly results in the company's history. The solid financial results enabled us to pay substantial dividends to our shareholders
- **Sustainable finance:** To prepare for future downturns, we continue to reduce debt, strengthen our balance sheet and refinance our assets at attractive terms. All new loans since 2021 have been issued under our Sustainable Finance Framework
- **Decarbonization:** We are on track to meet our ambitious 2030 targets, and to fully comply with the new EU and IMO regulations. We have introduced several energy-saving devices, in combination with operational efficiency improvement programs
- **Fleet:** We have one of the world's most modern, energy-efficient, and advanced stainless steel chemical tankers fleets. We continue to renew our fleet, and signed four new 25 dwt vessels on long-term time charter in 2022
- **Terminals:** Our four terminals deliver high occupancy and robust activity levels. There are significant ongoing expansion projects, both in Houston and Antwerp
- **Digitalization:** Digital solutions are fundamental to reaching our safety, efficiency and ESG targets. In 2022, we made significant digital improvements in areas such as financial control, customer relations, maintenance, decarbonization, and internal and external communications
- **Diversity:** We believe that a focus on Diversity, Equity and Inclusion (DE&I) enhances our ability to innovate and solve problems. We have seen encouraging improvements in gender balance, with an increased number of women in leadership roles and at sea. Our score on EY's annual SHE Index increased year over year since 2021
- **Recognition:** We are pleased to have received several awards and nominations for our ESG accomplishments

Outlook for 2023

We have a positive outlook for 2023. Some producers are facing challenging market conditions with the increasing feedstock and energy prices. This may negatively impact the transport volume in certain markets. However, we expect a continued advantageous balance between supply and demand, and forecast that the tight supply situation will outweigh any temporary shortfall of transport demand in some of our markets. We supply vital building blocks to a wide range of markets so we are not dependent on any single segment.

Regardless of external factors, we operate in an industry where safety, cost, and efficiency are conditions for success. In an unpredictable global environment, it becomes ever more important to remain agile, and look to improve and influence the areas within our control.

> We will continue to improve our safety performance, deliver world-class services to our customers, reduce our environmental footprint, digitalize our operations, and retain and renew a diverse, competent, thriving organization.

I look forward to navigating Odfjell in the years to come, together with our team, customers, shareholders, and partners.

Stay safe,

Harald Fotland, CEO

Key highlights 2022

Odfjell Group

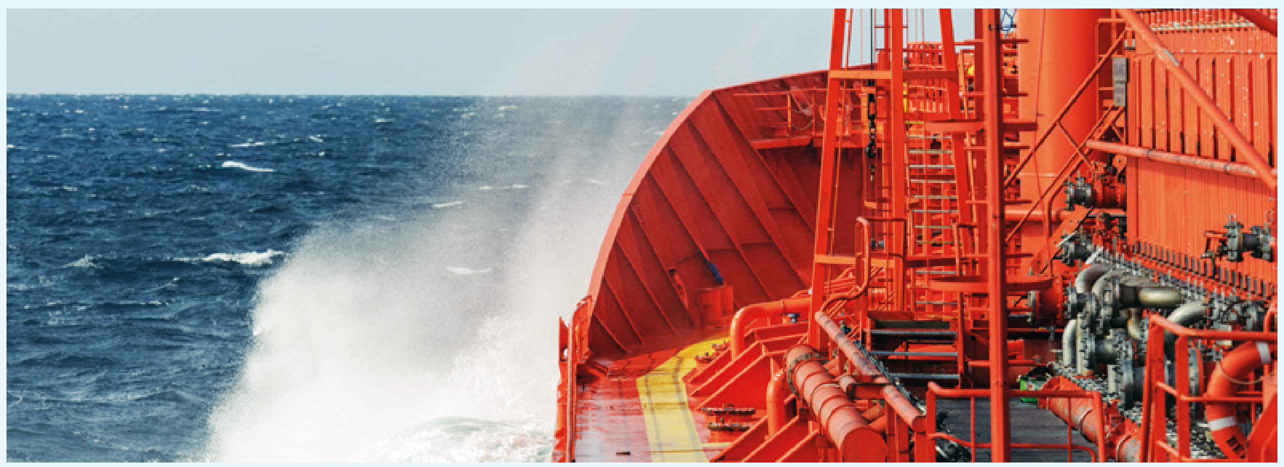
(equity method)

Gross revenue (USD) **1 310** million (1 038 million in 2021)

EBITDA (USD) **381** million (245 million in 2021)

EBIT (USD) **224** million (47 million in 2021)

Total assets (USD) **2 009** million (2 073 million in 2021)



Financial performance

In 2022, Odfjell generated a net result of USD 142 million, the outcome of the Company's years-long commitment to improving cost, efficiency, and quality, which enabled it to fully leverage the stronger markets.

On the back of a strong market, we improved our contract portfolio, retaining key contracts and negotiating more favorable terms. A fourth consecutive year of positive CoA renewals demonstrates market confidence which will have a beneficial impact on our future performance. Our determination to lower debt levels persists, and after generating a free cash flow of USD 268 million in 2022, total debt has been reduced and is now below USD 1 billion. The net result for Odfjell Terminals was USD 13 million. One terminal was sold, and activity remained strong across all terminals.

Odfjell continues to focus on cost control, working to reduce cash break-even levels and ensure a competitive organization, well-positioned for the future. The total dividend relating to FY2022 performance stands at USD 66 million. Odfjell's dividend policy is to distribute 50% of adjusted net income, excluding extraordinary items.

Odfjell Tankers & Ship Management

Just as we began to prepare for a new normal post-Covid, 2022 instead became a year of contrasts, dominated by war and tight energy supply in Europe, and its inevitable effect on the global economy. Inefficient trade patterns in the CPP market led swing tonnage to exit the chemical tanker trades. Coupled with beneficial underlying fundamentals, we finally saw rates that allowed us to capitalize on all of our hard work over many years. Odfjell now has a strong base to build on for years to come.

Different chemicals and liquids **596**

Chemical tankers **69**

Ports calls **2 499**

dwt cargo shipped **15.2** million

Cargo operations **9 657**

Odfjell Terminals

Odfjell Terminals continued to perform well in 2022 despite the shifting macroeconomic and geopolitical landscape, delivering healthy financial results across the portfolio. This result was helped by high demand for storage capacity and increased rates. Aligned with our growth strategy, we continued our expansion program with the addition of 35,000 cbm tank capacity and the construction start of two additional tank bays totaling close to 70,000 cbm.

Terminals **4**

cbm storage capacity **1.2** million

Key highlights 2022

Sustainability

Odfjell continues to prioritize sustainability. Odfjell's carbon intensity for operated fleet was reduced by 4%. Carbon intensity for our controlled fleet is reduced by 5.5%, and is now 49% lower than the 2008 reference value. Our absolute CO_2 emissions are 14% lower than the previous year. Human rights have been high on our ESG agenda in 2022. Odfjell received the Safety4Sea Sustainability award, and other high ratings and awards, for our achievements in sustainability. The work continues.

Annual Efficiency Ratio (AER), controlled fleet:

7.59

grams CO_2 per dwt mile

All time low and further improvement from 2021.

Safety at work

There were no serious injuries among our employees in 2022. Despite unforseen events and a challenging environment, Odfjell's performance during 2022 has proven the resilience of our people, our platform, and our organization.

	2022	Target
LTIF ships managed by Odfjell	0.45	0.00
TRCF ships managed by Odfjell	1.53	1.50
LTIF Terminals operated and managed by Odfjell	0.44	0.00
TRIF Terminals operated and managed by Odfjell	0.66	–

See definition on page 60.

People at Odfjell

Employees

2 271

Nationalities

27

ODFJELL

The world's largest deep-sea chemical tanker operator, with a global platform and a versatile fleet offering cargo flexibility

After years of hard work, Odfjell now generates a strong free cash flow and can benefit from an improved chemical tanker cycle

Operator of the world's most energy-efficient chemical tanker fleet, with ambitious targets to further reduce the carbon footprint of our vessels

After the largest fleet renewal program in the history of the Company, we have flexibility to time the market in order to grow our fleet

Restructured and well-performing tank terminals platform/portfolio, providing a diversified source of income and opportunities for further growth

Cash flow is steered towards de-leveraging and dividends

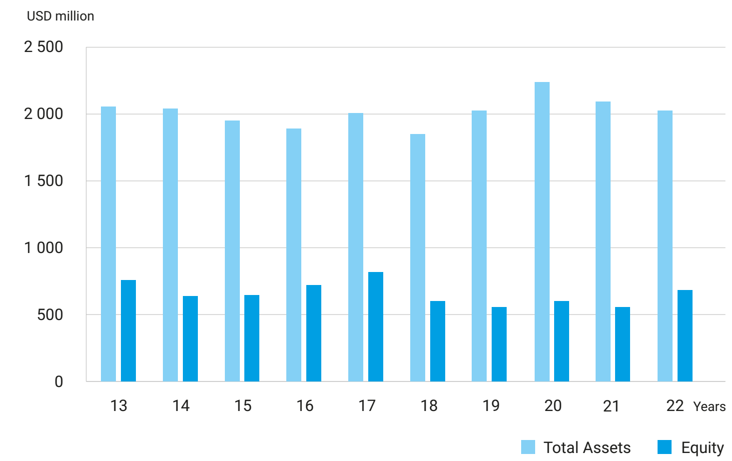
A historically low orderbook, few new orders, and stable demand fundamentals underline a strong market outlook

Key figures/Financial ratios

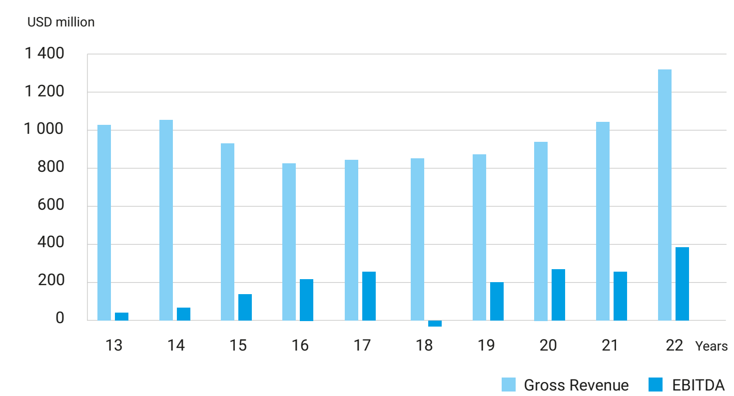
ODFJELL GROUP	Figures in	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
From Profit and Loss Statement											
Gross revenue	USD mill.	1 310	1 038	939	872	851	843	825	929	1 053	1 027
EBITDA [1]	USD mill.	381	245	268	196	(31)	255	218	137	66	41
Depreciation and impairment	USD mill.	(161)	(201)	(153)	(146)	(100)	(111)	(101)	(109)	(94)	(89)
Capital gain (loss) on non-current assets	USD mill.	4	3	–	–	–	–	13	–	7	(9)
EBIT [2]	USD mill.	224	47	115	50	(131)	144	130	28	(22)	(57)
Net financial items	USD mill.	(79)	(77)	(84)	(84)	(75)	(51)	(23)	(58)	(53)	(46)
Net result allocated to shareholders' equity before non-recurring items	USD mill.	133	(19)	15	(45)	(70)	(47)	20	(13)	(82)	(33)
Net result allocated to shareholders' equity	USD mill.	142	(33)	28	(37)	(211)	91	100	(36)	(75)	(108)
Net result	USD mill.	142	(33)	28	(37)	(211)	91	100	(36)	(75)	(108)
Dividend paid	USD mill.	26	–	–	–	14	14	–	–	–	–
From Balance Sheet											
Total non-current assets	USD mill.	1 721	1 806	1 993	1 796	1 556	1 674	1 589	1 679	1 761	1 791
Current assets	USD mill.	287	267	227	223	286	326	293	264	271	258
Shareholders' equity	USD mill.	697	549	576	551	601	816	719	645	638	759
Total non-current liabilities	USD mill.	919	1 165	1 302	1 173	928	855	878	1 095	880	1 055
Current liabilities	USD mill.	393	359	342	294	313	329	286	203	514	235
Total assets	USD mill.	2 009	2 073	2 220	2 018	1 842	2 000	1 883	1 943	2 032	2 049
Profitability											
Earnings per share - basic/diluted before non-recurring items [3]	USD	1.7	(0.2)	0.4	(0.6)	(0.9)	(0.6)	0.3	(0.2)	(1.0)	(0.4)
Earnings per share - basic/diluted [4]	USD	1.8	(0.4)	0.4	(0.5)	(2.7)	1.2	1.3	(0.4)	(1.0)	(1.4)
Earnings per share - basic/diluted [5]	NOK	17.8	(3.7)	3.4	(4.4)	(23.5)	9.9	11.2	(3.5)	(7.4)	(8.5)
Return on total assets - before non-recurring items [6]	%	10.5	2.6	4.6	2.2	0.2	0.7	3.7	1.6	(1.9)	–
Return on total assets [7]	%	11.0	2.0	5.2	2.6	(7.1)	7.8	7.9	0.4	(1.6)	(3.5)
Return on equity - before non-recurring items [8]	%	21.3	(3.4)	2.7	(7.8)	(9.9)	(6.2)	2.9	(2.0)	(11.7)	(4.0)
Return on equity [9]	%	22.7	(5.9)	4.9	(6.4)	(29.8)	11.8	14.6	(5.6)	(10.8)	(12.8)
Return on capital employed [10]	%	12.2	3.0	6.1	2.8	(8.1)	8.8	7.9	1.7	(0.9)	(6.4)
Financial Ratios											
Average number of outstanding shares	mill.	78.8	78.9	78.6	78.6	78.7	78.6	78.7	86.8	78.7	79.4
Basic/diluted equity per share [11]	USD	8.8	7.0	7.3	7.0	7.6	10.4	9.1	7.4	8.1	9.6
Share price per A-share	USD	9.0	3.8	3.2	3.0	3.4	3.9	3.4	3.2	3.9	6.7
Interest-bearing debt	USD mill.	957	1 138	1 239	1 132	1 123	1 084	1 042	1 168	1 163	1 136
Bank deposits and securities [12]	USD mill.	131	89	103	101	168	207	174	126	105	94
Debt repayment capability [13]	Years	2.9	5.4	5.9	6.8	8.8	4.4	4.6	14.3	124.8	15.7
Current ratio [14]		0.7	0.7	0.7	0.8	0.9	1.0	1.0	1.3	0.5	1.1
Equity ratio [15]	%	34.7	26.5	25.9	27.0	32.6	40.8	38.2	33.2	31.4	37.2
Other											
USD/NOK rate at year-end		9.91	8.84	8.54	8.78	8.69	8.24	8.65	8.80	7.43	6.08
Employees at year-end [16]		2 271	2 299	2 294	2 383	2 530	2 693	2 890	3 034	3 311	3 352

1) Operating result before depreciation, amortization and capital gain (loss) on non-current assets.
2) Operating result (Earnings Before Interest and Tax).
3) Net result allocated to shareholders' equity before non-recurring items divided by the average number of outstanding shares.
4) Net result allocated to shareholders' equity divided by the average number of outstanding shares.
5) Net result allocated to shareholders' equity divided by the average number of outstanding shares expressed in NOK using USD/NOK at year-end.
6) Net result plus interest expenses and non-recurring items divided by average total assets.
7) Net result plus interest expenses divided by average total assets.
8) Net result plus non-recurring items divided by average total equity.
9) Net result divided by average total equity.
10) Operating result divided by average total equity plus net interest-bearing debt.
11) Shareholders' equity divided by number of outstanding shares per 31.12.
12) Bank deposits and securities includes cash and cash equivalents and other current financial assets.
13) Interest-bearing debt less bank deposits and securities, divided by cash flow before capital gain (loss) on non-current assets.
14) Current assets divided by current liabilities.
15) Total equity as percentage of total assets.
16) Including employees in Joint Ventures.

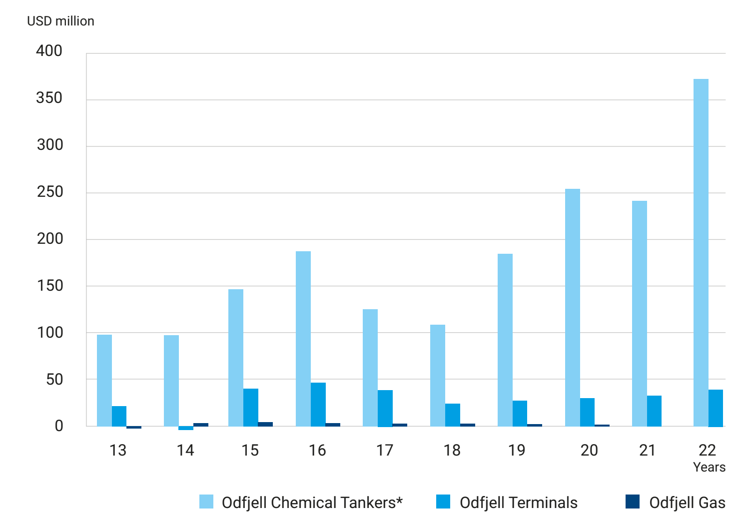
Assets / Equity per year



Gross revenue / EBITDA per year



EBITDA per segment (Proportionate method)



* This segment also includes "corporate"

Terje Iversen
Chief Financial Officer

Delivering on our finance strategy

In March last year, we announced our new dividend policy stating that Odfjell will pay out 50% of net income adjusted for extraordinary items. It's encouraging to see that for FY 2022, this has already resulted in a total dividend of USD 66 million equivalent to USD 0.84 per share.

Equally important as delivering yield to our owners is using this momentum to strengthen our balance sheet and improve our platform to prepare for what may come. Our strategic focus therefore, over the last few years, has been to reduce cash break-even levels by deleveraging and extending amortization profiles to better match our vessels' trading strategy and economic life, in addition to keeping down the various costs for operating the vessels.

Over the last two years, scheduled installments totaled USD 174 million, while extraordinary debt repayments totaled USD 83 million from ten refinancing transactions (excluding revolving credit facilities repayments), all contributing to a lower break-even through improved terms and lower debt. Total nominal interest-bearing debt end of 2022 was USD 998 million, equivalent to 3.2 x EBITDA, and we are well on track to reach our debt targets within the coming year.

In 2022, our cash break-even was approximately USD 22,600, up from of around USD 21,200 in 2021, and still above our long-term target which is below USD 20,000. We also expect a cash break-even above our target in 2023, the main reasons being inflation, reduced number of vessels in our fleet, and last but not least, the increase in interest rates. The target, however, is clear: to ensure that we can generate positive cash flow throughout the cycle in the long term.

In 2021, marking a first in the international shipping industry and a first in the Nordics, Odfjell SE successfully issued a sustainability-linked bond. Aligned with Odfjell's long-term climate targets, the bond marked another milestone in our ambitious work to reduce shipping's environmental impact. Sustainable finance and ESG have become increasingly important when it comes to access to, and the cost of, financing. In 2022, Odfjell increased its share of sustainability-linked debt to 40% and this increase is expected to continue in the coming years.

Navigating by the

Odfjell Compass

Our strategic direction is founded on a set of ambitious targets for our operational excellence in all parts of the organization: the Odfjell Compass. A compass helps set direction while still allowing for new routes if conditions change along the way, giving us the flexibility to maneuver through a rapidly changing landscape.

Mission

Our core business is handling hazardous liquids – safely, sustainably and more efficiently than anyone else in the industry.

Vision

We shall be a world-class and preferred global provider of transportation and storage of specialty bulk liquids.

Impact

At Odfjell, we recognize that our company has an impact on the environment, people and society.

We are committed to operating a sustainable business, to continuously seek improvements and to actively support the achievement of relevant UN Sustainable Development Goals.

Customer commitment

We are committed to generating value for our customers, by offering safe and reliable transportation and storage of their products, at a competitive cost.

Our goal is to deliver on-spec, on-time and to adapt our services to cater to the needs of our customers.

Odfjell is committed to:

- Never compromise on safety
- Always care, have integrity and be reliable
- Be accessible and responsive
- Offer competitive services and products

Our values

Professional

- Skilled, dedicated and compliant
- Show the right behavior and attitude

Sustainable

- Aim for long-term success
- Provide safe and enduring solutions

Proactive

- Assess risk and give highest priority to safety
- Take proper precautions and share knowledge

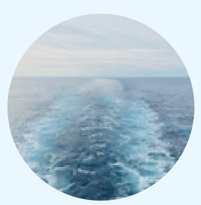
Innovative

- Embrace change
- Develop and implement new and improved solutions

Our long term goals

Safety

Industry leading safety record with a zero-incident target



Cash flow

Positive cash flow across the cycles, a strong balance sheet and a competitive cost of capital

Sustainability

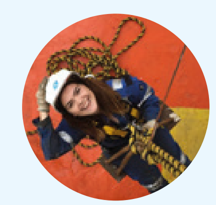
A leadership in sustainability, which we use to our advantage

Terminal business

A growing terminal business that should with time be no less than 1/3 of our business

Market leadership

A clear market leadership position in chemical tankers

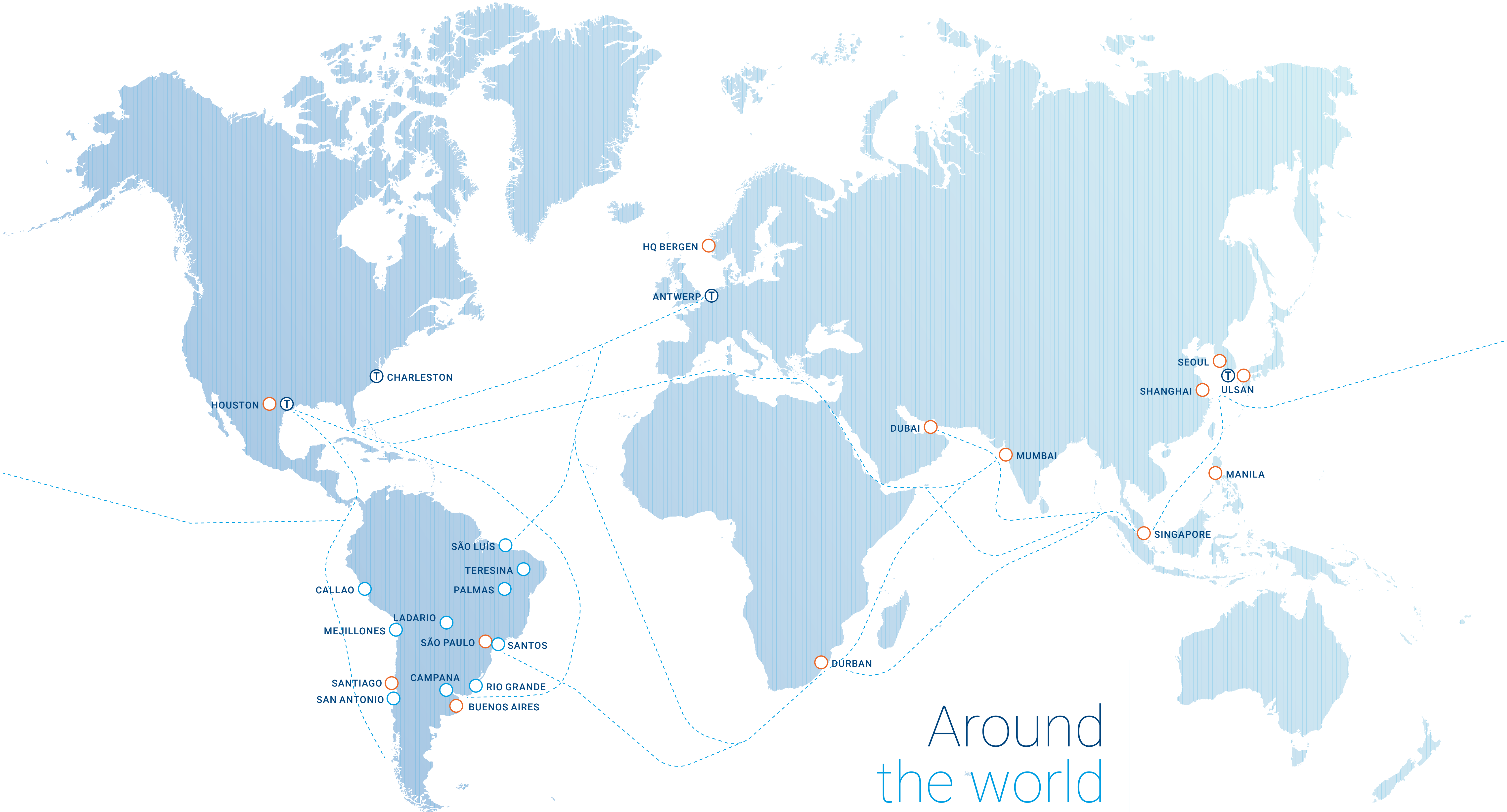


Talent

An organization that attracts, develops and retains the best talent in the industry

For more information about the Odfjell Compass, visit Odfjell.com/about/our-business

Around the world



*Offices in Argentina, India and Chile are resourced by authorized representatives.

History highlights

Since 1914, we have chartered a course that has taken us to every corner of the world. What started as a Norwegian family business with one vessel, is now a publicly listed company and a world-leading logistics service provider for chemicals and other specialty bulk liquids.

1914
The first Odfjell ship owning company is formally registered: AS DS Birk.

1915
The Odfjell brothers, Fredrik and Abraham Odfjell, incorporate AS Rederiet Odfjell.

1940
World War II: The Odfjell fleet is split. Three ships in home waters and four on the high seas. Home fleet suffers devastating losses.

1946
'Bow' is used as a prefix on an Odfjell vessel for the first time.

1950s
Most Odfjell ships are dry cargo line vessels, but small specialized tankers become increasingly important.

1960
Delivery of the world's first stainless tanker, MT Lind, built at the Stord yard in Norway.

1963
Dan Odfjell establishes Minde Chartering, Odfjell's own marketing organization.

1969
The first Odfjell tank terminal opens: TAGSA in Buenos Aires.

1973
The business is split into two parts: AS Rederiet Odfjell in shipping, Odfjell Drilling in offshore oil exploration.

Opening of the new Odfjell headquarters at Minde, Bergen.

1975
Delivery of the first 12 Polish built chemical tankers.

1979
The company is split into two independent parts, one for each branch of the family.

1980
Cooperation with Westfal-Larsen is strengthened through the establishment of OWL Tankers.

Filipino seafarers join the ships' crew.

1983
Opening of Baytank in Houston, later named Odfjell Terminals Houston (OTH).

1986
Storli – original company name – is listed on Oslo Stock Exchange.

1990
NCC replaces Westfal-Larsen as main chemical tanker partner.

1994
Delivery of first of 16 new state-of-the-art stainless chemical tankers; the Kværner series.

Establishment of Odfjell Terminals Dalian (OTD).

1998
Company name changes from Storli to Odfjell.

1999
The second Poland class is delivered; four small stainless chemical tankers.

2000
A merge of Odfjell Tankers and Seachem makes the company the premier deep-sea chemical tanker operator in terms of overall carrying capacity.

Through the decade, Odfjell becomes a partner in several terminals, in the Netherlands, Singapore, Iran, China and Oman. As part of a restructuring process, Odfjell exited from these terminals between 2016 and 2022.

2002
Odfjell becomes a partner in Odfjell Terminals Korea, located in Ulsan.

2003-2008
The third Poland class is delivered; eight stainless chemical tankers.

2004
Fleet Asia is established, including ship management of selected vessels in Singapore.

2007
Gross revenue exceeds USD 1 billion for the first time.

2008
Odfjell Philippines, Inc. is established.

2009
Odfjell commits to the Carbon Disclosure Project.

2011
Signatory of the UN Global Compact (UNGC).

Lindsay Goldberg (LG) becomes joint venture partner for the terminals business.

2012
Construction of Odfjell Nangang Terminals (Tianjin) in China, and Odfjell Terminals becomes a partner in Noord Natie Terminals in Antwerp, Belgium.

Re-entry into the gas segment: Odfjell Gas Carriers is established (exit in 2021).

2013
Odfjell becomes a member of the Maritime Anti-Corruption Network (MACN).

2014
Opening of Odfjell Terminals Charleston (OTC).

2015
Exit from European regional trade.

Restructuring of organization reduced annual cost by more than USD 100 million.

2017
A new company strategy is launched, the Odfjell Compass.

Initiation of the biggest fleet renewal program in the company's history.

Establishment of pools in cooperation with other chemical tanker owners: Chempool 25 and Chempool 40.

2018
Odfjell SE takes a stronger role in Terminals by establishing Odfjell Terminals as a 100% controlled holding company.

2019
Delivery of the world's four largest stainless steel chemical tankers, the Hudong class.

LG exits and Northleaf Capital Partner becomes new joint venture partner for Odfjell Terminals US.

Odfjell signs the UNGC Sustainable Ocean Principles and becomes a member of the Getting to Zero Coalition.

2020
Odfjell Terminals increases ownership of Korea terminal to 50%.

Odfjell sets ambitious climate and gender diversity targets, and appoints first Chief Sustainability Officer.

2021
Successful placement of shipping's first Sustainability-Linked Bond.

2021 marks an important shift in Odfjell's strategy when it decides to focus exclusively on deep-sea shipping by exiting the short-sea trade in Asia.

2022
Odfjell delivers two of the best quarterly results in the Company's history.

2022 is also the year Odfjell delivers one of the strongest annual results since inception in 1914.

For more information about Odfjell history, visit Odfjell.com/about/our-history

Safety is an integral part of our foundation, our daily operations and business, at sea and ashore. The safety and wellbeing of our people are essential to achieving our business goals.

ODFJELL GROUP

Odfjell SE is the ultimate parent company of the Group, a public limited company traded on the Oslo Stock Exchange. The Group includes subsidiaries in several countries, and the share of investments in joint ventures.

BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

CORPORATE FUNCTIONS AND FINANCE

ODFJELL TANKERS

- Chartering and operations organization. In charge of sales, customer relations, contract management and commercial operations worldwide.
- Controls and operates a fleet of 69 ships per December 31, 2022, including owned, pools, time- and bareboat chartered vessels.
- Operates globally with tonnage ranging from 16,000 dwt to 75,000 dwt. The majority of the tonnage is owned and managed by Odfjell.

Locations & Teams

Bergen, Norway

- Ship Brokers & trade lane teams:
  - Asia
  - Asia Pacific
  - Middle East, India & Africa
  - Transatlantic/South America
  - US/South America
- Ship Operations
- Fleet Scheduling
- Pool Management

São Paulo, Brazil

- Flumar, separate vessel owning entity. Commercial, ship management and commercial operator

Odfjell Tankers has commercial and brokerage offices in the following locations:
Houston, USA
Singapore
São Paulo, Brazil
Dubai, UAE
Durban, South Africa
Ulsan, Korea
Seoul, Korea
Shanghai, China
Buenos Aires, Argentina
Santiago, Chile

SHIP MANAGEMENT

- Offers complete in-house services, including crewing, HSSEQ, technology support and digital innovation, newbuilding, energy efficiency solutions and overall fleet management.
- Provides direct support to the ships and professional crew management.
- Monitors the services of external ship managers.

Locations & Teams

Bergen, Norway

- Management, own fleet
- Management, external fleet
- Maritime Personnel
- Procurement
- Technology & Development
- HSSEQ

Manila, Philippines

- Crewing
- Shared services

São Paulo, Brazil

- Ship Management, Fleet Flumar

Singapore

- Procurement

ODFJELL TERMINALS

- Owns four tank terminals at strategic locations in USA, Korea, Belgium.
- Offers a total 1.2 million cbm of storage space in 450 tanks.
- Cooperation with another ten terminals in South America, partly owned by related parties.

Locations & Teams

Bergen, Norway

- Corporate Management and headquarters

Odfjell Terminals has terminals in the following locations:
Antwerp, Belgium
Charleston, USA
Houston, USA
Ulsan, Korea

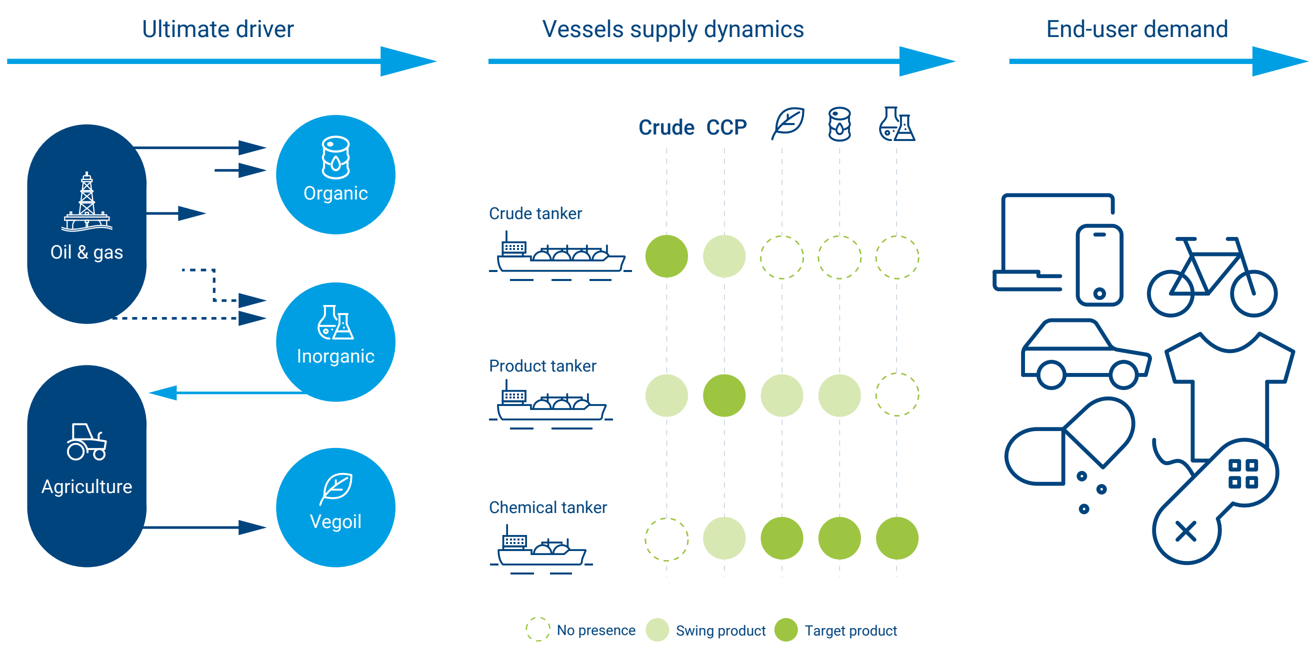
In addition there are ten associated terminals located in the South Americas (one in Argentina, six in Brazil, two in Chile and one in Peru).

For more information,
visit Odfjell.com/about/our-organization

Offices in Argentina, India and Chile are resourced by authorized representatives.

Our markets

Our markets are fundamentally exposed to the same dynamics as those of the crude and product tankers. From a demand perspective, oil and gas and its respective derivatives, as the feedstocks to produce petrochemicals, are key. From a supply perspective, vessels carrying chemicals and oil products can carry both, impacting the competitive environment across the segments. While we share the same directional market drivers, the industrial nature of our markets differentiate us by being less volatile and more predictable than the more commoditized crude and product tanker markets.



Feedstocks for the products we ship are primarily derived from the Oil, Gas and Agricultural sectors

Interchangeable fleets lead to correlation with crude and product tankers

Most people are in daily contact with products that were once transported on our vessels

Odfjell's business model, with its global, integrated platform and large, flexible fleet, distinguishes us from our competitors. Our vessels are mainly equipped with stainless steel tanks that can carry "anything liquid", from vegetable oils used in our meals to hazardous and toxic chemicals, vital for agricultural production. This flexibility gives us the opportunity to adapt to rapidly changing market conditions across the different products we carry, and it gives us access to a wide range of products that allow for valuable diversification of our income. As history shows, this business model makes Odfjell's earnings less cyclical than those of our competitors within the broader tanker segment.

The fundamental outlook for the chemical tanker market is solid, both in the short and long-term. In the short-term, fleet growth is projected to be minimal, driven by a low orderbook, an ageing fleet, and a lack of new orders due to high newbuild prices and uncertainty regarding fuel in the near future. Swing tonnage from product tankers is currently expected to remain low, as these vessels generate better yield in the CPP trades under current conditions.

Demand for shipping capacity is driven by two variables; the volume of product to be shipped, and the distance it needs to be transported. It now appears that China, the last of the major global economies to do so, is dropping its most stringent Covid restrictions. With several indicators moving into bullish territory, domestic production and demand for chemical products are both likely to increase. In Europe, the energy crisis has led to shifting trade patterns and longer distances between producers and their market. The situation remains volatile and uncertain. There are signals that western economies have reacted to the Kremlin's aggressions by ramping up decarbonization efforts to reduce their dependence on Russian fossil energy. This would reduce global demand for transportation fuels and we have already seen, for some time now, that refineries have adapted by producing a higher share of petrochemicals.

Demand is also expected to grow in the longer term, especially considering the growth potential in the developed world, where per capita chemical demand is still low. Combined, all these factors lead us to expect sustainable and healthy tonne-mile demand for the foreseeable future.

Odfjell is fundamentally exposed to the same market fluctuations as those affecting crude and product tankers. However, the industrial nature of our segment sets us apart. Our core vessels are sophisticated, with a great number of stainless steel tanks, equipped to serve complex trades and carry a wide range of contracted high-margin products.

Chemical tanker market drivers

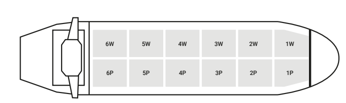
DEMAND

- Global economic activity
- New low-cost production capacity
- Decarbonization efforts
- Distance from producer to market

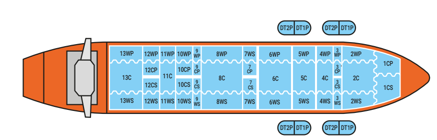
SUPPLY

- Historically low orderbooks
- Ageing fleet leaving core trades
- Decarbonization and high newbuilding costs
- Low swing tonnage in our market
- Low fleet speed to reduce emissions

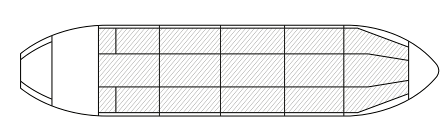
Basic Chemical/Product tanker



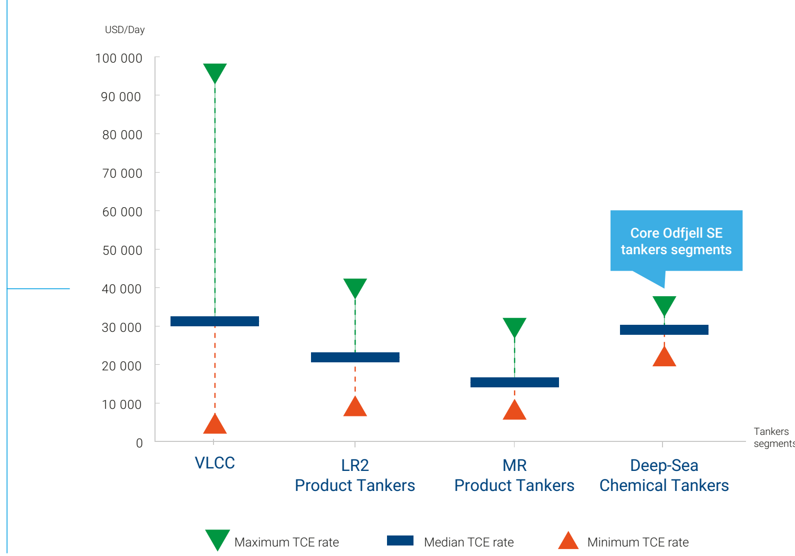
Super-segregator



Crude tanker



Compared to other tanker segments, deep-sea chemical shipping tends to experience more stable TCE levels through an average year



Source: Odfjell/Clarksons

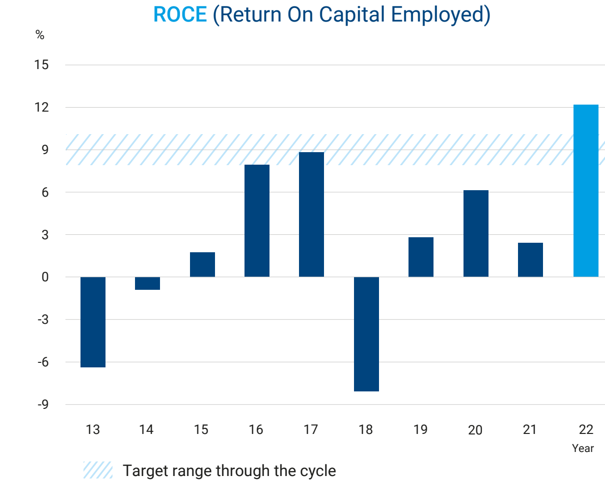
Operational dynamics and cargo characteristics

Cargo group	Cargo characteristics	Odfjell exposure	Trend
Speciality chemicals	• High barriers to entry and consolidated market • High margin cargoes • Small lot sizes (base and completion cargoes) • High CoA coverage	Core business	Mature market with modest demand growth prospects
Easy chemicals	• Medium barriers to entry and fragmented market • Medium margin cargoes • Bigger lot sizes (base and completion cargoes) • Mixed CoA and spot coverage	Core business	Mature market with high demand growth prospects
Vegetable oils	• Low barriers to entry and fragmented market • Medium to low margin cargoes, but volatile • Big lot sizes (completion, but often one ship, one cargo) • Mainly spot exposure and often back-haul routes	Opportunistic	Mature market with demand growth closely linked to GDP, population growth and some structural drivers driven by decarbonization (biofuels)
CPP Clean Petroleum Product	• Low barriers to entry and fragmented market • Low margin cargoes, but volatile • Big lot sizes (mostly one ship, one cargo and completion) • Opportunistic exposure and only spot cargoes	Opportunistic	Mature market with strong growth prospects in the short-term but long-term decline is anticipated as decarbonization efforts accelerate

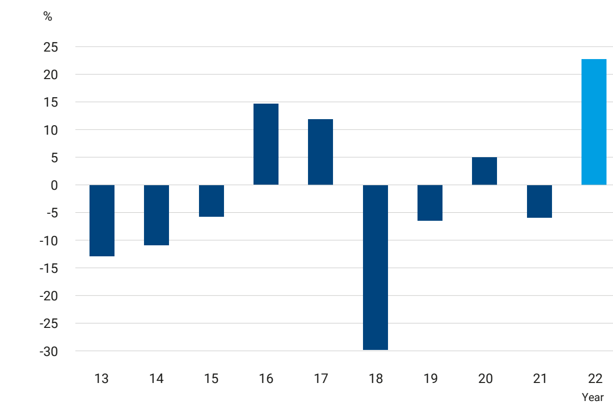
Sailing the world's oceans. View from Bow Fagus by the Puente Rosario-Victoria Bridge, Argentina.

Financial target and historical developments, including relevant performance measures

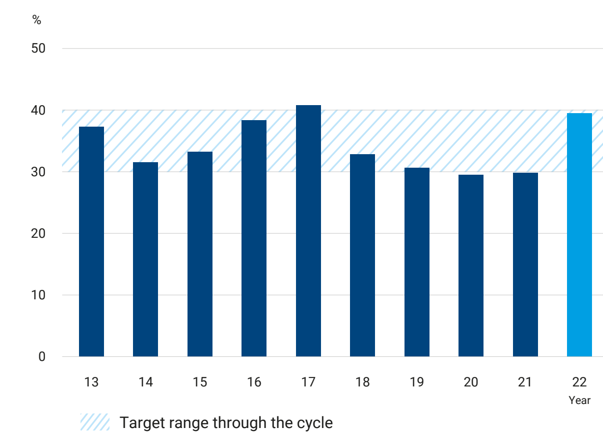
ROCE (Return On Capital Employed)



ROE (Return On Equity)

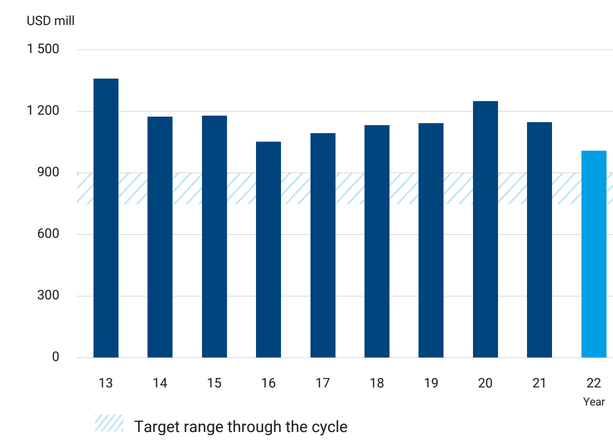


Equity ratio



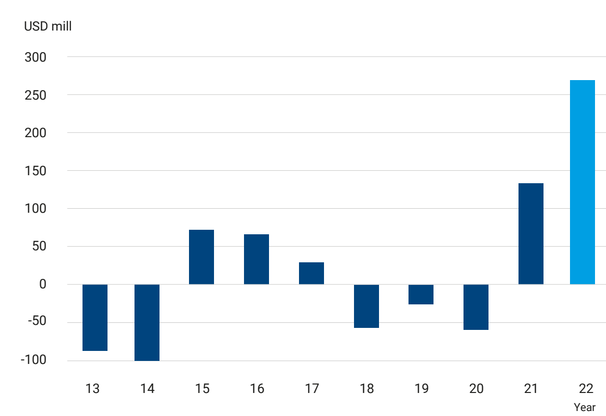
* IFRS 16 adjusted

Total debt

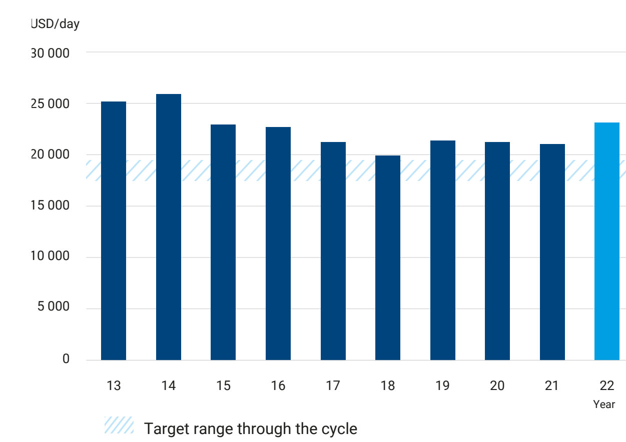


* Excludes IFRS 16 debt

Free cash flow



Tankers cash break-even



Operations & Markets

Odfjell is a fully integrated logistics provider for chemical producers, oil majors and traders, a leader in the global chemical tanker segment and quality storage provider, strategically located at key ports.

Odfjell has ownership of four tank terminals in the USA, Belgium and Korea, offering a total of 450 tanks with a capacity of 1.2 million cubic meters. At sea, our 69 sophisticated chemical tankers transport around 15 million tonnes a year, make more than 2 500 port calls, and sail a distance equal to 208 times around the equator.

In 2022, despite continued challenges related to Covid, global supply chain disruptions, and rapidly evolving formal and informal sanctions on products and customers related to the war in Ukraine, we operated to the highest standards of efficiency, safety and service, aiming to provide an exceptional customer experience.

The combination of shipping and tank terminals puts Odfjell in a unique position to offer our customers increased safety, product stewardship, efficiency and improved arrival accuracy.

Odfjell Tankers and Ship Management

In January 2022, most discussions revolved around how soon Covid would loosen its grip on global supply chains and markets. Soon after, a full-scale Russian invasion of Ukraine shocked the world. While having a limited direct impact on Odfjell's trade lanes and business, disruptions in the CPP market led to soaring rates, pulling swing tonnage out of the chemical tanker market. Simultaneously, landlocked products, skyrocketing energy costs, and the sanctioning of Russian cargo and entities soon shuffled supply chains in the vegoil, CPP and chemical markets.

Our people, on sea and ashore, have done a tremendous job to ensure smooth and safe operations in these conditions, and we are confident that we have provided the best possible services to our customers. In return, we have benefitted from improving rates throughout the year. These rates have bolstered our contract negotiations, and we are encouraged by the strong, underlying fundamentals in our markets which we expect to continue over the next few years.

Ships

69

Tonnes shipped

15.2 million

Different chemicals

596

The Odfjell fleet distribution

By vessel type

- 32 super-segregators
- 8 large stainless steel
- 18 medium stainless steel
- 8 coated
- 3 regional

By ownership type

- 27 owned
- 19 leased
- 14 time charter
- 6 bareboat
- 3 pool

Odfjell Tankers

- Odfjell's worldwide chartering and operations organization, in charge of:
  - Sales
  - Customer relationships
  - Contract management
  - Commercial operations
- Works closely with Odfjell's wholly owned subsidiary Flumar, which covers the intra-regional South American markets
- Operates a total fleet of 69 vessels as of December 31, 2022
- Strategically located marketing offices worldwide
- Headquartered in Bergen, Norway

Odfjell Ship Management

- One of Europe's largest and most complete teams for ship management
- Technical operator of 38 Odfjell vessels as of December 31, 2022
- Ensures safe and efficient operations of the vessels in compliance with governing rules and regulations
- Monitors fleet emissions and develops decarbonization projects targeting both quick and long-term emissions reduction
- Monitors the services of external ship managers, who oversee the technical management of ten vessels
- Subsidiary Flumar, located in São Paolo, Brazil, has technical management of five vessels
- Crewing and Shared Service office in Manila
- Procurement services in Singapore
- Headquartered in Bergen, Norway

Market development

Towards the end of 2021 and the beginning of 2022, supply of natural gas from Russia to the European continent was reduced, slowly at first, then abruptly with Russia's invasion of Ukraine. The supply squeeze led to soaring energy prices, quickly spilling over to chemical producers, affecting feedstock and production costs.

European chemical consumers looked further afield for lower-cost alternatives and found them in Asia. As a result, chemical tankers were tied up in increasingly long voyages from Southeast and Eastern Asia to Europe. Spot rates climbed quickly, first in the Asia-Europe trade lanes and then across trade lanes globally.

Since the outbreak of the war, a growing share of Russian crude oil, refined products, and chemicals have been either formally or informally sanctioned. This has disrupted global supply chains, leading to greater average distances between producers and their markets. There are no signs that this trend will end any time soon, thus supporting high tonne-mile demand for the next year.

The supply side also favored chemical tanker owners as the year progressed. The low orderbook coupled with an ageing fleet was already expected to impact the deep-sea chemical segments. There is a trend with a growing volume of older tonnage being sold to regional trades, exiting our markets, and increasingly strict emissions regulations force the tanker fleet to decrease its average speed, effectively decreasing supply.

At the same time, the inefficient trade patterns emerging in 2022 led to solid earnings in the CPP trades, reducing supply from swing tonnage and coated chemical tankers in our markets, as both prefer to operate in the clean product markets. This tonnage is not expected to return to chemicals any time soon, since the fundamental factors leading to these strong CPP rates remain.

The strong spot market benefited tanker owners in their contract negotiations in 2022, and contracts were renewed at rate improvements not seen in the last 15 years. This increase has been a long time coming, and we also expect solid results from contract negotiations in 2023, positively impacting future revenue streams.

Our fleet and operations

The strong markets provide opportunities, but it is our setup that allows Odfjell to actually reap the benefits. We have a world class ship management organization that ensures the safe and continuous operation of our fleet. Throughout 2022, this has meant adjusting to rapidly changing market conditions related to the supply of bunkers, lubricants, and other products required to keep our vessels in motion.

Also, while mostly forgotten by many shore employees, Covid still impacted our operations. Odfjell has a goal of zero accidents and injuries, and given the nature of our industry, this requires hard work by competent people.

> A proactive safety culture, built on data, mindset and shared experience, contributes to the safe operation of our vessels.

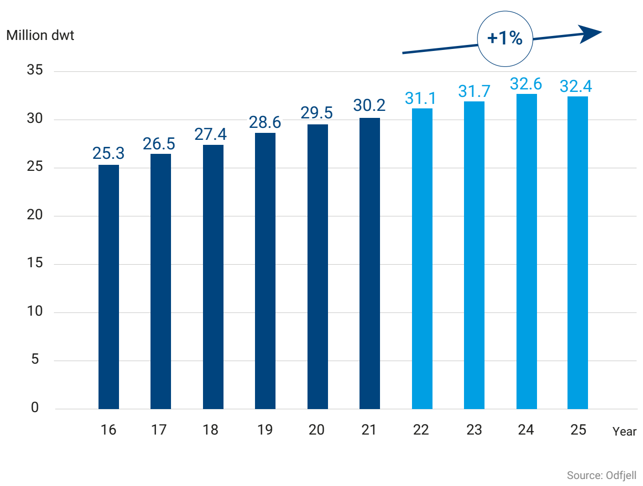
We have installed a range of energy-saving devices on our ships, creating one of the most energy-efficient fleets in the chemical tanker industry. We are committed to maintaining our market position, and are currently working on several novel technology initiatives that will deliver further efficiency gains without necessitating extensive dry-dockings or capital expenditure.

We are also working on a range of small and large digitalization and process improvements, and while we expect some cost savings from these upgrades, the most significant gain will be better commercial performance and improved utilization of our fleet.

In keeping with updated IMO regulations, Odfjell will, as of 2023, start reporting the actual Carbon Intensity Indicator (CII) of our vessels, targeting a minimum C-rating. We are also fully prepared for the implementation of the EU Emissions Trading Scheme in 2024.

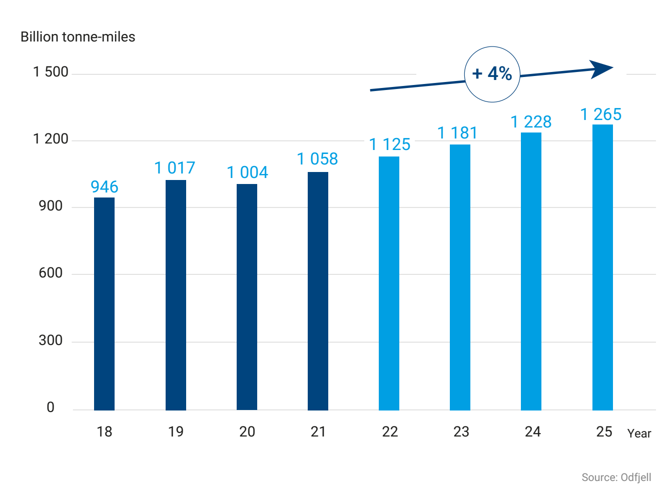
With a commercial organization wholly informed on the consequences of the new regulations, we will leverage our market leading position to gain further competitive advantages. Odfjell's charter parties now address the introduction of the EU ETS, and we already report CO_2 emissions per cargo to our customers.

Supply



Source: Odfjell

Demand



Source: Odfjell

Bjørn Hammer
Chief Commercial Officer

A year to remember

Looking back at 2022, no one could have predicted the events that shaped the year so dramatically. We anticipated a stronger chemical tanker market, and we were ready to capitalize on it after years of investing in our fleet and restructuring Odfjell, organizationally and financially. We did not, however, believe it would happen as abruptly as it did. A spiking market for "all things Europe" spread to other trade lanes and contract negotiations, and the two last quarters of the year were our best on record.

Decarbonization takes its rightful place

Odfjell boasts one of the world's most advanced chemical tanker fleets with market leading emissions efficiency, and we are ready for new regulations, from the EU and the IMO to come into effect. Our efficient fleet and leading internal capabilities on decarbonization give us a competitive advantage that we are set to utilize, as shipping prepares for its inclusion in the EU ETS scheme. It is good to see that CO_2 emissions and decarbonization are finally getting the attention they deserve in customer meetings, and given that the cost of CO_2 emissions will be included in transportation costs, it is not a moment too soon. Transparency and performance are important to our customers, and we have implemented digital solutions that will allow them to monitor their allocated emissions close to real-time. These are tools that will help us, and our customers, make better decisions every day.

Strategic priorities

Odfjell's strategy has been developed to strengthen our leading market position. We shall focus on the deep-sea transportation segment, and capitalize on our modern, environmentally friendly, and mainly stainless steel recently renewed fleet. While our strategic targets entail further growth, our fleet provides flexibility to time the market. We have strong partnerships with Japanese owners, securing access to quality chemical tanker tonnage on-demand, and we shall continue to develop these partnerships.

Odfjell's strategy is to capture the short term and de-risk the long term. Maintaining a contract coverage of between 50-60% is an important part of this strategy. A large share of our contract base is up for full renegotiation in 2023, and as last year raised the floor for contract rates, we will capitalize on the market momentum to improve both rates and contract terms. This way, we can take advantage of strong spot markets as they emerge, and when they soften, we are ensured a sustainable base of contract cargoes. Fundamental supply and demand factors are in our favor, and with all the stars aligned for a healthy chemical tanker market, we are ready for the years ahead.

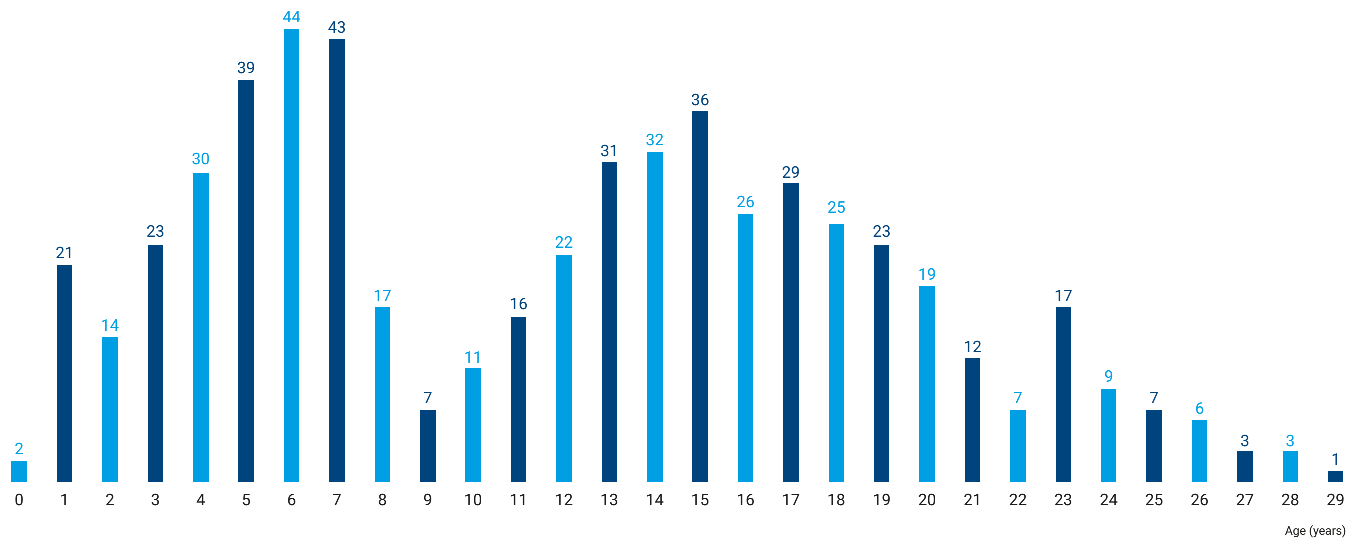
The way forward

- The tight supply/demand situation in our markets is expected to last, and when combined with the improved contract rates, the chemical tanker market outlook is healthy
- We aim to maintain a solid contract base and use the market momentum to improve both the rates and terms in our CoA portfolio
- Odfjell will continue to build on our good relationship with several shipowners, securing access to high-quality tonnage when needed
- We will leverage the efficiency of our fleet and readiness for the EU ETS/IMO regulations to build business, bolstered by a customer base increasingly aware of the competitive advantage that this entails
- We will continue to employ both well-known and novel technologies to improve the efficiency of our current fleet, and we will target zero-emission capable ships for future fleet renewals
- Prolonging the life expectancy of our high-quality vintage tonnage is one of the most effective means of reducing CO_2 emissions, and we aim to achieve this through systematic and proactive maintenance, in close cooperation with customers and class

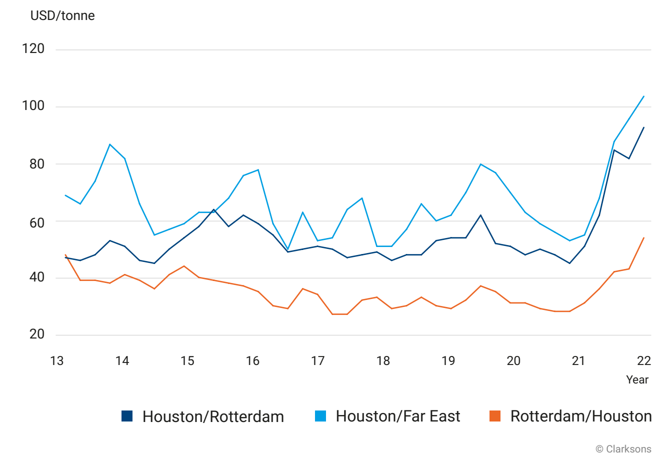
Chemical tankers*	Figures in	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Odfjell TC earnings	USD mill.	653	504	514	462	470	523	552	530	557	539
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	372	241	256	184	109	125	188	147	97	98
Operating result (EBIT)	USD mill.	215	43	102	39	8	14	98	37	3	3
Total assets	USD mill.	1 829	1 888	2 039	1 851	1 664	1 643	1 544	1 586	1 654	1 625
Volume shipped	1 000 tonnes	15 192	15 540	15 210	14 400	15 126	13 648	13 510	13 630	15 440	18 215
Number of ships per December 31		69	93	89	75	83	79	73	74	77	81
Total deadweight per December 31	1 000 tonnes	2 524	3 387	3 218	2 493	2 628	2 408	2 217	2 187	2 236	2 273

*This table also includes "corporate".

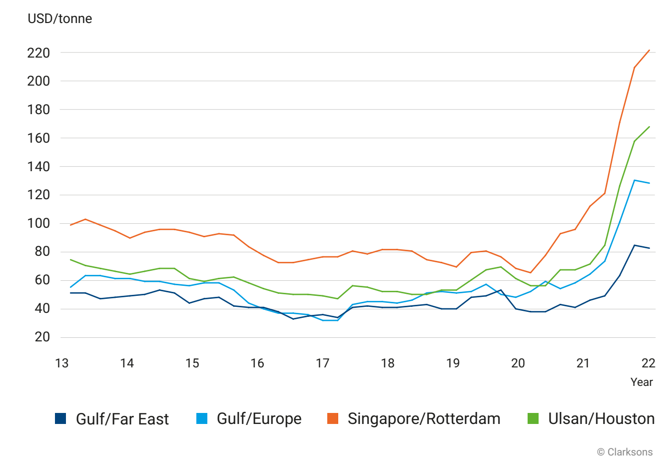
Distribution of vessels by age in total deep-sea chemical tanker market
(Chemical tankers with at least 50% stainless steel capacity from 18,000 to 55,000 dwt)



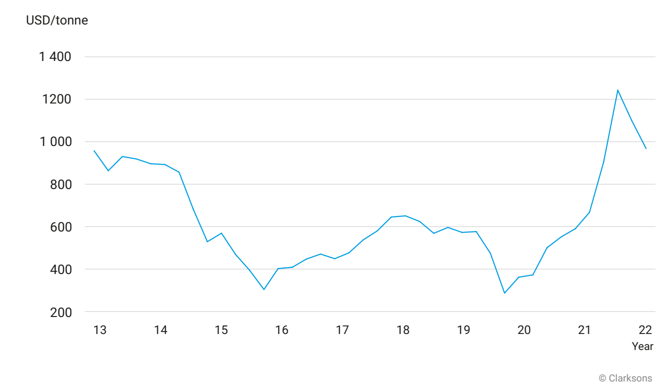
Freight rates West of Suez



Freight rates East of Suez



MGO Bunker Prices Rotterdam



Torger Trige
Chief Technical Officer

Safety first

At Odfjell, safety always comes first. Given the nature of the products we move, there is very little room for error, and we work every day to ensure safe operations. Accidents and near misses are investigated, "lessons learned" determined, and crucial takeaways are routinely distributed to our crews. In 2023, a key objective will be to build on our proactive safety culture by using data and experience to model behavior on board our vessels and on land.

Decarbonization and energy efficiency
Shipping is by far the most efficient means of global transportation, but that does not relieve us of responsibility to reduce our emissions. Odfjell's decarbonization strategy has been adopted by Intertanko and several other stakeholders, as it has become clear that we must take a holistic approach to decarbonizing our industry to avoid simply moving, or even increasing, emissions in neighboring sectors. Until a sufficient supply of green fuels (from a well-to-wake perspective) is available, we will have to continue to focus our efforts on efficient operations.

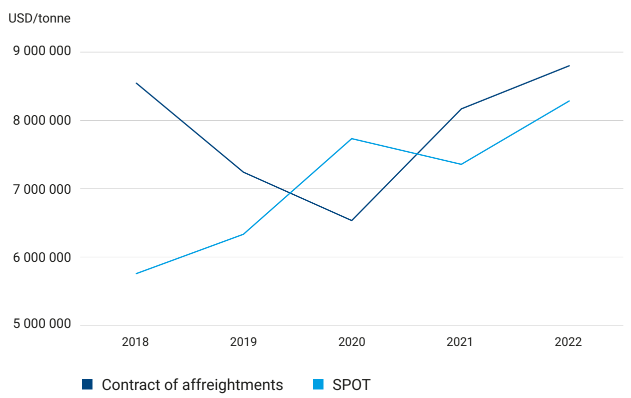
Odfjell has been leading the way in this field for years, and will continue to invest in energy-saving devices and adopt novel technologies. Prolonging the life expectancy of vintage tonnage is a key short-term target, and we are teaming up with customers and class to achieve this. We continuously work across departments and organizational boundaries to reach ambitious efficiency and AER targets in the short run, and to ready us for full decarbonization once the infrastructure is in place.

Competence and quality
For the first time since 2019, we can finally forge full speed ahead with our competence improvement program, which includes leadership development of our officers, and an expansive cadet program in Norway and the Philippines.

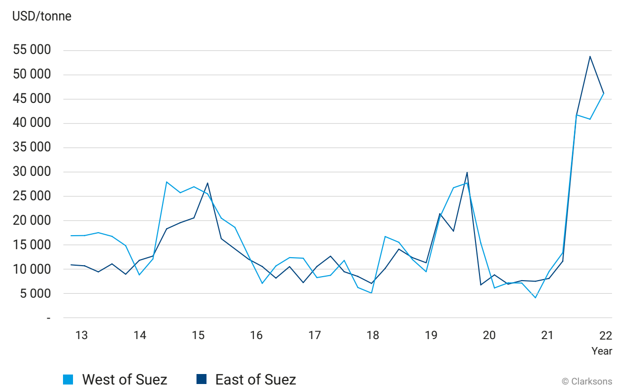
In 2022, we focused on improving our system to share best practice and procedures by creating a template that could easily be put to use on our vessels. This work will continue in 2023. Digitalization efforts also continue, and through the year, we expect to achieve better cost and liquidity control through new tools for budgeting and visualization of activities, such as procurement and dry-docking. This will save us hundreds of working hours annually.

This is exactly what ship management is about at Odfjell. We ensure safe and efficient operations of our vessels, in compliance with governing rules and regulations, all while keeping abreast and taking advantage of technological developments.

Volume development, CoA vs. Spot

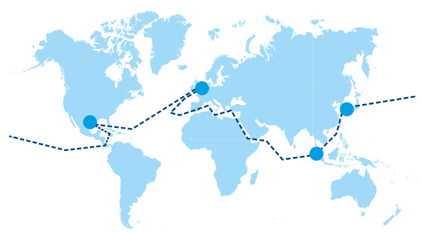


Average MR spot rates (Clean Petroleum Product Tanker)

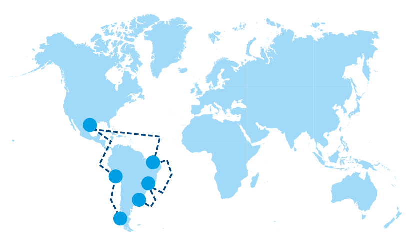


Trade lanes

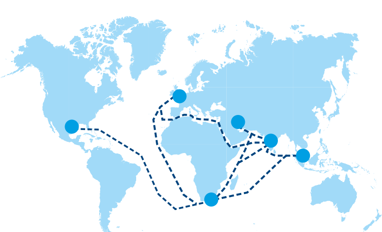
Round the world



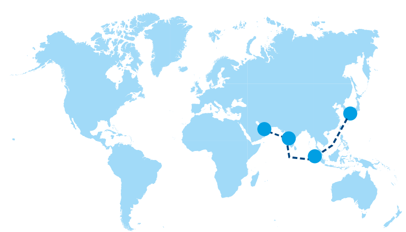
South America



Middle East



Asia



Transatlantic

For more information about Odfjell Tankers and Ship Management, visit Odfjell.com/tankers

Inside one of Bow Orion's 33 stainless steel tanks.

"As a Business Analyst at Odfjell Terminals, what I find most enjoyable is the opportunity to collaborate with colleagues from diverse cultural and professional backgrounds across our four terminals spanning three continents."

Benedicte Sveen Tvedt
Business Analyst, Odfjell Terminals

Number of years in Odfjell: 1
Entry year: 2022

Odfjell Terminals provides safe and efficient storage for vital liquids, chemicals and oil products at strategic international shipping hubs.

Odfjell Terminals

Odfjell Terminals is a global provider of independent tank storage solutions for the chemical industry, with more than five decades of experience in developing, owning, and operating tank terminals. Through different partnerships, we currently own four terminals at strategic locations in the US (Houston and Charleston), Korea (Ulsan), and Belgium (Antwerp). Odfjell Terminals is also part of a network of ten terminals in South America, partly owned by related parties.

Terminals

4

cbm storage capacity

1.2
million

Storage tanks

450

2022 Highlights

- Odfjell Terminals Houston (OTH) broke ground on a new 32,000 cbm tank bay. The project is progressing according to plan and is scheduled to be completed by the end of 2023
- In June, Noord Natie Odfjell Antwerp Terminal (NNOAT) opened a new 35,000 cbm tank pit, comprised of seven stainless steel tanks, as well as an upgraded jetty
- The divestment of Odfjell Nangang Terminals Tianjin was completed in June, the final step in the restructuring of the Terminal portfolio
- Site preparation for a 36,000 cbm tank pit at NNOAT commenced in October. The tank pit is planned to be commissioned in the fourth quarter of 2023
- The multi-year Digital Transformation Program (DT Program) at Odfjell Terminals US (OTUS) continues apace, and we are already seeing the benefits of the project through efficiency gains in our operations
- During 2022, a new vapor treatment facility was put into operation at OTK, contributing to reducing emissions

Performing well in a shifting environment

Despite a shifting macroeconomic and geopolitical landscape, Odfjell Terminals has continued to perform well in 2022, with high occupancy levels throughout the year. Activity levels remained high in the first three quarters of 2022, with a moderate decline in the last quarter. This is likely due to producers anticipating a potential slowdown in consumer demand in 2023 if a recession would take hold.

In terms of safety performance, Odfjell Terminals continue to deliver on safety KPIs for the overall portfolio. During 2022, we were successful in reducing the number of spills, while the number of Lost Time Injuries (LTI) remained at the same level as last year. Several targeted safety initiatives were implemented in 2022, reinforcing our commitment to safety and ensuring a continuous improvement in our overall safety performance.

> Safety is our license to operate and at the core of everything we do.

Growth focus following portfolio restructuring

In 2022, we completed the restructuring of the Terminals portfolio with the sale of our 49.0% shareholding in Odfjell Nangang Terminals Tianjin. This also marks the full exit of Lindsay Goldberg from the Odfjell Terminals structure.

The restructuring has left us with a healthy platform for further growth.

> Our long-term strategy is to have a meaningful network of terminals, where we either have operational synergies with Odfjell Tankers, or another clear angle for value creation. Ideally, terminals should with time be no less than 1/3 of our business.

As part of Odfjell Terminals' growth strategy, we are focused on expanding our current footprint. During 2022, we opened a new tank pit at our Antwerp terminal, adding 35,000 cbm to our portfolio. Ongoing expansion projects in Houston and Antwerp are progressing according to plan, and will result in a combined capacity increase of close to 70,000 cbm by the end of 2023. In parallel, Odfjell Terminals continuously evaluates opportunities for further growth, both within our current footprint and beyond.

Business Performance

Our local teams have effectively managed the terminals through the shifting landscape of 2022. In total, the average annual commercial occupancy reached 97%, helped by the US and European terminals maintaining an occupancy rate at, or close to, 100%. Adjusted for non-recurring items and currency fluctuations, Odfjell Terminals strengthened EBITDA generation of the underlying business.

OTH achieved an average commercial occupancy of 98%. OTC achieved a historic year with 100% average commercial occupancy. Excluding insurance proceeds received at OTH, EBITDA generated by OTUS increased compared to the previous year. This growth was helped by efficiency initiatives, and increased rates and occupancy levels.

The construction of a modern, automated 32,000 cbm tank bay, with six carbon steel and three stainless steel tanks, began in April 2022. Aligned with OTUS's ongoing digitalization initiatives, the new tank bay will feature advanced automation, reducing the need for manual

Odfjell Terminals Houston (OTH) USA

- Houston
- 379 982 cbm total storage capacity
- 113 180 cbm stainless steel storage capacity
- 119 tanks
- 4 berths for barges
- 2 docks for deep-sea ships
- Opened in 1983
- Odfjell share: 51%

Houston is a major international hub for US import and export of chemicals, and the hub for Odfjell's global and regional trades to and from the US Gulf. OTH is constructing a new, fully automated and state-of-the-art tank bay, consisting of six carbon steel and three stainless steel tanks. The 32,000 cbm tank bay is on schedule to be commissioned by the end of 2023.

Odfjell Terminals Charleston (OTC) USA

- Charleston
- 79 243 cbm total storage capacity
- 9 tanks
- 1 deep-sea berth
- Opened in 2014
- Commercially operated by OTH
- Odfjell share: 51%

Strategically located on Charleston's Cooper River, OTC offers tank storage solutions to the southeastern United States.

Odfjell Terminals Korea (OTK) Korea

- Ulsan
- 313 710 cbm total storage capacity
- 15 860 cbm stainless steel capacity
- 85 tanks
- 4 operational berths
- Opened in 2002
- Odfjell share: 50%

OTK is strategically located in Ulsan, the central petrochemical distribution and transshipment hub in Northeast Asia. It is one of the most sophisticated terminals in Ulsan.

Noord Natie Odfjell Antwerp Terminal (NNOAT) Belgium

- Port of Antwerp
- 424 726 cbm total storage capacity
- 119 832 cbm stainless steel storage capacity
- 240 tanks
- Odfjell share: 25%

NNOAT offers a unique combination of storage and related value-added services for several types of liquids. In 2022, NNOAT commissioned a new 35,000 cbm tank pit, and is on schedule to complete a six-tank (36,000 cbm) tank pit in the fourth quarter of 2023.

For more information about Odfjell Terminals, visit Odfjell.com/terminals intervention. The project is financed under the terminal's existing credit facility, and is expected to generate attractive returns. Upon its scheduled completion by the end of 2023, the tank bay will increase local capacity by 9%, bringing OTH's storage capacity to over 410,000 cbm.

In the US, we are already reaping the benefits of our ongoing multi-year Digital Transformation Program (DT Program). The target is to enhance and expand current capabilities, and phase out old systems in favor of cutting-edge digital tools and solutions. This will help drive sustainable business performance, allow for more data-driven decision-making, and enable OTUS to meet future customer demands.

Odfjell Terminals Korea (OTK) experienced a reduction in storage demand compared to last year, ending at an average commercial occupancy of 91% in 2022. The decline is mainly due to a slower post-Covid recovery of the Southeast Asian market. This has resulted in reduced downstream demand, negatively impacting the overall demand for tank capacity in the region. Furthermore, to comply with regulatory requirements, OTK has temporarily repurposed a limited number of its older tanks for non-soluble products. This has had a negative effect on occupancy rates in 2022 but is expected to be transitory. The reduction in occupancy impacted OTK's financial performance during 2022, resulting in an EBITDA moderately below the previous year.

During the year, OTK began the implementation of a new Terminal Management System aimed at improving the efficiency of terminal operations, and providing better insight and oversight. Implementation of the new system is set to be completed in the first half of 2023.

OTK's exceptional safety standards were recognized with the Tank Storage Award's gold medal in the 'Safety Excellence' category.

Noord Natie Odfjell Antwerp Terminal (NNOAT) experienced high demand for storage capacity during 2022, with an average occupancy of 100%, demonstrating the terminal's industry standing and its ability to attract and retain customers. Excluding the impact of currency fluctuations, EBITDA generated by the business ended significantly above the previous year, helped by higher rates and increased terminal capacity.

As part of an ongoing expansion program, NNOAT has, over the past five years, constructed four new tank pits with a combined capacity exceeding 80,000 cbm. The most recent expansion was a fully automated, state-of-the-art 35,000 cbm tank pit, commissioned in June 2022. A fifth tank pit of six tanks (36,000 cbm) is currently under construction, scheduled to be commissioned in the fourth quarter of 2023. Sharing many similarities with the recent expansions, the current project is expected to generate attractive returns. Once finished, the tank pit will add 8% to the local capacity, bringing the terminal's storage capacity above 460,000 cbm.

Outlook for 2023

With 2022 behind us, the global economic environment in 2023 is being disrupted by macroeconomic stress and geopolitical tension, causing volatile energy prices, rising cost levels, and shifting trade flows. Several leading indicators signal continued uncertainties affecting the global economy in 2023, while others are more promising as the International Monetary Fund (IMF) revised its growth estimates upwards in the latest World Economic Outlook.

Despite an uncertain macroeconomic and geopolitical outlook for 2023, we believe occupancy rates will remain robust at our terminals. Due to uncertainties in downstream demand in the coming year, we are less firm regarding activity levels.

In the US, the strong rebound for chemical producers experienced at the start of 2022 has abated as rising cost levels and a strengthening dollar has reduced downstream demand. A weakening dollar towards the end of the year, and a potential increase in Asian demand, could support US exports going forward.

South Korea, as a major export-driven market, was negatively impacted by lowered global demand among major trading partners, in particular driven by China's zero-Covid strategy. Further easing of Covid restrictions in China in 2023 is likely to boost economic activity, and may have a positive impact on tank storage demand and activity levels in the region.

Europe became a larger importer of chemicals and other specialty bulk liquids in 2022. This is mainly a result of surging energy prices increasing regional production costs, following Russia's invasion of Ukraine. Despite the detrimental impact on the European economy, this effect is expected to continue to support demand for tank terminal storage in Europe in the coming year.

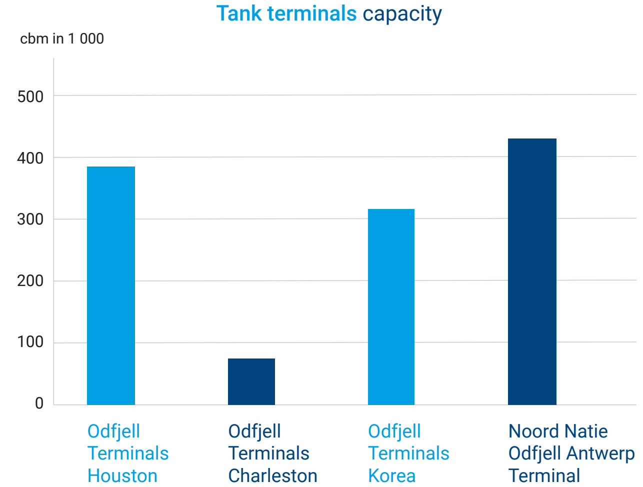
Decelerating economic growth, and the current inflationary environment impacting disposable income, may pose a threat to the storage market in 2023. However, following the interruptions caused by Russia's invasion of Ukraine and Covid, we see end-customers in Europe and the US securing inventory for greater certainty of supply. This trend signals a resilient demand for tank storage capacity throughout the value chain.

While we cannot influence the macro picture, we can, and will, continue to focus on improving our operations and strengthening our terminal platform.

Tank terminals*	Figures in	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Gross revenue	USD mill.	84	72	66	70	91	111	123	112	94	129
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	40	33	30	27	24	38	47	40	(4)	21
Operating result (EBIT)	USD mill.	15	9	18	18	(84)	118	53	4	(31)	(73)
Total assets	USD mill.	352	381	381	353	351	580	578	629	650	685
Tank capacity (100% of the terminal)	1 000 cbm	1 198	1 300	1 293	1 412	1 512	3 115	3 539	4 672	4 643	4 658

*Reflection of actual historical Odfjell ownership share.

Tank terminals capacity



Adrian Lenning
Managing Director Terminals

Showing resilience through uncertain times

The past few years have taught us that we cannot exclude the inconceivable. Pandemic, supply chain disruptions, war in Europe, drought hitting the Rhine, a European energy crisis and a US and Euro-zone inflation out of control. In an era of black and grey swans, resilience is ever more important. Resilience does not come from foreseeing the unforeseeable or knowing the unknowns, but from being prepared and able to adapt, as and when the situation changes. This is what Odfjell Terminals is all about.

The resilience of our platform comes from our people relentlessly challenging themselves to improve. Our safety performance, operational efficiency, and financial results reflect that. Since 2019, our managed terminals have reduced spills (> 5 liters) and process safety incidents (Tier 1 and 2) by over 50% and 75%. Although these achievements are encouraging, there are still many areas for improvement and every incident reminds us to stay vigilant.

We invest extensively in digitalization and automation initiatives, enabling us to operate more safely, and take more robust, data-driven decisions. As a reflection of this, the platform is delivering strong financial results, showing steady revenue growth, and improving margins. In 2022, we really started to see the potential that the restructured Odfjell Terminals portfolio holds, generating stable returns with strong visibility on future cash flows.

2022 also marked important strategic milestones, both in terms of divestments and growth. The sale of Odfjell Nangang Terminals Tianjin marked the exit of Odfjell Terminals from China, three decades after Odfjell's first terminal investment in the country. The divestment is in line with Odfjell's strategy to consolidate, and after years of restructuring and asset sales, we are committed to bringing the terminal platform back to scale.

In 2022, we inaugurated the new 35,000 cbm Tankpit-T at our terminal in Antwerp, ahead of schedule and below budget. We are now building Tankpit-U, which comprises six tanks and 36,000 cbm of capacity. This will be our fifth expansion in Antwerp since 2018, adding 116,400 cbm of storage capacity. In Houston, the construction of Bay 13 is well underway. Totaling 32,000 cbm, the fully automated tank bay will come on stream, to serve OTH's customers, by the end of 2023.

We will also look beyond our existing footprint for strategic growth, centered around operating terminals that can be assimilated into our existing platform assets.

2023 will undoubtedly hold new "unknown unknowns", and in such an environment, I am confident that Odfjell Terminals will continue to show its strengths and deliver on its ambitions for profitable growth.

Multi-Year DT Program:

A digital game changer for terminal operations

In 2021, Odfjell launched its comprehensive Multi-Year Digital Transformation Program at our US terminals. The ambitious program aims to harness the latest technologies to help maintain the highest safety standards, boost efficiency, and provide a future-proof foundation for business scalability and growth. Almost two years into the project, the terminals are already seeing significant operational benefits.

A paradigm shift
A few years ago, "digital transformation" was just another business buzzword. Today, it's a strategic imperative. An efficient IT platform is a competitive advantage, as time and quality of service are of the essence when contracts are awarded.

"Our employees have heavy ownership in the project's implementation and as such will contribute substantially to its successful long-term sustainability. Our staff will greatly benefit from the efficiency improvements and in turn, this project will provide our customers with a significantly improved customer experience."
John Blanchard, CEO Odfjell Terminals US

An Integral part of business performance
The forerunner of this transformative project dates back to 2018, when an IT materiality assessment identified several areas for improvement. A detailed assessment of overall business performance, by a third party in 2019, confirmed the findings and triggered an overarching business improvement program.

The DT program started by scoping and developing a number of tailored solutions, in close collaboration with process owners, IT professionals, consultants, key stakeholders, and representatives from shareholders.

Today, the implementation is well underway, with several new modules in place.

"We have already started reaping the benefits of the transformation, through increased operational efficiency and improved insight. We are confident that our capital investments will generate attractive returns."
Adrian Lenning, Managing Director Terminals

Among the functional areas included in the Digital Transformation Program are: Terminal Management System, Procurement, Assets Management, Data Warehouse & Business Analytics, Organizational Change Management, Commercial & Sales, Finance & Controlling and Field Service Management.

Paving the way toward improved working processes
Before the implementation of the program, the majority of operational and administrative processes at OTUS were largely manual. Data capture was limited, and most of the documentation was done through numerous Excel spreadsheets and paper forms.

Now, workflows are becoming more streamlined, safer, and contain fewer manual errors due to the implementation of digital tools. Tasks are being carried out more efficiently, leading to reduced costs. In addition, data collection is becoming highly automated, removing costly processes and resulting in higher productivity, better information accuracy, and improved governance/compliance. And the most important and welcome result of all: improved safety performance and increased customer and employee satisfaction.

"Looking forward, success encourages further ambition. The digital transformation journey is more than a fixed project within a fixed time frame – it's a journey of continuous improvement that helps us reach new targets across all value streams, consistently, and with long-lasting results", Lenning summarizes.

We are committed to keep delivering world-class services, and to take on the challenges and opportunities of digitalization. The OTUS DT Project will serve as a model for our other terminals, as we pave the way for a more efficient future.

Digitalization

in Odfjell

We believe that digitalization is an important enabler in our efforts to improve the performance of our operations and enhancing our customers' experience. Digitalization is not just about technology. It is about what we can do with it and how we adapt. Becoming a data-driven organization requires everyone in the company making an effort.

We want to create meaningful digital experiences for our employees and customers. To this end, we have implemented high-quality digital products in all business areas, including cross-functional solutions where the data is shared and supports better decision making. While we make use of some off-the-shelf software, we have also developed several solutions in-house, which are considered as best practice in the industry. One such example is our Decarbonization Tool, which visualizes our current and future compliance with emission regulations and allows us to identify the right path towards our sustainability goals.

We have revamped the digital foundations of ship management, and are investing in digital infrastructure to realize our digital ship concept.

Our focus is on strengthening vessel connectivity and using sensor technology for real-time monitoring. We see clear benefits in using this technology, such as electronic logbooks which enable us to reduce the burden of record keeping on board, and ensure compliance. We are also combining the management of servers, desktops, and software on Odfjell-managed vessels into a new, centralized digital platform. These investments are not only increasing efficiency, but more importantly, they are improving safety.

On the Tankers' operations side, we have implemented advanced fleet monitoring solutions, and a web-based reporting tool for cargo-related events in port. We have also started digitalizing the noon reports, and more is yet to come. Our Customer Portal is constantly being fine-tuned to respond to the changing needs of our customers. The latest feature provides our customers with emission reports based on a summary of the fuel consumption related to each voyage. The quality and quantity of our data allow us to offer our customers an unparalleled level of transparency right now, and well before emissions-related regulations start applying.

The terminals division continues to forge ahead with its ambitious digital transformation program, and to actively reduce manual processes and paper-based operations. By enhancing and expanding current capabilities, by phasing out old systems in favor of modern digital tools and solutions, Odfjell Terminals will ensure the future viability and scalability of its digital platform, and its ability to fulfill customer demands.

We clearly see the ripple effect on the organization as improvements in one part of the business increase the likelihood of associations between ideas and collaboration across others, resulting in ever more valuable solutions.

To realize the value from data, we are making sure that business and information technology go hand in hand.

We are constantly adopting new ways of working and we requisite skills to succeed, both in the short term and in the long-term.

Increased digitalization means increased exposure to cyberthreats. We take measures to protect against potential threats, at sea and on land, and we put a lot of effort into building cybersecurity awareness and preparedness in the organization. We understand that data is a valuable asset, and the importance of ensuring data privacy.

Odfjell is committed to protecting the privacy rights of our employees, and everyone with whom we do business.

We only use personal data for appropriate purposes, such as creating a personalized and improved experience on our website in accordance with applicable data protection regulations.

ESG

Environmental, Social & Governance

We are conscious of our obligation to safeguard biodiversity and the environment wherever we operate.

Sustainability in 2022

The year 2022 provided a clear indication of what to expect in the future. Record temperatures, heatwaves, droughts, and flooding have disrupted infrastructure and value chains, destroyed homes, and forced people to migrate. Climate change is no longer something we anticipate occurring in the future; it is already happening and affecting people, the environment, and businesses. Odfjell works every day to reduce climate risk, decarbonize our operations, and adapt to the new reality. We want to not only manage risk, but also capitalize on the opportunities that arise as a result of our leading position in sustainability.

Sustainability is an integral part of our strategy and business practices. We need to think about sustainability in the long term. Our 109-year history is the best proof of our success in that regard.

Sustainability reporting

This year, we decided to revise our sustainability reporting because of changes in how and what we report, such as climate risk and taxonomy reporting. This will necessitate more space than is available in this annual report, so in addition to the information provided here, we will publish additional reports on our website. As a result, the Annual Report must be read alongside our online reporting. See the ESG reporting for 2022 on pages 158-167.

Materiality

The most recent ESG materiality assessment is available on Odfjell.com. The assessment's most material ESG topics are still GHG emissions, climate risk, health and safety, ethics, and human rights. Since 2021, the materiality assessment has not changed significantly. However, one general observation is that our customers are becoming more concerned about sustainability, particularly GHG emissions, and decarbonization. Because of the increased emphasis on climate and environmental risk, we have expanded our reporting on this topic for 2022.

Climate risk assessment

In 2022, we saw clear indicators of the effects of climate change. It is the most pressing issue of our time. We must do what we can to mitigate climate change and prepare for possible outcomes. We must adapt to the changes already taking place while also readying ourselves for the predicted changes. Climate risk is a priority at Odfjell, with the Board of Directors, Management, and the entire organization engaged.

We update our climate risk assessment throughout the year. Odfjell's risk and strategy work include climate and nature risks. We used the IPCC's 1.5°C, 2°C and 4°C scenarios[1], the TCFD[2] framework, and the EU Guidance[3] to assess climate risk. This year, we have also included a nature risk assessment and reporting framework, TNFD[4] v0.3. For a complete list of assessments, visit Odfjell.com.

Odfjell's climate targets

Odfjell will cut greenhouse gas emissions by 50% by 2030, compared to 2008[1)]

Odfjell will have a zero-emission capable fleet from 2050

Odfjell is dedicated to pursuing a zero-emissions strategy and will only order newbuilds with zero-emission capable technology

Odfjell will actively support initiatives to develop technology and infrastructure for decarbonization, energy efficiency, and zero-emissions, and support international regulation to drive zero emissions for our industry and our value chain

[1)] Intensity target for carbon emission, measured in Annual Efficiency Ratio of CO_2, vs 2008 Reference

Greenhouse gas emissions

We work in an industry where our ships emit a lot of CO_2. Since 2007, we have worked diligently to improve efficiency, and reduce fuel consumption and emissions. We set ambitious climate targets in 2020 that go beyond the IMO targets. The IMO has now implemented reference values and a Carbon Intensity Index (CII), making it easier to use industry references for our goals.

Status of the climate targets

We reduced our carbon intensity in our controlled fleet by 5.5% in 2022 compared to 2021. Odfjell has now reduced carbon intensity, measured by AER, by 49% compared to 2008, a strong indication that we will meet the 50% target already in 2023. We anticipate that the IMO will adopt the revised IMO Strategy for Reducing GHG Emissions from Ships in 2023, but we do not anticipate that the revised strategy will necessitate changes to our own long-term GHG reduction ambitions.

There are no simple solutions for decarbonizing shipping. To completely decarbonize our sector, we must first have access to renewable electricity to produce green fuels, while avoiding a global net increase in GHG emissions by transferring emissions to other sectors. Then we need bunker infrastructure, sufficient green fuel volumes in key ports, technology, zero-emission regulation, or market-based measures to close the cost gap between conventional and green fuels.

We expect that this will take a long time to materialize. As we work towards a net-zero future, we are focusing on improving the energy efficiency of our existing ships and future newbuilds. Our future newbuildings will be zero-emission capable.

Actions to achieve our targets

Odfjell has systematically and methodically addressed energy efficiency and emission reductions since 2007. We have several departments dedicated to this work and are addressing reductions through operational and technical measures.

In addition, we established a cross-departmental task force in 2022, comprised of ten different disciplines, ranging from chartering to operations, finance, and technology, to drive and coordinate our decarbonization efforts. The work is centered on ensuring that Odfjell meets our carbon intensity reduction targets, and positions itself for a net-zero future.

Since 2014, we have invested over USD 30 million in energy-saving technology and installed more than 100 energy-saving devices in our fleet, with 18 new installations completed in 2022.

We continue to work on several new projects to reduce carbon intensity and emissions in 2023. Looking ahead, we are in the engineering phase of developing some novel and advanced energy efficiency technology which we hope to pilot in 2023 and 2024.

Terminals

Sustainability is also an integral part of our terminal business and was a key consideration when the terminals were designed. For example, most of the tanks are sealed and pressurized to prevent emissions, and have sloped bottoms to limit residuals. Our terminals place a high priority on health, safety, and the prevention of spills and emissions.

We are collaborating with our terminals and joint venture partners to better measure ESG performance and develop action plans to improve it.

Nature

Nature-related risks, such as biodiversity loss and ecosystem degradation, have emerged as some of the most significant risks in recent years. At Odfjell, we are very aware of our responsibility for biodiversity and our impact on land and at sea, and have been for many years now. Following the guidance of the TNFD[6], we conducted our first nature-related risk assessment this year. This is available on our website in a separate report.

Sustainable finance

We established a Sustainability-Linked Financing Framework in 2020. The framework links our ambitious climate targets with the financing of our group. We issued the first sustainability-linked bond within shipping in January 2021, and all new loans since then have been issued under the same framework. These loans, linking climate performance and carbon intensity targets with our cost of capital, now account for 40% of the Group's total interest-bearing debt as of December 31, 2022. This demonstrates our dedication to our climate goals. We also believe that sustainable finance represents a significant opportunity that will eventually become the new normal. Information on our SLF Framework and progress report is available on Odfjell.com.

Social agenda

Our people's safety is the most important thing to us. There were no fatalities or serious accidents in 2022. Throughout the year, the situation for seafarers improved as Covid lockdowns in most regions were lifted. The last few years have served as a stark reminder of our vulnerability regarding physical and mental health. Many seafarers could not return home for long stretches at a time, and many employees were forced to work from home or under restrictions.

Diversity and inclusion are critical for our organization's growth, as is attracting the best talent to help us solve future challenges.

By 2030, we hope to achieve 30% gender diversity at all levels. This is a challenge, and we are not the only ones in our industry dealing with it. We are getting better, but the female-to-male ratio at VP level and above is still only 14%. We are stepping up our efforts to meet this goal.

Human rights

Odfjell has been a signatory to the UN Global Compact since 2010. People and human rights are central to the UNGC principles. Our dedication to human rights is an essential component of our operations. The Norwegian Transparency Act became law in 2022. This act requires companies to report on their impact and human rights due diligence process. As a result of this act, we increased our supply chain due diligence and communicated our expectations to our suppliers. To ensure compliance with human rights guidelines, we require all suppliers to agree to, and sign, our supplier code of conduct principles. Odfjell has released a report outlining how we work with human rights and the most significant impact areas. The report is available on our website.

Competence

We can see that requirements and regulations are shifting simply from expectations to standards and now to hard law. The increasing complexity of regulations necessitates increased competence. Climate change challenges and effects, technical understanding of decarbonization initiatives, global energy supply, the risk to nature, human rights, and upcoming reporting requirements are all examples of topics that call for new skills. We have established dedicated roles at Odfjell to focus on these issues, as well as to update and conduct training for the organization. We keep the organization up to date on sustainability issues regularly. All board meetings include a sustainability update, and the Board has separate sessions on climate risk and integrity.

Implementing the EU Emissions Trading System

The European Commission has proposed several legislative changes to ensure that its policies meet the updated 2030 greenhouse gas emissions net reduction target of 55% below 1990 levels. The "Fit for 55" package places Europe on a path toward achieving climate neutrality by 2050. The EU legislators have now agreed to a revised Emissions Trading System (ETS), which will include shipping, beginning in 2024. Details on how to include maritime transport emissions in the EU ETS are stated in a provisional agreement reached on November 29, 2022.

Relevant principles regarding shipping's inclusion in the ETS:

- Shipping companies must surrender CO_2 emission allowances covering 40% of their verified emissions in 2024, 70% in 2025, and 100% in 2026
- 100% of CO_2 emissions within the EU and 50% of CO_2 emissions on voyages to and from the EU are applicable
- The EU ETS will be extended to cover methane (CH_4) and nitrous oxides (N2O), not just CO_2, beginning in 2026

This means that emissions from maritime transportation will have a direct cost beginning in 2024. Odfjell supports the "polluter-pays principle," with a pass-through of ETS cost, which will encourage charterers to choose the most energy-efficient mode of transportation for their goods. We intend to pass on the cost of emissions per parcel to our customers, on a voyage-by-voyage basis, using the principles outlined in the Sea Cargo Charter principles[1)].

We are already distributing auto-generated emission reports, also available on our customer portal, providing our charterers with the specific emissions associated with their parcels. This allows our customers to report their scope-3 emissions and calculate the actual emission cost that will be charged in 2024. The cost of the emissions will be determined by multiplying tonnes of CO_2 for the parcel by the price of emission allowances[2)] at the time of discharge. Odfjell has developed a standard ETS clause, which we have started to incorporate into our Contracts of Affreightment and voyage charter parties.

[1)] Sea Cargo Charter, "Aligning global shipping with society's goals" Technical Guidance April 2022
[2)] https://www.theice.com/products/197/EUA-Futures

Governance
Compliance with sanctions regulations has been a significant governance topic in 2022. Odfjell supports, and complies with, the multiple trade sanctions imposed in the aftermath of the Ukraine war.

> Odfjell has stated that we will not trade with Russia and will fully comply with all relevant sanctions regulations.

Our industry is vulnerable to bribery and corruption. Odfjell is a member of the Maritime Anti-Corruption Network (MACN) and has a zero-tolerance policy to bribery and corruption. In 2022, we established a portal to track and monitor all requests for facilitation, and we will also report all incidents to MACN. We also have a separate integrity program; all employees must undergo training and sign policies on topics such as ethics, competition, IT security, and whistleblowing, among others. We publish a separate report on executive compensation on our website. Go to our ESG reporting on page 165 for more information on governance.

Follow-up suppliers
Odfjell clearly expects our suppliers to act ethically and sustainably, as well as to sign and adhere to the principles of our suppliers' code of conduct. We are also a member of a procurement collaboration that screens suppliers on ethics, the environment, and human rights, and accounts for 25% of total procurement volume. We have asked all our major suppliers to report carbon emissions, which will be used to calculate Odfjell's Scope 3 upstream emissions. In addition, we completed a risk assessment and identified suppliers that required further follow-up. We intend to improve supplier screening and follow-up in our procurement system. Odfjell is a member of the EcoVadis platform and has a silver rating for 2022.

EU Taxonomy
The requirement for Norwegian companies to report under the EU taxonomy has been postponed and will most likely be implemented in 2023. Nonetheless, Odfjell reported under the EU taxonomy for 2021 and has issued a separate EU taxonomy report for 2022, which is available on Odfjell.com. Key numbers from the report:

- Share of EU Taxonomy eligible revenue: 94%
- EU Taxonomy aligned Revenue: 0%
- EU Taxonomy aligned CAPEX: 0%
- EU Taxonomy aligned OPEX: 0%

[1] The Intergovernmental Panel on Climate Change, Sixth assessment report, Three AR6 reports 2021/2022
[2] Task Force for Climate Related Financial Discloseure, https://www.fsb-tcfd.org
[3] EU Guidelines on non-financial reporting. Supplement on reporting climate-related information (2019/C 209/01)
[4] Task Force for Nature Related Financial Disclosure, https://framework.tnfd.global/
[5] Odfjell owned/managed fleet. Calculations done in accordance with IMO regulations as per Marpol Annex VI regulation 2.49, and document MEPC.336 (76), MEPC.337 (76), MEPC.338 (76), MEPC.339 (76)
[6] Task Force for Nature Related Financial Disclosure

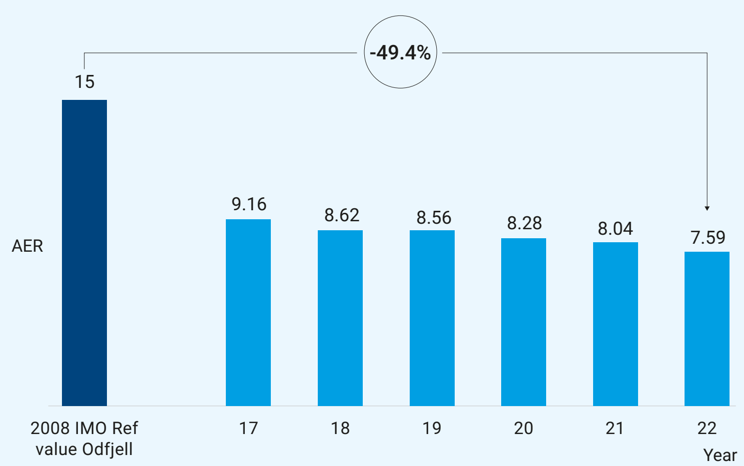
Carbon Intensity

Odfjell has reported the carbon intensity (CI) for its fleet since 2008, calculated using the Annual Efficiency Ratio (AER). The results are published in our quarterly reports.

In 2018, the International Maritime Organization (IMO) introduced a proposal to reduce the carbon intensity of all ships by 40% by 2030 compared to a vessel-specific 2008 baseline.

Because the IMO regulates ships, not companies, Odfjell established its 2008 company baseline on the average vessel-specific 2008 baseline.

In 2022, the AER for Odfjell's fleet was 49% lower than its 2008 baseline. The AER in the graph below refers to Odfjell's controlled fleet[1].



[1] Odfjell owned/managed fleet. Calculations done in accordance with IMO regulations as per Marpol Annex VI regulation 2.49, and document MEPC.336 (76), MEPC.337 (76), MEPC.338 (76), MEPC.339 (76)

Sustainable recycling

The Kværner-built Bow Flower has been a part of the Odfjell fleet since she was delivered in 1995 and until 2022. In 2022, the 27-year-old chemical tanker was sold for recycling, a process followed with scrutiny to ensure the most sustainable last leg. More than 99% of the vessel was recycled or reused.

The Board approved the sale of Bow Flower for green recycling in March 2022. The process was headed by Odfjell's Chief Sustainability Officer Øistein Jensen, in close cooperation with Grieg Green AS, a Norwegian-based company specializing in sustainable recycling. The recycling took place in Alang, India, and the procedure included:

- Pre-screening of yards by Grieg Green AS
- Signage of green recycling contract with NKD Maritime Ltd.
- Recycling at the Shree Ram Group Plot V7
- Odfjell appointed supervisors from Grieg Green, who were present during the entire recycling process
- Usage of the BIMCO RECYCLECON format
- Incorporation of a number of protective clauses requiring strict compliance with the Hong Kong Convention and UN's Guiding Principles on Business and Human Rights
- Contract terms that included Odfjell's relevant ESG requirements
- A recycling facility certified by Lloyds Register Asia and NK Class Netherlands: complying with the Hong Kong Convention and EU Regulation on ship recycling
- On-site inspection by Odfjell's Chief Sustainability Officer, before and during landing
- Meetings between Odfjell, Grieg Green, yard management and employees, covering requirements and standards, safety, training, monitoring and reports
- Complete access to all yard facilities
- Meeting with the Gujarat Maritime Board's (GMB) hazardous waste treatment facility
- Weekly written reports from yard and supervisors

The recycling was finalized in November 2022. There were no personnel injuries or pollution of the environment. Of the 99% recycled steel, 62% was recycled through rolling, 16% by melting, and 21% light-melted and reused.

> "It was crucial for us to ensure that the recycling was done in the safest and most environmentally friendly way, from start to finish. Choosing the right yard and inspecting the recycling process has been a rewarding experience. We are glad to document no incidents or injuries to people or the environment."
>
> Øistein Jensen, CSO

Recycling is an integral part of a ship's lifecycle and has great value: The material will be reused, and it can reduce the manufacture of new steel, which has a higher carbon footprint.

Bow Flower is the first vessel Odfjell has recycled since 2016. At the time of sale, the ship was operating in the South Africa – Middle East trade and sailed under the Marshall Island flag.

Øistein Jensen
Chief Sustainability Officer

ESG opportunities

In 2022, the world experienced unprecedented high temperatures, shattering several climate records. Human activities are primarily to blame for the rising temperatures. Climate change has caused extreme weather events such as heatwaves, droughts, hurricanes and wildfires, causing widespread damage to ecosystems, economies, and communities. These events remind us how critical it is to mitigate the effects of climate change and ensure a sustainable future for our planet and its inhabitants.

At Odfjell, climate change is a pressing concern. Our strategy and investment plans are being shaped by the transition risk associated with decarbonization and energy efficiency. We have spent years making our fleet more energy efficient and lowering emissions. New emission regulations, which will take effect in 2023 and 2024, are designed to decarbonize our industry further. We welcome and encourage these new regulations.

Climate risk represents both a threat and an opportunity. We are confident that our efforts to reduce emissions will benefit our customers while providing us with a competitive advantage.

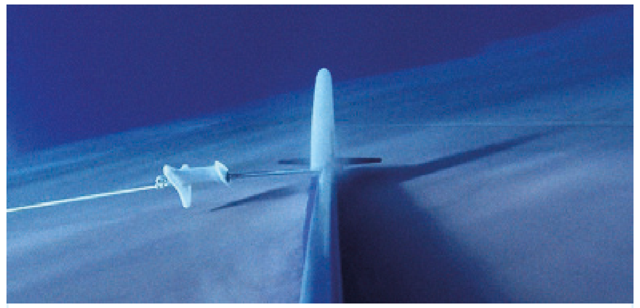
We have put a lot of effort into ensuring we are well-prepared for all upcoming ESG regulations. We will continue to improve our reporting, both online and in our annual reports, and be more transparent about our goals and status, risks and opportunities.

Covid has taught us a lot about how we work and interact as individuals and as a team, and the importance of physical and mental health. The social aspect of sustainability is more pertinent than ever. The Norwegian Transparency Act has compelled us to look closely at our company's impact on human rights and to reduce any adverse effects and repercussions in our value chain.

We are mindful of our responsibility to protect biodiversity and the environment wherever we operate. Nature-related risks are now factored into our risk assessments and mitigation strategies.

Shipping has great potential, as yet untapped, regarding the circular economy. Optimal maintenance, life extension, sustainable recycling, and reuse will positively affect the reduction of global emissions. That is why we focus on life-cycle emissions (scope 1 and 3) and sustainable recycling.

The energy transition is a crucial driver for Odfjell, our industry, and society. There are no quick fixes or silver bullets for transitioning shipping to a low-carbon future. Still, Odfjell is doing what we can to ensure our decarbonization journey continues.



The Shipshave ITCH

Energy-saving devices

We have been actively working to reduce the emissions of our fleet since 2007. As a result, we can demonstrate a 50% reduction in emissions per transport work for our fleet, compared to the IMO 2008 baseline. We test multiple innovations, in our continuous quest for improvements. Some of the new technologies we tested in 2021 were expanded to our entire fleet in 2022.

The below two examples join a long list of projects that Odfjell has already implemented in our pursuit of energy efficiency, ranging from an overconsumption warning system to weather routing, and upgrades to more efficient and sustainable propulsion systems.

Shaving the ship's marine beard
The Shipshave ITCH robot brushes the vertical side of the ship using the hydrodynamics of the ship's forward movement during transit, removing marine growth and fouling in its early stages. As a result, fuel consumption is reduced and carbon intensity, in turn, is reduced. Shipshave created the innovation, which was tested by Odfjell in 2021. Based on the pilot project results, we installed ten units across our fleet in 2022.

> "The ITCH robot is a lightweight, low-cost, plug-and-play system with a built-in camera for growth monitoring. It saves not only money on manual maintenance inspections and cleaning but also time and fuel because it is done while the ship is in motion. This means the ship can be cleaned more frequently – even while it is sailing."
> Jan Opedal, Project Manager, Technology Section

Using ultrasound to prevent biofilm formation
While ITCH protects the vertical side, the propeller is protected by HASYTEC's Dynamic Biofilm Protection system. Its high-frequency ultrasound prevents biofilm from settling on underwater ship parts, which leads to fouling and marine growth. The technology reduces fuel consumption, reduces our carbon footprint, and supplements the Shipshave technology. We installed 11 units in our fleet in 2022 based on a pilot project in 2021.

Both systems are low-maintenance and environmentally friendly. They only kill biofilm and single-celled organisms, leaving fish and marine mammals alone. A clean hull and propellers mean better fuel efficiency and lower carbon dioxide emissions.

Propeller upgrades, with devices such as the propeller bos cap fin, mewis duct and rudder-bulb, are some of the many energy-saving initiatives that in sum make the Odfjell fleet one of the world's most energy-efficient.

Winning team:
Corvinus University

12 teams
48 students
24 hours
1 case:

Odfjell's decarbonization journey in focus at the 2022 NHH International Case Competition

Odfjell is committed to operating a sustainable business and paving the way for a greener industry. To reach our ambitious targets, we encourage innovation and learning, and actively seek to gain new perspectives. In 2022, we got a unique opportunity to solicit feedback from up-and-coming students at the Norwegian School of Economics' NHH International Case Competition (NHHICC), and in the process become the competition's first-ever shipping company to be featured.

NHHICC is an arena where 48 students from 12 of the world's top business schools gather to solve real-life business problems. In 24 hours, they are expected to compile a presentation addressing key issues, offering the case company a "solution" and feasible implementation strategy.

Among the renowned universities participating in the 2022 competition were California's Berkeley, Copenhagen Business School, NHH, the University of Glasgow, and the University of Melbourne, to name a few.

The 2022 Case Competition

The Odfjell Case was developed collaboratively, with feedback between the NHHICC Committee and the project team at Odfjell. The case challenged the students to develop a comprehensive business plan that supports and strengthens Odfjell's leading position in decarbonization:

> "We have done a lot, but how do we capture the value of being one of the sustainability leaders in the industry? We cannot solve future problems with yesterday's solutions. That's why we encourage new and diverse ways of thinking. In this case, having young students from many different cultures, it really brings something new to the table."
>
> CSO Øistein Jensen

The student-run competition was held in Bergen at the beginning of October 2022, over the course of one week. A team from Odfjell, including CEO Harald Fotland, CSO Øistein Jensen and CCO Bjørn Hammer, served as judges together with representatives from other business segments. The finale was held before a packed aula at NHH and streamed online.

Fresh perspectives

While the participating students got to apply their classroom knowledge to a real-world problem, Odfjell got an exclusive opportunity to gain new perspectives and possible solutions. The case called for creativity and a wide range of solutions, without requiring expertise and industry knowledge from the students.

The results from the teams were highly insightful, and the cases offered realistic and relevant solutions, new perspectives and opportunities. In the end, the team from Corvinus University of Budapest impressed the judges the most, with a case solution that was not just applicable to Odfjell, but also to the wider issue of climate action.

"The NHH Case Competition was a great opportunity for us to get a more qualitative external review of where we are on decarbonization and sustainability. It is very possible that some of the solutions will come to life in our commercial operations", CEO Harald Fotland said, and concluded:

> "My biggest takeaway is that we can rest assured that these schools will produce brilliant leaders in the industry going forward."

Ship Broker Kjell H. Christensen presents the case to the student teams as the case competition is kicked off.

Both photos by Gabi Húzevková, Foto NHHS

In Odfjell we are guided by one overarching principle: We do not compromise on safety.

Safety – at the heart of our business

We transport and store some of the world's most hazardous liquids through some of the world's most fragile environments. We store chemicals at our terminals, often near people's homes. These chemicals are present in our daily lives. They are vital to numerous industries and materials that we use every day. Society and our customers rely on us to handle these chemicals while adhering to the highest safety and quality control standards. It is a significant responsibility. Safety is our priority and built into everything we do.

Safety is essential to our business and daily operations at sea and on land. We believe that all accidents involving people, the environment, and assets are avoidable. Our people's safety and well-being are critical to achieving our business objectives. As a company, we take a holistic approach to safety, focusing on reducing risks for everyone involved in our operations, setting high standards, and actively developing an exemplary safety culture.

Our core business, operating ships and terminals, is governed by regulations that prioritize health and safety. Odfjell adheres to all applicable health and safety rules and requirements. Our ships' safety management systems are certified in accordance with the ISM Code, and our terminals' safety management systems are certified and audited in accordance with the CDI-T process.

Safety in 2022

We have not had any serious accidents or injuries in 2022. We had eight LTI[1]s in our fleet, office and terminals.

- 3 slip and trip incidents on board our ships and at our terminals
- 3 finger injuries on board our ships
- 1 bike accident with an office person in a yard
- 1 chemical burn at a terminal

All incidents have been thoroughly investigated, and all necessary mitigation measures have been put in place. Six of the injured have returned to duty, one has left our crew pool, and one is on sick leave.

Our LTIF[2] for shipping was 0.45 and 0.44 for terminals. Our managed fleet's TRFC was 1.53.

Life-Saving Rules

We implemented Life-Saving Rules at our terminals and ships in 2022. Odfjell's Life-Saving Rules adhere to the IOGP[3] rules, which have set the standard across many industries. The Rules are not intended to be a replacement for a robust management system, competent people, site rules, or procedures; however, should any of these safeguards fail, the Rules give workers

[1] Lost Time Injury. See ESG table on page 162 for details on definition for ships and terminals
[2] Lost Time Injury Frequency. See ESG table on page 162 for details on definition for the different calculations for ships and terminals
[3] The International Association of Oil & Gas Producers

control over their own safety, protecting them, and their colleagues, from fatalities. The Life-Saving Rules were developed following an analysis of thousands of fatal accident reports and High Potential Incidents (HPI). An industry task force of subject matter experts, HSE and operations professionals collaborated to develop the updated set of Life-Saving Rules that, if strictly followed, will have the greatest impact on eliminating fatalities.

Terminals

Several targeted safety initiatives, including the implementation of Life-Saving Rules, organizational and cultural change programs, and corporate audits, were implemented across our terminals during the year. These initiatives are designed to reinforce our focus on safety, and ensure that our overall safety performance constantly improves.

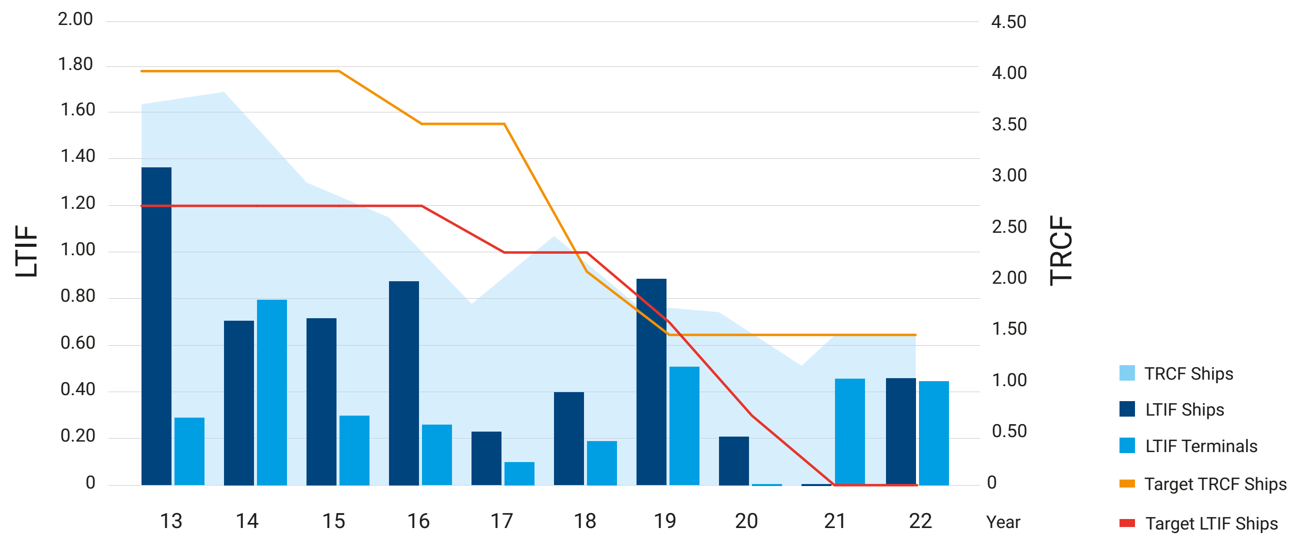
In Korea, OTK continued to perform well in terms of safety, with no spills or incidents involving process safety. The terminal experienced an LTI after more than seven years of no major injuries. OTK's track record demonstrates Odfjell's commitment to safety and strict adherence to industry regulations. The Korea Firefighting Institute recognized OTK for its efforts to improve firefighting equipment. OTK's exceptional safety standards were also recocnized with the Tank Storage Award's gold medal in the 'Safety Excellence' category.

OTUS continued to improve its safety performance in the United States. OTUS had one LTI in 2022, compared to two in 2021. When compared to last year, the number of spills (loss of primary containment) was reduced by 13%.

Security

We have dedicated emergency preparedness policy procedures and systems and dedicated contingency/operations teams that conduct regular training and exercises. We conduct risk assessments on a regular basis, including security-related risk, to better understand the threats we face and how best to mitigate them. Our ships frequently pass through piracy-prone areas. When deemed necessary, we use external expertise to assess the threat and protect voyages.

> Odfjell's cyber security is critical. We constantly monitor the cyber threat and test our systems and organization, improve our technical solutions, and train all our employees to combat the risk posed by cybercrime.



Lost time injuries 2022	2022	2021	2020
LTIF Ships managed by Odfjell	0.45	0.00	0.21
TRCF Ships managed by Odfjell	1.53	1.13	1.16
LTIF Terminals operated and managed by Odfjell	0.44	0.45	0.00
TRIF Terminals operated and managed by Odfjell	0.66	0.45	0.74

LTIF for ships is calculated as lost time injuries * 1,000,000 / number of exposure hours. For terminals, LTIF is calculated using 200,000 as multiplier.

A 'lost time injury' is a fatality, permanent total or partial disability, or a lost workday case. The Total Recordable Case Frequency (TRCF) also includes restricted work cases and medical treatment cases.

TRIF for terminals is calculated as Total recordable injury * 200,000/total hours worked.

`Total recordable injury (TRI)` is the sum of Lost time injuries, Restricted work cases and Medical treatment cases.

People at Odfjell

We are proud of the know-how, the energy, and the ability of our people around the world, onshore and at sea, to pull together and relentlessly find better ways to work. We are proud of our shared commitment to the mission of handling liquids safely, sustainably, and more efficiently than anyone else in the industry. And we are proud that experienced employees choose to stay with us, and that from day one, new employees are included in the working environment and encouraged to share their perspective.

2 271 employees

1675 seafarers

243 employees terminals

353 employees shipping

27 nationalities

The safety of people and the protection of the environment come first, and serve as the foundation for everything we do. Succeeding in this mission does not happen by itself. It is a result of all the small and big decisions made by our colleagues in their daily work, on behalf of the organization. It is both the duty, and the right, of every employee to speak up and stop unsafe work.

> Survey results show that safety is considered a priority, and that employees view their line managers as good examples of QHSE culture.

The overall well-being of our employees is very important. We understand that physical and mental health go hand-in-hand, and we welcome that our vendors offer a holistic approach to healthcare. Mental health programs, which are now often virtual, are designed to help with issues such as stress and sleep. We have long-standing preventative measures in place to ensure our employees' welfare, such as regular health checks, quality health coverage, and continuous health awareness initiatives.

Flexible policies help employees balance their professional and personal lives, and we continue to offer flexible leave and working hours policies at our headquarters and other locations.

> At Odfjell, we promote a safe, non-discriminating and inclusive working environment, where everyone is valued for their qualifications and contributions. We work to ensure equal opportunities and equitable compensation and benefit structures for employees in all stages of their work life. We aim to be an attractive and engaging place to work for our employees, today and in the future.

We offer a variety of challenging and meaningful jobs to highly capable people all over the world, and are grateful that employees choose to stay with us, to contribute and develop with the organization.

Employee voice

In 2021, we partnered with external experts to survey all employees working onshore in shipping and Terminals. The survey measured drivers of engagement and enablement, such as collaboration, confidence in leaders, and inclusion. Four questions, specific to safety, were added. We had a remarkably high response rate; nine out of ten took part, providing us with representative data and valuable insights. The results showed that our global organization is highly engaged (77%) and enabled (76%). The insights gathered resulted in two targeted projects in 2022 related to tailoring the onboarding experience, and improving our performance management. Through these projects, we have used a cross-functional and collaborative approach to problem solving and decision making.

Tailored onboarding experiences

New hires at several locations actively participated in this project and shared, through semi-structured interviews, how they experienced their onboarding. This resulted in specific adjustments to the process, including lunch with the CEO, digital collaboration, process automation, and collaborative introductory training. A number of these initiatives have been piloted at our headquarters in Bergen. In reference to the training, 100% of the participants answered that they would likely, or very likely, recommend this event to new hires in the future, and the event received a 4.55/5 average rating.

Improving Performance Management

With regard to performance management, insights were gathered from research benchmark companies, and a consultancy program with master's students at the University of Bergen. A group of people managers from various parts of the organization worked with HR to co-create a more future-focused and team-oriented performance dialogue. This approach was piloted by 20% of our onshore shipping workforce in the fall of 2022.

> While surveys are an important part of our engagement strategy, we acknowledge that they are only one of several methods for gathering feedback and input from employees.

In 2022 we have identified and leveraged other ways to listen and gauge how employees feel about our organization and their work. Stretching all the way from pre-onboarding to exit interviews, we gather feedback through face-to-face conversations, surveys, semi-structured interviews, meetings and focus groups.

Competence and development

The people at Odfjell deliver strong results across a multitude of areas which may seem contradictory at times; strong financial results while becoming more sustainable, strong operational results while seeking new ways of working, strong safety results while creating room for everyone to speak up and raise concerns. We aspire to be a learning organization where each person understands how they make an impact. To accomplish this, we need to set a clear direction, while creating and maintaining a psychologically and physically safe working environment. It requires know-how and strong relations within, and across, teams. This takes time, and as new hires are onboarded, we make a conscious effort to ensure they feel a sense of belonging in our highly qualified team.

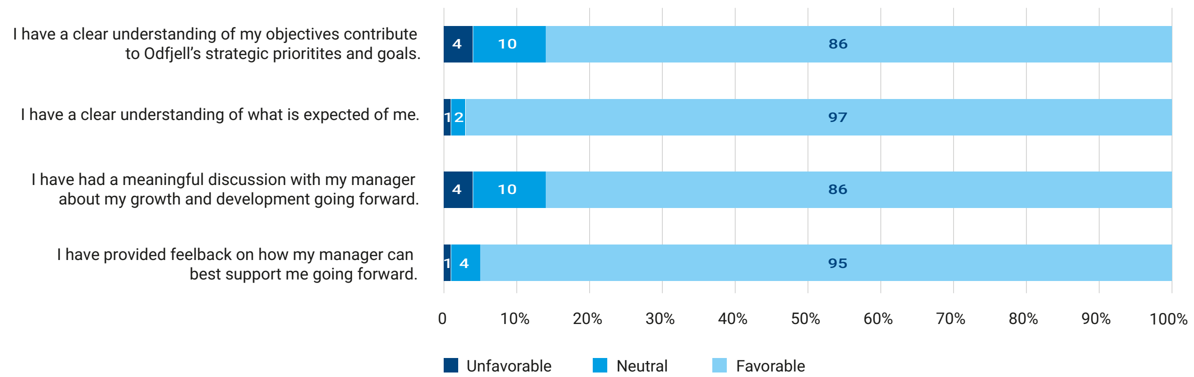
The global performance process for our shipping organization aims to recognize and drive performance. We achieve this by providing structured opportunities for managers and employees to discuss performance, align on direction, set objectives, and plan for training and career development in order to support learning and professional development. Over 90% of our employees describe the collaboration with colleagues in other departments as "Good" or "Very good" in their 2022 main dialogue. A survey was sent out to all employees to measure the impact of the conversations, as illustrated below.

> HR collaborates with people managers ahead of key organizational processes, such as performance dialogues and annual salary reviews, by providing brief, and up-to-date, information. This includes content aimed at enhancing awareness of potential unconscious biases.

In addition to attending a variety of external courses, conferences, and continuing education programs, employees at Odfjell have attended two new, industry-specific leadership development programs.

- Ten employees from around the world, a mix of seafarers and onshore professionals, attended the One Ocean Leadership Program for a five-day voyage from Ishigaki, Japan, to Manila, in the Philippines, on the three-masted Statsraad Lehmkuhl. It was a once in a lifetime experience that provided opportunities for both personal and professional growth.
- The industry organization Maritime Bergen, in cooperation with BI Norwegian Business School and Western Norway University of Applied Sciences, launched the Next Wave Maritime Leadership Program, a one-of-a-kind program geared towards experienced shipping professionals. Several Odfjell employees are part of the first year's class and attend relevant modules such as the green transition, strategic digitalization, diversity as a tool, and innovation and scaling.

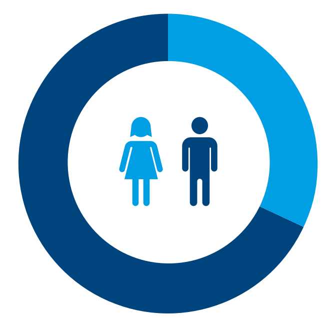
Positive employee feedback in 2022



EMPLOYEES / By section

/ Onshore:	
Corporate staff	94
Tankers	146
Ship management	90
Flumar	23
Terminals	243
/ At sea:	
PHP seafarers	1 444
NWE seafarers	98
Flumar seafarers	133

GENDER / Onshore



Female 32%

Male 68%

ONSHORE SHIPPING / Target 2030

30%

gender balance at all levels

All participants also take part in WISTA's Maritime Meet-Up program to receive one-on-one mentorship from industry leaders.

> "Next Wave is a unique opportunity for people in the maritime sector to meet up, learn, and develop. It will build individual and shared capacity to take on the challenges of tomorrow."
>
> Ingjerd Morland Nettestad, VP Corporate HR

Senior Ship Operator Anette Wik Silden evaluates the Next Wave experience as follows: "So far, participating in the Next Wave leadership program has been very interesting. The topics are highly relevant, covering issues such as the green transition, diversity, digitalization, leadership, and strategy, amongst others. Live cases and presentations from different companies in our industry definitely add flesh to the bones. Last, but not least and from a personal perspective, this opportunity – to build a network with other participants from the industry, equally curious on the topics covered and willing to discuss their ideas and thoughts openly – is probably the most interesting part. It's challenging being a "student" again, but for me – Oh so worth it!"

A new, knowledge-sharing concept branded as Fleet Week was introduced in 2022. Four conferences were held and attended by the shore organization, Captains and Chief Engineers from Norway and the Philippines. The goal of the Fleet Week is to drive strategic alignment, provide an arena for proactive learning with a high degree of interaction, utilize company experiences to lift our performance through knowledge-sharing, and build stronger team relations. The concept has been very well received and will be continued in 2023.

> "Odfjell Ship Management have carefully defined five long-term targets to underpin the overall company strategy. Fleet Week is instrumental in achieving these long-term targets."
>
> Torger Trige, CTO

The Odfjell-NSA Cadetship (NTC) Program's 26th batch of cadets consisted of 15 deck cadets and ten engine cadets who embarked on their 12-month shipboard training in 2022. Competence entails more than just expert knowledge and exceptional skills; it means having the right attitude too. Aside from leadership and technical courses, Odfjell also offers a quality safety culture program that is recognized as a best practice by our oil major customers.

For our experienced seafarers, we continue to prioritize leadership development. After the Covid restrictions were lifted, we arranged several training sessions on leadership skills. The five-day Odfjell Leadership Training programs, which aim to improve the safety, efficiency, and inclusive leadership on board, as well as the three ELITE progressive training programs, which aim to develop crew from Cadets to Captains and Chief Engineers, are now in full production. These programs, along with several other initiatives, have strengthened the connection and relationship between the crew and the shore organization.

Recruitment and onboarding

Over the last few years, we have hired and trained a high number of new employees. We have recruited employees with many years of experience, and we have worked to increase the recruitment of graduates. We have collaborated closely with students, from some of Norway's highest-ranking universities and colleges, who have joined us at our headquarters for practical training stints, student consultancy work and internships. A highlight was a global case study competition in which 48 undergraduates, from 12 universities worldwide, solved a real-life business problem in 24 hours, with Odfjell as the subject of the case. In 2022 we welcomed summer interns, part-time, year-around interns, and full-time interns. In Bergen, we are recruiting trainees for 2023 and are looking to bring on shipping and technical trainees. Welcoming interns and trainees benefits both the organization and the trainees. For us, it brings fresh know-how, ideas and perspectives. For trainees and interns, it is a great way to gain valuable industry experience while also developing their skills.

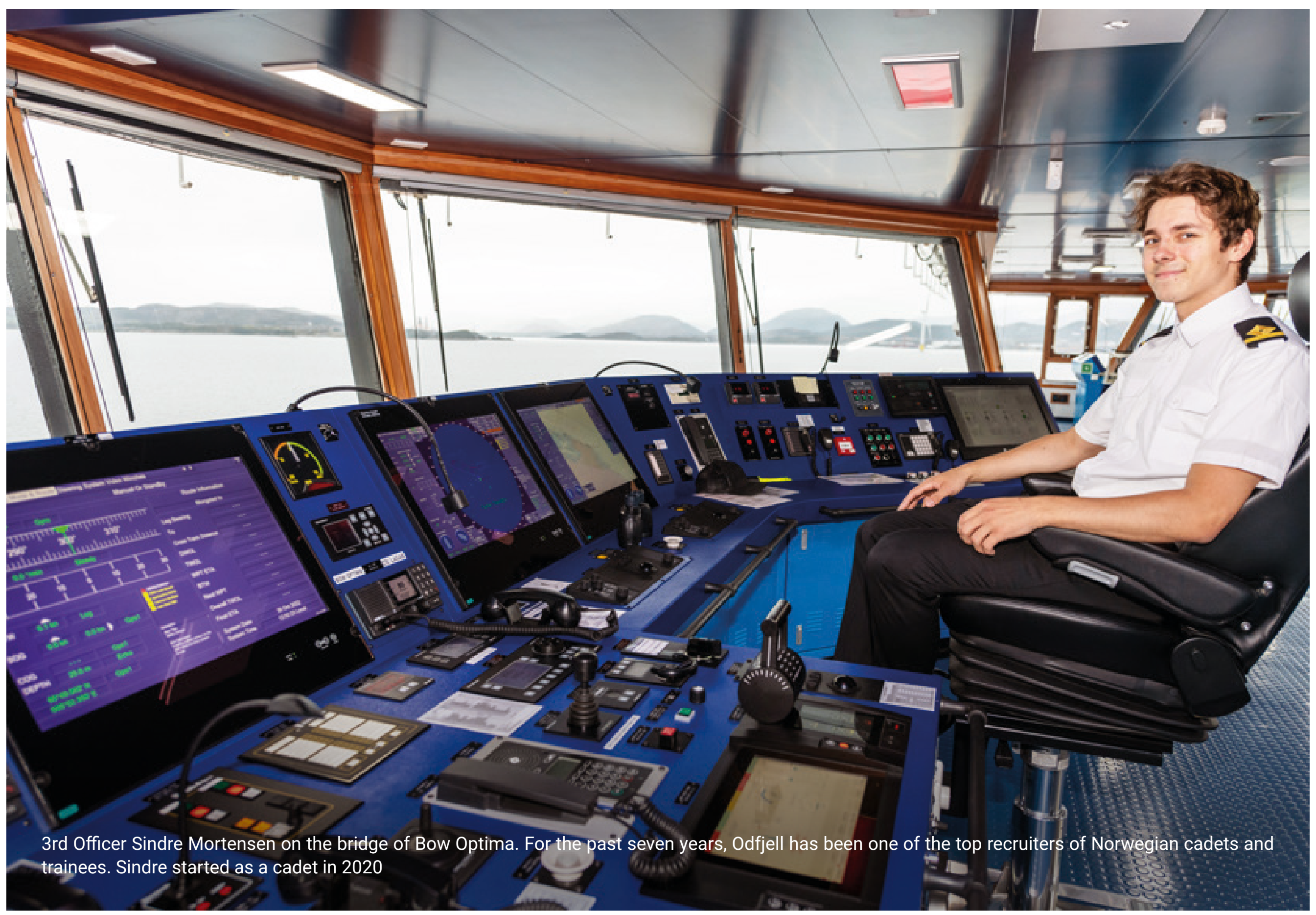
Diversity, Equity & Inclusion

To prepare our workforce for the future, we seek to retain and develop our current employees, recruit more diverse candidates to join our team, and create a workplace where everyone feel that they belong and can contribute. To succeed in this mission, we are taking a systematic approach, starting from the top. Odfjell's Executive Management and Board are committed to increasing organizational diversity and in 2019, we set a key target for our shipping shore-based organization to reach a minimum 30% gender balance, at all levels, by 2030. When hiring graduate students into the company, we aim for a fifty-fifty gender balance. In this report, we account for gender balance across the company, in the boardroom, and in leadership positions.

We work toward this target through systematic actions taken over time, such as in the day-to-day decisions related to recruitment, development, promotions, and compensation. We design our processes with the intention of mitigating and minimizing bias. Decoding language used in job advertisements, removing self-rating in our onshore performance management process, conducting annual compensation analysis through standardized job architecture, offering generous parental leave policies, providing managers with guidelines for parental leave follow-up, and seeking to bundle promotions and recruitment processes are just some examples of these measures at work. We make efforts to communicate openly, to support increased transparency by annually participating in EY's SHE Index in Norway, and by making gender pay gap reporting available on our website.

We support offshore career initiatives, and have made several specific changes to our recruitment processes to drive improved gender balance, at sea and onshore.

> Diversity goes beyond gender, and it goes beyond age and nationality. It is about all people, all backgrounds, all phases of life. It is about ethnicity, experience, educational background, age, competence, culture, point of view, sexual orientation, religion, and disability. It is also about different perspectives and diversity of thought. Inclusion puts diversity into action by creating an environment of belonging, respect, and connection.



3rd Officer Sindre Mortensen on the bridge of Bow Optima. For the past seven years, Odfjell has been one of the top recruiters of Norwegian cadets and trainees. Sindre started as a cadet in 2020

In a meeting with the Norwegian Minister of Ocean Policy in 2022, where diversity and gender equality in the maritime sector were discussed, Odfjell's CEO and several of our deck cadets provided input to the Norwegian government's equality strategy.

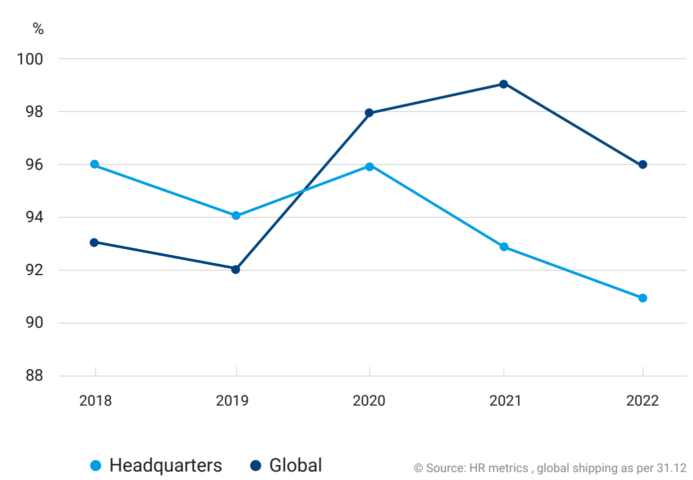
In the Philippines, we have recruited female seafarers since 2017, and we now have a total of 53 female seafarers in our crew pool. Seven of them are already officers. We are making concerted efforts to improve gender balance on board our ships. When recruiting, we aim for an equal number of intakes between female and male cadets, and we intend to significantly increase the number of female cadets.

Looking beyond Odfjell, we also work with, and support, industry networks and encourage our employees to join WISTA and YoungShip. We are proud to have female and male WISTA members, at all levels of the organization, and we are committed to contributing to WISTA's mentor program for the foreseeable future.

> "Odfjell is one of the leading recruiters in the Norwegian maritime industry, with a record number of women hired in recent years. We believe that increased diversity will improve our ability to innovate, solve problems and stay relevant. We look forward to continuing this positive trend."
>
> Harald Fotland, CEO

Zooming out, it appears that we are on the right track. We have a better gender balance in job applicants, we have more female cadets, and more female new hires within STEM (Science, Technology, Engineering Mathematics) fields. We have increased the share of younger employees, which contributes to age diversity, and we ensure that participants in leadership programs are diverse. We evaluate and adjust as we learn from experience.

Retention rate



Ingjerd Morland Nettestad
VP Corporate HR

Working together for the future

In 2022, the war in Europe, the energy crisis, extreme weather, higher inflation, and a strengthening of the tanker markets took center stage, while the pandemic gradually faded into the background.

Short term and long term

The people at Odfjell collaborated throughout this constantly changing environment to produce excellent results across many areas, including safety, operations, finance, and sustainability. In addition to proactively developing better ways to operate safely and efficiently, laying the foundation for Odfjell's future long-term success, our professional and dedicated workforce delivered real results on board ships, at terminals, and in offices throughout the world. Our team seeks to understand what the future will entail, what sustainability will look like, and how best to get us there.

Retain and attract

We hear of "the great resignation" and observe a more competitive labor market with increased talent mobility. Given these pressures, how do we generate positive employee experiences that keep our very capable colleagues engaged? How do we attract new hires, ensure a positive onboarding experience, and create an environment where they can freely share their opinions, and feel like they are a part of our team right away? Finally, how can we all collaborate productively, as an increasingly diverse team, listen to and learn from each other, to prepare for the future?

To succeed in building a shared and sustainable organization, several factors are essential. First of all, it is crucial to unite around a common and meaningful direction. Building a psychologically safe culture, where individuals are free to speak up, to connect and cooperate across functions, locations, and levels, is also important. Such a culture is inclusive and provides equal opportunities for growth and development. Finally, it is important to be flexible, ensure safe working conditions, and offer competitive compensation and benefits.

Finding solutions through collaboration

Even with a clear direction, getting there is not always simple or straightforward. It will take people, processes, and technology to meet the future. It will take shifting mindsets, daily micro-decisions by every one of us, continuous improvement, and innovation. To achieve our goals, we develop strategies and put them into action. Then we evaluate our progress, adjust, and repeat the process. We are confident that by doing this, by staying knowledgeable, inquisitive, and collaborating on finding solutions to tomorrow's problems, we will make the transition to a more sustainable future.

The One Ocean Expedition

A unique leadership development program

In October, ten Odfjell employees boarded the tall ship Statsraad Lehmkuhl. The 108-year-old steel bark was then more than halfway through its global circumnavigation to raise awareness about ocean sustainability. To support the cause, and in the spirit of international collaboration, Odfjell signed up for a leg on the expedition and offered a team of colleagues a once-in-a-lifetime leadership course. The five-day program was held in international waters, a fitting venue for a multinational assembly.

The team of ten Odfjell employees was meticulously chosen to represent the wide range of professions and nationalities represented in our employee pool. Their mission: Learn from others, share experiences, improve leadership skills, and build relationships across borders and backgrounds.

Learning from peers from around the globe

The melting pot of people on the Statsraad Lehmkuhl exemplified the maritime industry's diversity: 75 participants, from 16 countries across four continents, took part in the seminar. The age spread of the participants ranged from 16-66, with a gender balance of 45-55%. Among this pioneering class of students were CEOs, business analysts, superintendents, seafarers, operations managers, and advisors. Many of the participants, despite being maritime industry colleagues from across the value chain, had their sea legs tested for the very first time.

Performing better with people you know and understand

The leadership course was specially developed and led by Professor Olav Kjellevold Olsen, with a focus on team building and how emotional intelligence can add positive value within an organization. The sessions covered topics such as organizational, technical and social onboarding, psychological safety, values and trust, and included intensive exercises.

The unconventional curriculum went beyond the daily sessions: The participants had to play an active part in the tall ship's daily operations, which included four-hour watch shifts, 24/7, under supervision from the 20-strong crew. In addition, since there was no internet access for the five-day journey, they also reaped the benefits of being offline and free from digital distractions.

"I will take the lessons into my life with my family and also in the office with my co-workers. If we can efficiently form teams with strangers on Statsraad Lehmkuhl, we should be able to do it with colleagues in our department and across departments worldwide."
Rodrigo Menegatti, Operations Manager, São Paulo.

"According to the professor, leaders should be aware of their values and take them seriously. Leaders who listen, who strive to understand, who are interested and emotionally engaged will experience more productive workers and a resilient organization."
Kristoffer Ramstad, Manager Fleet Performance, Bergen.

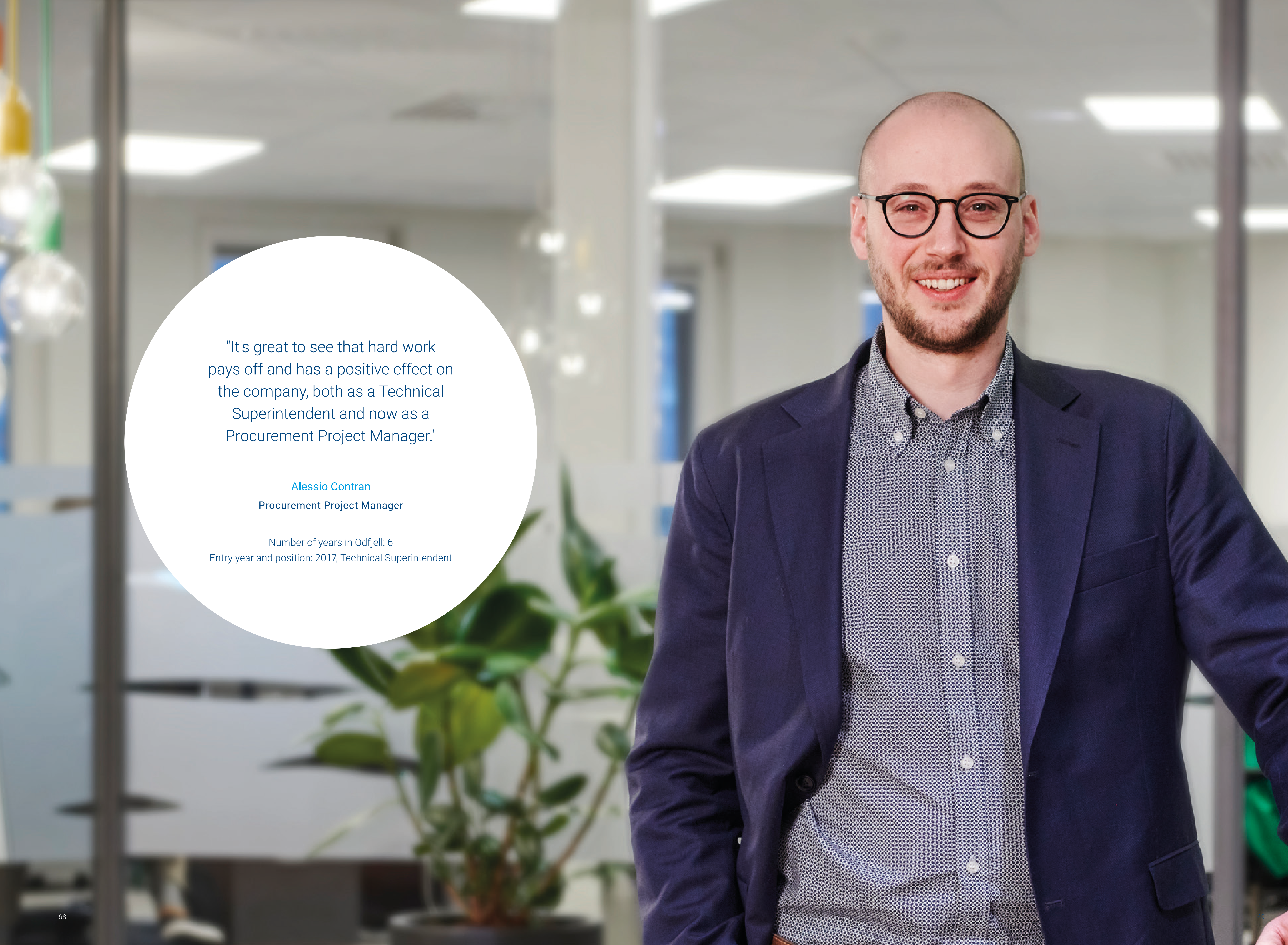
"I would highlight the experience of traveling, of living with people from a different culture, a different background than ours, and how this helps us to be more empathetic, tolerant of differences, and human."
Gabrielle Mattos Dias Michel, 2nd Officer, Flumar Brazil.

"The experience has impacted me by showing me that you can't always achieve goals and objectives alone but need the support of your fellow peers/teammates."
Mephokazi Behngu, Commercial Assistant, Durban.

By living, eating, working, discussing and reflecting together in the close quarters on board, everyone had the opportunity to instantly apply the professor's theories. For our team of Odfjell employees, the learning experience was rewarding and inspirational.

The individual and team evaluations showed that the participants gained significant personal and professional insights from this unique experience, and they have formed lasting relationships with each other and with industry colleagues. As part of the assignment, they shared motivational takeaways with their colleagues on their return. As a result, the five-day leadership course for a team of ten has a positive impact on the wider organization.

The leadership course on the five-day voyage from Japan to the Philippines was initiated and organized by the Norwegian maritime organizations Maritime Bergen, Maritime Forum, Bergen Shipowners' Association, and the Norwegian Shipowners' Association.



"It's great to see that hard work pays off and has a positive effect on the company, both as a Technical Superintendent and now as a Procurement Project Manager."

Alessio Contran

Procurement Project Manager

Number of years in Odfjell: 6
Entry year and position: 2017, Technical Superintendent

Shareholder information

Shareholder information

Odfjell SE shares have been listed on the Oslo Stock Exchange since 1986. We have two share classes split into A- and B-shares, where B-shares do not include voting rights. We seek to be open and clear in our communications with the capital markets and investors, and to deliver attractive returns to our shareholders across the shipping cycles.

Dividend policy

Odfjell will pay out 50% of net income adjusted for extraordinary items. Other excess capital will be earmarked for extraordinary debt reductions, but may also be used for value creative investments, share buybacks and dividends. Dividends will be paid out semi-annually. The Board of Directors will propose to the General Meeting or decide on the timing and the final size of dividends, always contingent on the financial strength of the company.

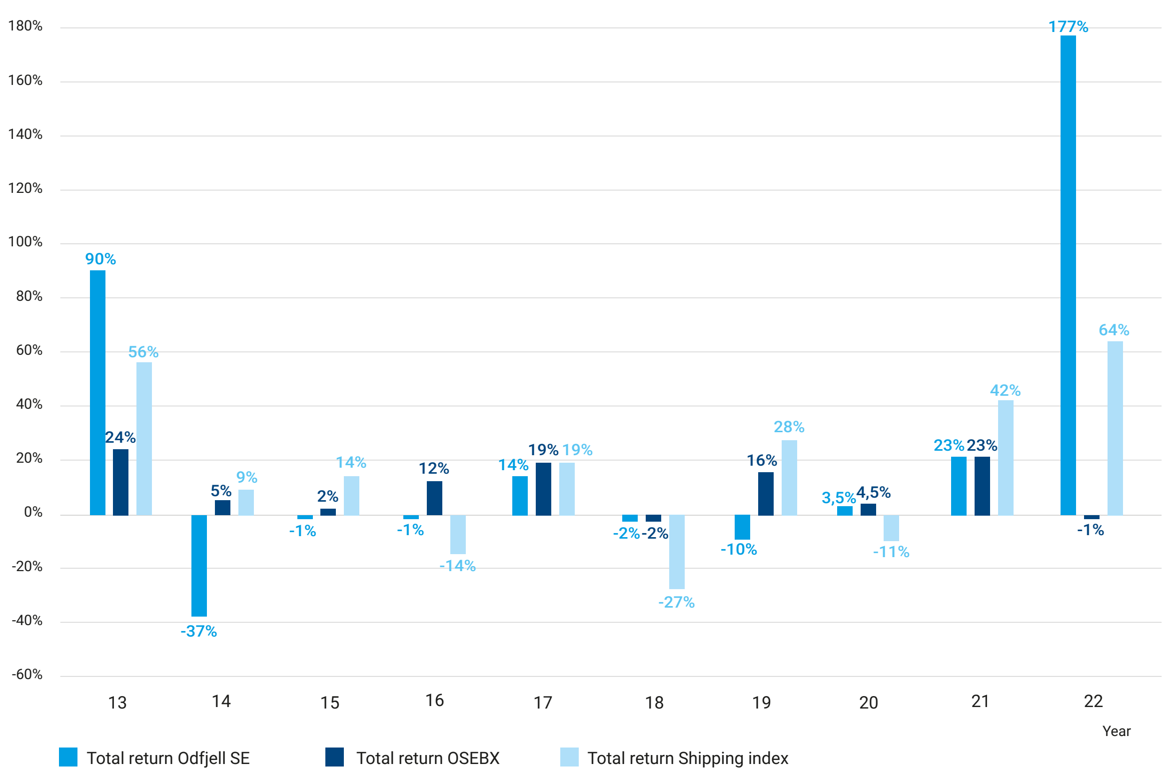
Shareholders

At the end of 2022, there were 1 584 holders of Odfjell A-shares and 601 holders of Odfjell B-shares. Our 20 largest shareholders hold 87% of our shares. The total number of shareholders was 1 867, as some shareholders own shares in both classes. The majority of our shares are held in Norway and Sweden.

Odfjell A, year-end share price	NOK 89.00
Odfjell B, year-end share price	NOK 84.50
Odfjell SE, year-end market capitalization	NOK 6.94bn
2022 Total return for Odfjell SE, A-shares [1]	179%
2022 Total return for Odfjell SE, B-shares [1]	169%
2022 Oslo Stock Exchange benchmark index	(1%)
2022 Shipping Index	64%

[1] Total return is calculated in NOK by taking the changes in share price plus dividend paid during the year dividend on share price on January 1.

Historical total return[1] Odfjell market capitalization vs. Oslo Stock Exchange & Shipping index



[1] Total return of the market capitalization is calculated as changes in market capitalization current year plus dividend paid, divided on market capitalization at the beginning of the year

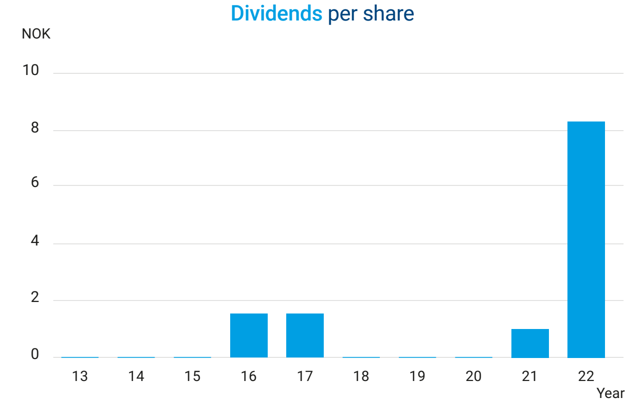
20 largest shareholders as per December 31, 2022 (based on shareholders analysis)

	Name	A-shares	B-shares	Total shares	Percent of votes	Percent of shares
1	Laurence Ward Odfjell [1]	29 463 964	7 574 160	37 038 124	48.93%	42.69%
2	Odfjell SE	5 467 689	2 322 482	7 790 171	[2]	8.98%
3	Stolt-Nielsen Norway AS	5 007 812	5 055	5 012 867	8.32%	5.78%
4	Berger Ingeborg SE	2 580 270	1 070 480	3 650 750	4.28%	4.21%
5	Pareto Asset Management AS	2 177 865	1 129 961	3 307 826	3.62%	3.81%
6	Athomstart Invest 754 AS	3 225 000	–	3 225 000	5.36%	3.72%
7	Rederiet Jacob Christensen AS	2 675 957	472 546	3 148 503	4.44%	3.63%
8	B.O. Steen Shipping AS	270 500	1 920 000	2 190 500	0.45%	2.52%
9	Holmen Fondsforvaltning AS	2 000 000	–	2 000 000	3.32%	2.30%
10	Forsvarets Personellservice	1 026 700	–	1 026 700	1.70%	1.18%
11	Eriko AS	169 484	750 516	920 000	0.28%	1.06%
12	Axelsson Anna SE	340 000	510 000	850 000	0.56%	0.98%
13	Credit Suisse Securities Europe Ltd (Switzerland)	549 600	288 500	838 100	0.91%	0.97%
14	AS SS Mathilda	600 000	150 000	750 000	1.00%	0.86%
15	Meteva AS	–	700 000	700 000	–	0.81%
16	Dimensional Fund Advisors LP	–	583 108	583 108	–	0.67%
17	Kontrari AS	205 169	324 000	529 169	0.34%	0.61%
18	Petter Goldenheim	182 000	338 200	520 200	0.30%	0.60%
19	Frode Tobiasson	356 229	145 540	501 769	0.59%	0.58%
20	DBS Bank (Hong Kong) Ltd. (Private Banking)	–	463 012	463 012	–	0.53%
	Total 20 largest shareholders	56 298 239	18 747 560	75 045 799	84.40%	86.49%
	Other shareholders	9 392 005	2 331 144	11 723 149	15.60%	13.51%
	Total	65 690 244	21 078 704	86 768 948	100.00%	100.00%

[1] Shares owned/controlled by and includes related parties
[2] No voting rights for own shares ref. Public Limited Companies Act § 5 -4

Source: Euronext

Dividends per share



Development Odfjell shares 2022

Source: Euronext

Share data	Figures in	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Market capitalization	USD mill.	701	300	252	237	266	306	266	278	335	530
Enterprise value	USD mill.	1 895	1 598	1 676	1 482	1 220	1 168	1 120	1 299	1 392	1 572
Price book values	Ratio	1.0	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.7
EV/EBITDA	Ratio	5.0	6.8	6.7	8.2	11.4	9.6	5.8	9.0	13.3	17.6
Share price high	USD	9.0	4.2	3.6	3.7	4.6	4.4	4.1	4.2	7.7	7.7
Share price low	USD	3.5	3.0	1.6	2.6	3.1	3.2	2.5	2.3	2.8	4.2
Earnings per share	USD	1.8	(0.4)	0.4	(0.5)	(2.6)	0.3	1.7	(0.2)	(1.0)	(1.3)
Dividends per share	USD	0.8	0.1	–	–	–	0.2	0.2	–	–	–
Pay-out ratio	%	46.9	–	–	–	–	66.7	10.6	–	–	–

Financial risk management & Sensitivities

With the global market as our arena, Odfjell is exposed to a number of risk factors. Our financial strategy is to ensure that we have a business model and capital structure that is robust throughout market cycles, yet flexible enough to take advantage of trends and opportunities. We need to be able to withstand prolonged adverse conditions in the chemical and financial markets, while also being able to act on opportunities, and challenges, at any given time.

Odfjell has an active approach to financial risk management with a focus on attracting funding from diversified sources, maintaining high liquidity and credit reserves, and systematic monitoring and management of financial risks related to currencies, interest rates, bunkers and emission allowances.

Financial derivatives may be used to reduce the Company's exposure to fluctuations in net income and cash flow caused by movements in currencies, interest rates and bunkers, and as of 2024, emission allowances as well. This may also limit our upside from favorable movements in the same financial or commodity markets. We do not use derivatives for speculative arbitrage or investments, and closely monitor the risk related to market valuation of our hedging instruments, and the effect this may have on the equity ratio.

Earnings

Earnings within the chemical tanker markets are less volatile than in many other shipping segments. The universe of cargo products we transport is diversified, and our customers are, to a large extent, industrial with stable logistics needs, unlike other tanker segments where traders can play a bigger role in the overall demand drivers. Demand for our chemical tankers is influenced by external market factors such as global economic growth, regional feedstock and production capabilities, and customer trading patterns. Time charter earnings are further influenced by the general freight market sentiment, (including the highly correlated product market), cargo type and volume, contract and spot rates, bunkers prices, and operational efficiency.

The average historical fluctuation in time charter earnings per day for our chemical tanker fleet has been less than 10% per annum over the last five years, although the increase in earnings in 2022 was above historical trends. Sensitivity analysis shows that a change in time charter earnings of 5% will impact our pre-tax net income by approximately USD 33 million. Odfjell is not engaged in the derivatives market for forward freight agreements.

The largest single cost component affecting time charter earnings is bunkers, and Odfjell makes physical purchases of bunkers worldwide. In 2022, this amounted to USD 220 million, equivalent to 40% of voyage costs. A substantial part of our consumption is hedged through bunkers adjustment clauses in contracts of affreightments. There is a correlation between spot freight rates and bunkers prices, but uncovered consumption from spot volumes, or contracts without bunkers adjustment clauses, are also considered for financial hedging. In 2022, and as of December 31, 2022, we did not have any financial bunkers hedges in place, though this may change in 2023. A USD 50 increase in the average bunkers price per metric ton would reduce our pre-tax net income by approximately USD 6 million.

> In 2024, shipping looks set to be included in the EU ETS, which would introduce a new voyage cost component in the form of emission allowances.

The estimated EU ETS cost in 2026, once fully phased in, at EUR 90 per allowance and based on our 2022 fleet and trading pattern, is EUR 15 million. We aim to pass on the cost to end-charterers, with full transparency of actual emissions, in line with the intention of the new ETS regulations, but may consider financial hedging of emission allowances to reduce inefficiencies. Our main risk reduction action to new emissions' regulations is, however, to continue to improve the energy efficiency of our fleet.

Our tank terminal activities have historically shown more stable earnings than shipping activities. The main drivers for earnings are occupancy rate, the volume of cargoes handled through, and by, our terminals, and operational efficiency. A substantial part of the tank terminal costs is fixed.

Interest rates

All interest-bearing debt is denominated in USD, except for bonds in the Norwegian bond market and debt borne by tank terminals outside the USA. Loans have various amortization profiles, but the majority are floating rate with USD LIBOR or SOFR as a benchmark. NOK denominated bonds are also swapped to USD with USD LIBOR as benchmark.

We use financial interest rate derivatives, mainly interest rate swaps, to reduce the unwanted variability of interest expenses due to changes in the benchmark. Our coverage rate will vary. We chose to maintain a modest cover ratio, while interest rates were at historical lows and freight markets weak, in order to reduce negative carry and total interest expenses. In 2022, interest rates increased substantially, but increased earnings from the strong freight markets offset the higher interest expenses, and we continued to repay debt to lower our base exposure. As of December 31, 2022, we have USD 300 million of interest rate hedges in place, covering approximately 30% of interest-bearing debt. A 1% increase in the interest rate would reduce our pre-tax net income by approximately USD 10 million, before hedges.

Currency

The Group's revenues are primarily denominated in USD. Non-financial currency risk relates mainly to the net income and cash flow from voyage related expenses, ship operating expenses, including crew costs, and general and administrative expenses denominated in non-USD currencies, mainly NOK and EUR. We have estimated that a 10% decrease in the USD against the NOK would reduce our pre-tax net income by approximately USD 7 million, before hedges.

Our NOK exposure is relatively long term, visible and stable, and we have hedged expected NOK cash flows through forward exchange contracts for up to two years. In 2022, approximately 44% of our NOK expenditure was hedged. The USD appreciated 12% versus the NOK during the year, contributing to a realized loss of USD 1.8 million on hedges, but an overall positive result effect for the Group.

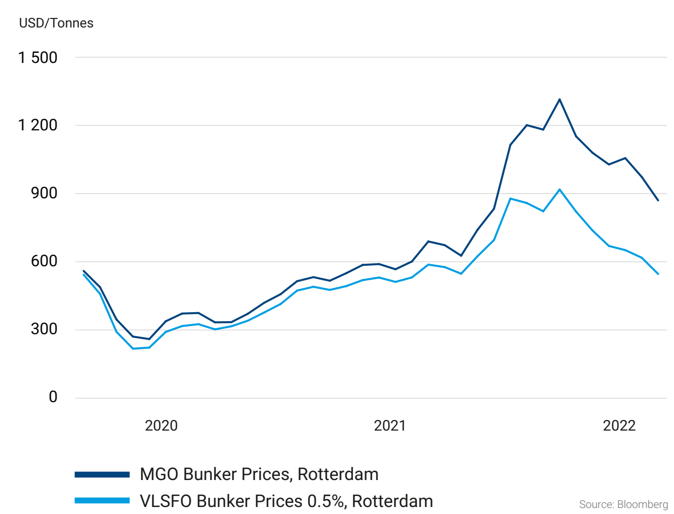
As of December 31, 2022, we have NOK 535 million and EUR 7.5 million of currency hedges in place, at weighted average USDNOK 9.5 and EURUSD 1.04, covering approximately 60% of NOK expenses and 40% of EUR expenses for the next 12 months, and 34% of NOK expenses for the next 13-24 months.

Financial currency risk relating to non-USD denominated debt, being our NOK denominated bonds, is hedged 100%, as interest payments, and principal in NOK is swapped for principal and interest payments in USD at the time of issuance. As of December 31, 2022, we have total bonds outstanding of NOK 1.8 billion, and the swapped amount is USD 213 million.

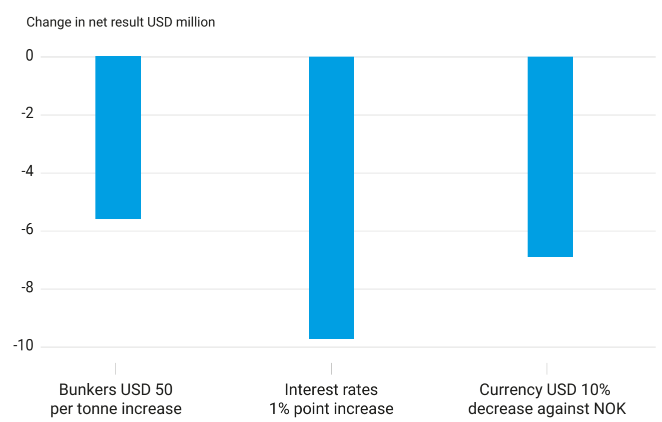
Financing and liquidity

Odfjell has a diversified debt structure and access to a wide range of funding sources and structures from top-tier banks, leasing houses and the bond markets. Shipping debt markets are changing, and we

Bunkers



Sensitivity
(exclusive financial derivatives)



The sensitivities assume no change in freight rates or cost base as a result of changes in bunkers, interest rates and/or currencies.

continue to see traditional Western lenders becoming more selective. New financial structures, mainly leases, are gaining market share and driving up leverage and cost.

> Sustainable finance and ESG have become increasingly important when it comes to access to, and the cost of, traditional bank and bond financing.

We are adapting to these trends to remain competitive, and we actively refinance facilities early to reduce debt and lower our cost of capital. In 2022, we completed four refinancing transactions, involving 13 vessels, and we repaid a maturing bond. All transactions were done at improved terms and contributed to lowering our cost of capital, though higher interest benchmark rates reduced some of the positive effect on interest expenses in the short term. All new loans were issued under our Sustainability-Linked Finance Framework and sustainability-linked loans now total 40% of interest-bearing debt.

As of December 31, 2022, Odfjell's total nominal debt was USD 1,218 million, of which 36% was mortgaged loans, 29% was financial leases, 18% was senior unsecured bonds, and 18% was debt related to long-term time charter and bareboat agreements. The average maturity of the Group's total interest-bearing debt is 4.4 years. We have few material balloon installments.

To lower interest rate expenses and overall cost of capital, surplus liquidity is placed in bank deposits and money market funds, or used as repayment on our revolving credit facilities. As of December 31, 2022, we had USD 118 million in cash and cash equivalents on balance, and USD 68 million undrawn commitments under long-term bank facilities.

Cash break-even

Odfjell is exposed to the natural cyclicality of the shipping industry, making it important to have sustainable cash flow generation across cycles, and so secure flexibility on capital allocation and reduce overall market risk. Our strategic focus, therefore, is to reduce our cash break-even levels by deleveraging and extending amortization profiles to better match our vessels' trading strategy and economic life. In 2022, our break-even was approximately USD 22,600 per trading day. Recent years' break-even gains, from improved financing terms and lower debt, are being reduced by higher benchmark rates and fleet reductions, but we remain positive that reaching a sustainable break-even level in the short to medium-term is achievable.

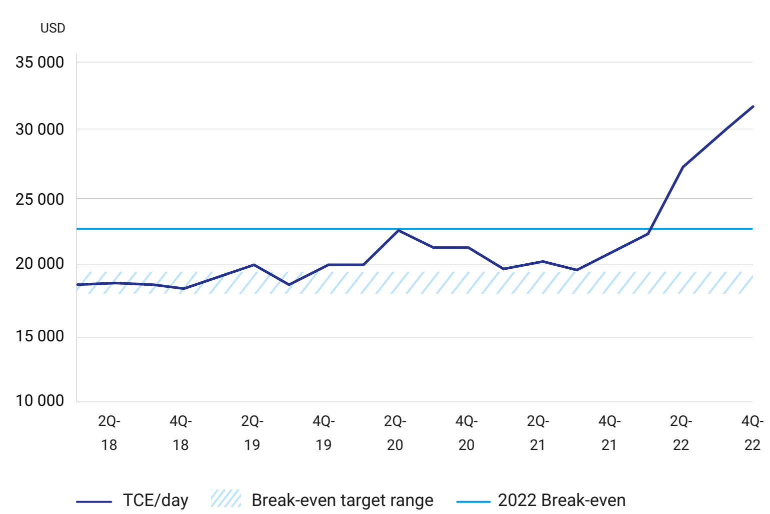
Tax

The Odfjell Group operates within a number of jurisdictions and tax regimes, though the main part of our fleet is subject to the Norwegian tonnage tax system. We also operate under the local cabotage tax system in Brazil, through a wholly owned subsidiary.

In 2022, we completed the transfer of ownership of our Singapore fleet to Norway, in an effort to consolidate and simplify our vessel ownership structure. We also liquidated and exited a legacy Bermuda ownership structure. Our tank terminal activities are generally subject to ordinary corporate tax rates within the countries where they are located.

> "TCE/day increased to USD 31 733 in 4Q22 from USD 29 612 in 3Q22, this is well above the annual cash break-even level for 2022 of USD 22 598/day, which we expect to be the level also for 2023."
>
> Terje Iversen, CFO

Odfjell Tankers cash break-even per day vs TCE per day



Executive Management

Harald Fotland | Chief Executive Officer (CEO)

Harald Fotland (1964) was appointed as Odfjell's CEO in May 2022. Previous to this he was appointed as Odfjell's first Chief Operating Officer (COO) in January 2018. He joined Odfjell in 2010 as Chief of Staff, and was appointed Senior Vice President of Odfjell Tankers in 2015. From January 2017, he also held the position of intermediate Senior Vice President of Odfjell's Ship Management. Before joining Odfjell, Fotland was Vice President for Gard AS, and held various positions within the Royal Norwegian Navy. He has extensive board experience, and is currently Vice Chair of the Norwegian Shipowners' Association and the Norwegian Shipowners' Mutual War Risks Insurance Association. Norwegian citizen. Owns 52,935 A-shares, 4,000 B-shares, no options*.

Terje Iversen | Chief Financial Officer (CFO)

Terje Iversen (1969) joined Odfjell as Senior Vice President Finance/Chief Financial Officer in 2011. Previous positions include CFO of Bergen Group, and various managerial positions at Odfjell Drilling and PWC. Norwegian citizen. Owns 53,923 A-shares, no options*.

Øistein Jensen | Chief Sustainability Officer (CSO)

Øistein Jensen (1972) joined Odfjell as Chief of Staff in February 2016. He came from the position as Director at PWC, and has previously held various managerial positions in the Royal Norwegian Navy. In August 2020, he was appointed as Odfjell's first Chief Sustainability Officer. Jensen also serves as a member on the board of the Maritime Anti-Corruption Network (MACN). Norwegian citizen. Owns 48,932 A-shares (including related parties), no options*.

Adrian Lenning | Managing Director Terminals (MD)

Adrian Lenning (1980) joined Odfjell as Global Head of Terminals in 2019. Prior to Odfjell, he held various managerial roles in infrastructure focused private equity and M&A advisory. Lenning holds an MSc in Economics from NHH, Norwegian School of Economics and is a CFA charterholder. He has extensive experience as board director, having served as a non-executive director on boards in Europe, the US, Brazil and Asia. Norwegian citizen. Owns 18,341 A-shares, no options*.

Torger Trige | Chief Technical Officer (CTO)

Torger Trige (1970) was appointed CTO in December 2022. He joined Odfjell in January 1999, serving on board our chemical tankers as a seafarer. Since coming ashore in 2007, he has held various managerial positions within Odfjell in the Netherlands, the Philippines, and Norway. Previous positions include Vice President/Manager Overseas Office and Global Head of Odfjell Ship Management. Norwegian citizen. Owns 8,332 A-shares, 190 B-shares, no options*.

Bjørn Hammer | Chief Commercial Officer (CCO)

Bjørn Hammer (1982) joined Odfjell in 2007. Prior to being appointed CCO, he held the position of Global Head of Tanker Trading. He has previously held various managerial positions within Odfjell Tankers, both in Norway and the USA. Norwegian citizen. Owns 18,886 A-shares, no options*.

* Shareholding as per December 31, 2022.

Board of Directors

Laurence Ward Odfjell
Chair of the Board since May 4, 2010

Laurence Ward Odfjell (1965) is a member of the founding family of the company. He holds a Master's Degree in Architecture from Yale University. Odfjell is a member of Intertanko Executive Committee. Norwegian Citizen. Norchem AS, in which Laurence Odfjell has a controlling interest, owns 25,966,492 A-shares and 7,061,548 B-shares, and in addition he controls A/S Rederiet Odfjell, which owns 3,497,472 A-shares. Privately owns 513,012 B-shares. No options*.

Christine Rødsæther
Board member since May 4, 2010

As a partner in Simonsen Vogt Wiig law firm, Christine Rødsæther's (1964) practice areas are international shipping and offshore related transactions, restructurings, banking and finance. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Rødsæther has extensive board experience, and currently also serves on the board of Tufton Oceanic Assets Limited and Gram Car Carriers ASA. Norwegian citizen. Independent board member, owns no shares or options*.

Jannicke Nilsson
Board member since May 8, 2012

Jannicke Nilsson (1965) is Executive Vice President for Safety, Security and Sustainability at Equinor. She has held various executive and management positions in the upstream oil and gas industry through her career, among them Chief Operating Officer at Equinor. Nilsson also serves on the board of Jotun. Norwegian citizen. Independent board member, owns no shares or options*.

Åke Gregertsen
Board member since May 6, 2013

Åke Gregertsen (1955) has held several positions in Odfjell, including President of Odfjell Terminals Houston from 1996 to 2001, and SVP at Odfjell Terminals from 2001 to 2002. Previously a consultant for Odfjell Terminals BV, of which he was also interim President in 2012. CEO of Star Shipping from 2002 to 2008 and Jebsen Management AS from 2009 to 2011. Norwegian citizen. Independent board member, owns 3,000 A-shares and 28,332 B-shares, no options*.

Åse Aulie Michelet
Board member since May 11, 2017

Åse Aulie Michelet (1952) has extensive experience as a board member of major Norwegian listed corporations. She is currently Chair of Spin Chip Diagnostics AS, CSAM Health Group AS and BI Norwegian Business School, and a board member of Terveystalo Plc. Previously, Michelet was CEO of the leading seafood producer Marine Harvest ASA (now Mowi), and has held several CEO and managerial positions at international medical companies. Norwegian citizen. Independent board member, owns no shares or options*.

Nils Petter Dyvik
Board member since January 20, 2020

Nils P. Dyvik (1953) has served in various capabilities for the global maritime group Wilh. Wilhelmsen. He was appointed Deputy CEO of Wilhelmsen Lines AS in 1996, followed by a period as Deputy CEO of Wilh. Wilhelmsen, CEO of Wallenius Wilhelmsen, and finally as Group CFO from 2007 to 2016. Previously, he held several managerial positions at various industry and financial companies. He has wide board experience, lately TGS (Nopec Geophysical Co. AS), and currently at the Norwegian Society for Sea Rescue. He is also a member of the election committee of the Norwegian Hull Club. Norwegian citizen. Independent board member, owns 2,719 A-shares, no options*.

* Shareholding as per December 31, 2022.

Corporate Governance

Odfjell SE (Odfjell or the Company), which is the parent company in the Odfjell Group of companies (the Group), is established and registered in Norway and is governed by Norwegian law, including laws and regulations pertaining to companies and securities. The Group aims to comply with all relevant laws and regulations in all jurisdictions it operates in, as well as the Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on October 14, 2021 (the Code of Practice or the Code).

The Company's Board of Directors has, on February 8, 2023, approved the Corporate Governance Policy as the Company's policy for sound corporate governance in accordance with the Code of Practice. This statement is in compliance with the Corporate Governance Policy approved by the Board of Directors.

Background and applicable regulations
The Company is an SE company (Societas Europaea), subject to the Norwegian Act no. 14 of April 1, 2005 relating to European companies, as well as the Norwegian Public Limited Liability Companies Act. The Company is listed on the Oslo Stock Exchange, and thus subject to Norwegian securities legislation and stock exchange regulations.

The Norwegian Public Limited Liability Companies Act section 5-6 (4), requires that the Annual General Meeting approve the statement of Corporate Governance. Consequently, this report will be presented at the Annual General Meeting.

In accordance with the Norwegian Accounting Act section 3-3b, Odfjell is required to give a statement on our corporate governance. The information required by the Accounting Act is included below:

1. "An overview of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with" is included in section 1 below.
2. "Information on where the recommendations and regulations mentioned in no. 1 are available to the public" is included in section 1 below.
3. "Reasons for any non-conformance with the recommendations mentioned in no. 1" is covered under sections 4 and 7 below.
4. "A description of the main elements in the enterprises, and for entities that prepare consolidated financial statements, also the Group's (if relevant) internal control and risk management system linked to the financial reporting process" is covered under section 10 below.
5. "Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act" is covered under section 6 below.
6. "The composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees" is covered under sections 8 and 9 below.
7. "Articles of Association governing the appointment and replacement of Directors" is covered under section 8 below.
8. "Articles of Association and authorizations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates" is described in section 3 below.

Odfjell SE follows the Norwegian Code of Practice for Corporate Governance. A full description of the Code is available from the NUES website (https://nues.no/eierstyring-og-selskapsledelse-engelsk/).

The following sections explain how Odfjell SE has addressed the various 15 issues covered by the Code.

Odfjell SE has reviewed our reporting on Corporate Governance based on the latest Code of Practice for Corporate Governance. The company is fully compliant with the Code, except for section 5, regarding two classes of shares, and section 7, regarding members of the Nomination Committee.

	Issues covered by the Norwegian Code of Practice for Corporate Governance	Compliance to the Code
1	Implementation and Reporting of Corporate Governance Principles	Compliant
2	Business	Compliant
3	Equity and Dividends	Compliant
4	Equal Treatment of Shareholders and Transactions with Related Parties	Compliant
5	Freely Negotiable Shares	Partially Compliant *
6	General Meetings	Compliant
7	Nomination Committee	Deviation **
8	Corporate Assembly and Board of Directors: Composition and Independence	Compliant
9	The Work of the Board of Directors	Compliant
10	Risk Management and Internal Control	Compliant
11	Remuneration of the Board of Directors	Compliant
12	Remuneration of Executive Management	Compliant
13	Information and Communications	Compliant
14	Takeovers	Compliant
15	Auditor	Compliant

* Deviation from the Code: Odfjell has two classes of shares due to historical reasons
** Two of the members of the Nomination Committee are also members of the Company's Board of Directors

1

Implementation and reporting on Corporate Governance

The framework for corporate governance, the Norwegian Code of Practice for Corporate Governance, was last updated on October 14, 2021. The code can be found at Nues.no. The Code is based on a principle of 'comply or explain', implying that eventual deviations from the Code shall be explained.

Odfjell is committed to ethical business practices, honesty, fair trading and compliance with all laws and regulations affecting our business. This includes adherence to high standards of corporate governance. The Board of Directors reviews, on an annual basis, the Company's Corporate Governance Policy.

In addition to the Company's Corporate Governance Policy, Odfjell has a Corporate Social Responsibility Policy which emphasizes quality, health, safety and care for the environment, as well as human rights, non-discrimination and anti-corruption. The Company's Corporate Code of Conduct also addresses several of these issues. All Odfjell employees are obliged to comply with the Corporate Code of Conduct. The Company's Corporate Governance Policy, Corporate Social Responsibility Policy and Corporate Code of Conduct can all be found on the Company's website.

The statement below describes Odfjell's compliance with respect to each of the elements of the Norwegian Code of Practice for Corporate Governance, including explanations of any deviations.

Deviations from the Code: None.

2

Business

Odfjell is a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other specialized products. Odfjell owns and operates chemical tankers in global and regional trades, as well as a joint venture network of tank terminals.

Article 3 of Odfjell's Articles of Association states: The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

The Article of Association can be found on the Company's website under the heading 'Corporate Governance', the Company's sustainability reporting can be found under the heading 'Sustainability'. The Company's Mission Statement and strategy can be found on page 14 of this Annual Report.

The Company's strategy is to maintain its position as a leading logistics service provider for customers across the world through the safe, sustainable and efficient operation of deep-sea and regional chemical tankers and tank terminals worldwide.

Deviations from the Code: None.

3

Equity and dividends

Equity
Odfjell shall maintain an equity base deemed sufficient to support the Company's objectives and strategy, and to be able to withstand a prolonged period of adverse market conditions. The normal target is that the equity ratio for the Group shall remain between 30% and 40% of total assets. The Group had book equity of USD 697 million as of December 31, 2022, corresponding to an equity ratio of 34.7% using the equity consolidation method.

Subscription rights
There are currently no outstanding subscription rights as of December 31, 2022. The issuance of subscription rights must be approved by the General Meeting.

Dividend policy
Odfjell aims to provide competitive, long-term returns on investments for its shareholders. The Company embraces an investor-friendly dividend policy and seeks to make regular dividend payments at a sustainable level. The current dividend policy states that the company will pay out 50% of net income adjusted for extraordinary items. Other excess capital will be earmarked for extraordinary debt reductions, but may also be used for value creative investments, share buybacks and dividends. Dividends will be paid out semi-annually. The Board of Directors will propose to the General Meeting or decide on the timing and the final size of dividends, always contingent on the financial strength of the company.

The Board of Directors may be authorized by the General Meeting to pay dividends based on the annual accounts.

Mandates granted to the Board of Directors
According to the Norwegian Code of Practice for Corporate Governance, mandates granted to the Board of Directors to increase the Company's share capital, or purchase own shares, should be intended for a defined purpose. Mandates granted to the Board shall be limited in time to no later than the date of the next Annual General Meeting.

Power of Attorney to the Board of Directors to increase the share capital
The Board has not been assigned authority to issue new shares. Any such mandate must be approved by the General Meeting and shall be limited in time until the next Annual General Meeting.

Power of Attorney to acquire own shares
The Annual General Meeting on May 5, 2022 re-authorized the Board of Directors to acquire treasury shares limited to 17,353,788 shares with a total nominal value of NOK 43,384,474. However, the Company may not at any time own more than 10% own shares. The minimum and maximum price that is payable for the shares is respectively NOK 2.50 and NOK 250.

Within this mandate, the Board decides if, and in what way, the own shares shall be acquired and sold. New own shares can be acquired as compensation for own shares that are sold. Both the Company and its subsidiaries can acquire shares in the Company.

The present authorization is valid until the next ordinary General Meeting, but at any rate no later than June 30, 2023.

Deviations from the Code: None.

4

Equal treatment of shareholders

Transactions in own shares
Any transactions carried out by the Company in own shares shall be conducted over the Oslo Stock Exchange, or at prevailing arm's length prices if carried out in any other way. Such transactions will be reported to the Oslo Stock Exchange and to the wider market through immediate stock exchange releases and press releases.

Deviations from the Code: None.

5

Shares and negotiability

Class of shares
The Company's share capital is NOK 216,922,370, divided between 65,690,244 class A-shares, each with a nominal value of NOK 2.50, and 21,078,704 class B-shares, each with a nominal value of NOK 2.50. The Company's shares shall be registered with the Norwegian Central Securities Depository (VPS).

Only holders of class A-shares shall have voting rights at Annual and Extraordinary General Meetings. In all other respects, the two classes of shares are equal, and have the same rights to dividends. In the event of issuance of bonus shares, holders of class A-shares shall be entitled to new class A-shares, and holders of class B-shares shall be entitled to new class B-shares, unless otherwise decided by the General Meeting.

The existence of two classes of shares is due to historical reasons. This is no longer a common practice on the Oslo Stock Exchange. The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. There is no form of restriction or pre-emptive rights affecting negotiability included in the Company's Articles of Association. The Board is not aware of any agreements that may secure any shareholder beneficial rights to own or trade shares at the expense of other shareholders. The shares are registered in the Norwegian Central Securities Depository (VPS).

A Primary Insider shall not, directly or indirectly, for its own or others' account, carry out any transaction in the Financial Instruments, later than 30 calendar days before the publication of the yearly and the half-yearly financial statements of the Company. This means that, during this trade prohibition period, Primary Insiders are prohibited from trading in financial instruments issued by and/or relevant to Odfjell, or by companies in the same group.

Deviation from the Code: Odfjell has two classes of shares due to historical reasons.

6

The General Meetings of shareholders

Articles 7 and 8 of the Company's Articles of Association regulates the agenda of the Annual General Meeting, notice period and attendance.

The Board is responsible for convening both Annual and Extraordinary General Meetings. The Company shall arrange for the Annual General Meeting to be held within six months of the end of each financial year.

Extraordinary General Meetings may be called in accordance with the provision of the Norwegian Limited Liability Companies Act.

The General Meeting shall elect the Chair of the Meeting.

The Chair of the Board, representatives of the Board, the Nomination Committee, the Company's auditor and representatives from the Management shall participate in the Annual General Meeting.

The Annual General Meeting represents an important venue for the Board to meet and discuss with shareholders face-to-face, and to decide on important issues such as dividend payments, election and re-election of Board Members and the appointment of the auditor.

The notice convening the meeting, and other documents regarding the General Meeting, shall be available on the Company's website no later than 21 days before the date of the General Meeting. The notice shall provide sufficient information on all resolutions to be considered by the General Meeting, voting instructions and how to vote by proxy.

When documents concerning matters that are to be considered by the General Meeting have been made available to the shareholders on the Company's website, the requirement of the Norwegian Public Limited Liability Companies Act, that the documents shall be sent to shareholders, does not apply. This also applies to documents that are required by law to be included in, or enclosed with, the notice of the General Meeting. A shareholder may nonetheless ask to have documents sent that concern matters to be considered by the General Meeting. Shareholders who wish to attend the General Meeting must notify the Company no later than five days before the General Meeting. It is possible to register for the Annual General Meeting by mail or email.

Matters discussed at the General Meeting are restricted to those set forth in the agenda. The following matters shall be the business of the Annual General Meeting:

1. Adoption of the annual accounts and the Board of Directors' report
2. Application of any profit for the year, or coverage of any loss for

the year, in accordance with the adopted balance sheet, and the declaration of dividend
3. Election of members of the Board of Directors and election of Chair of the Board
4. Adoption of the remuneration of the Board of Directors
5. Any other matters required by law or pursuant to the Company's Articles of Association or as stated in the notice of the Annual General Meeting

The Board, and the person that chairs the General Meeting, shall organize the election of Board Members in such a manner that the shareholders can vote on each of the proposed candidates separately.

Proposals that shareholders wish the General Meeting to consider must be submitted in writing, to the Board of Directors, in sufficient time to be included in the notice of the General Meeting.

Deviations from the Code: None.

7

Nomination Committee

The Company has a Nomination Committee regulated by Article 9 of the Articles of Association. The General Meeting should stipulate guidelines for the duties of the Nomination Committee, elect the chair and members of the Nomination Committee, and determine the committee's remuneration.

According to Article 9, the Nomination Committee shall consist of three members, of which at least one member shall be independent of the Board and the Company's senior management. According to the Code, the majority of the Nomination Committee shall be independent of the Board and Management. The Nomination Committee should not include any executive personnel or any member of the Company's board of directors. The Nomination Committee should be composed in a manner to safeguard the common interests of all the shareholders. The Nomination Committee shall propose candidates to the Board and also propose the remuneration to the Board Members.

The Nomination Committee must justify its recommendations. The Nomination Committee shall aim to achieve a Board composition that acknowledges the objective of generating shareholder results, independence and experience in the relevant sectors of the Group's business activities.

The Nomination Committee currently consists of Christine Rødsæther, Laurence Ward Odfjell and (Chair) Bjørg Ekornrud.

In its work of suggesting new Board Members, the Nomination Committee should have contact with shareholders, members of the Board and the Company's Management.

Deviation from the Code: Two of the members of the Nomination Committee are also members of the Company's Board of Directors.

8

Board of Directors – composition and independence

The Board of Directors is regulated by Article 5 of the Company's Articles of Association. The Company's Management is organized in accordance with a single-tier system and it shall have an administrative body (Board of Directors).

The Company's Board of Directors shall consist of between five and seven members.

The Annual General Meeting shall elect the Board. According to Article 5 of the Articles of Association, the Chair of the Board is elected by the Annual General Meeting for one year at a time. Board Members shall be elected for two years at a time.

The Company has no Corporate Assembly. The interests of the employees are safeguarded through an agreement between the employees and Odfjell SE, ensuring the involvement of employees. The employees have established a permanent Employee Representative Body. The Employee Representative Body consists of representatives from Odfjell Management AS' Work Council and Odfjell Maritime Services AS' maritime Officers' Council.

Employee involvement at corporate level, and in most subsidiaries abroad, is also secured by various committees and councils in which Management and employee representatives, both onshore personnel and seafarers, meet to discuss relevant issues.

The Board shall be composed in a manner to safeguard the joint interests of the shareholders while taking into account the Company's need for expertise, capacity and diversity. It must be taken into consideration that the Board is able to function like a collegiate body.

The Board shall also be composed such that it can act independently of special interests. The majority of the Board Members shall be independent of the Management and important business connections, and no member of Management shall be a Board Member. In addition, at least two of the Board Members shall be independent of the Company's principal shareholders, i.e. shareholders owning more than 10% of the Company's shares or votes.

Since May 5, 2022, the Board has comprised Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson and Nils Petter Dyvik. Laurence Ward Odfjell, and related parties, control a significant shareholding in Odfjell SE. Åke Gregertsen, Christine Rødsæther, Åse Aulie Michelet, Jannicke Nilsson and Nils Petter Dyvik are all independent Board Members. The Company believes that the Board is well positioned to act independently of the Company's Management and exercise proper supervision of the Management and its operations.

The proportionate representation of gender of the Board is within the legislated target.

The annual report and the Company's home page contain a presentation of the Board of Directors and details of the shareholdings of all Directors, as well as information on the experience, expertise and capacity of the Board Members.

Deviations from the Code: None.

9

The work of the Board of Directors

The Company shall be led by an effective Board with collective responsibility for the success of the Company. The Board represents, and is answerable to, the Company's shareholders.

The Board of Directors shall ensure that its members and the Executive Management make the Company aware of any material interests that they may have in items to be considered by the Board.

The Board's obligations include strategic management of the Company, effective monitoring of the Management, control and monitoring of the Company's financial situation, and the Company's responsibility to, and communication with, the shareholders. The Board is ultimately responsible for determining the Company's objectives, and for ensuring that the necessary means for achieving them are in place. The Board of Directors determines the Company's strategic direction and decides on matters of significance in relation to the Company's overall activities. Such matters include strategic guidelines, approval of the budgets as well as decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the dividend policy. The Board also appoints the CEO and determines his/her remuneration.

The Board shall ensure that the Company is well organized, and that activities are managed in accordance with relevant laws and regulations, the Company's objectives pursuant to the Articles of Association, and the applicable guidelines set by the shareholders through the General Meeting.

It is the responsibility of the Board to ensure that the Company, its management and employees operate in a safe, legal, ethical and socially responsible manner. To emphasize the importance of these issues, a company-specific Corporate Social Responsibility Policy and a Corporate Code of Conduct have been decided and implemented and apply to all throughout the organization. The Corporate Code of Conduct focuses on aspects of ethical behavior in day-to-day business activities. The Company also adheres to the UN Global Compact and reports its Corporate Social Responsibility performance accordingly.

The Board shall perform such reviews which it deems necessary to fulfill its tasks. The Board shall also perform reviews requested by one or more Board Members.

Members of the Board of Directors shall notify the Board, in advance, if they have any direct or indirect not immaterial interest in any transaction planned to be entered into by the Company. In this case they are biased and not eligible to participate in the discussions. A deputy Chair shall be elected to function as Chair of the Board when the Chair of the Board for such or other reasons cannot, or should not, lead the Board's work.

The Board shall plan its work, as well as the work of the Management, according to a cycle of setting objectives, performance reviews, risk reviews, periodic reporting, regular reviews of short- and long-term strategy formulation and implementation. The roles of the Board and the CEO are separate, and the allocation of responsibilities shall be specified in writing through existing chart of authorities and job descriptions.

Each year the Board shall evaluate its performance over the previous year. The Board shall evaluate its own efforts, the performance of the Committees and the individual Board Members. In order for the evaluation to be effective, the Board shall set objectives at both the collective and individual levels, against which the performances shall be measured. The results from the evaluation will not be made public but shall be available to the Nomination Committee.

The Board held seven ordinary meetings in 2022, with 95% Director attendance. The Board carried out a self-assessment of its work.

Name	Year elected	Up for election	Number of meetings attended
Laurence Ward Odfjell (Chair*)	2022	2024	7/7
Christine Rødsæther	2022	2024	7/7
Åke Gregertsen	2021	2023	7/7
Åse Aulie Michelet	2021	2023	7/7
Jannicke Nilsson	2022	2024	5/7
Nils Petter Dyvik	2022	2024	7/7

Table showing Director attendance
(*) The Chair position is elected annually

Transactions with close associates

Any not immaterial transaction between the Company and any shareholder, Board Member, member of Management or any related party of these shall be reviewed by an external third party before being concluded. Material agreements shall be approved by the General Meeting according to the Norwegian Public Limited Liability Companies Act. The Board of Directors should also present any such agreements in their annual Directors' Report.

Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

The Board has established a policy in respect of share trading. The policy is in line with the Guidelines for Insiders issued by the Oslo Stock Exchange and applies to all employees who, in connection with their work, may gain access to price sensitive, non-public information.

Audit Committee

The Audit Committee is elected by the Board and consists of a minimum of two Board Members; currently Åke Gregertsen (Chair), Jannicke Nilsson and Nils Petter Dyvik. The Audit Committee reports to, and acts as a preparatory and advisory working committee for the Board. The Audit Committee acts according to an audit charter. The Company's auditor, CFO, VP Financial Control, Chief Sustainability Officer and Head of Group Controlling usually attend the committee's meetings.

Deviations from the Code: None.

Remuneration Committee

The Company has also established a Remuneration Committee comprising three board members including the Chair. The Members of the Remuneration Committee shall serve while they remain part of the Board of Directors, or until the Board of Directors decide otherwise or they wish to retire from their appointment as Members of the Remuneration Committee. The primary purpose of the Remuneration Committee is to assist the Board of Directors in discharging its duty relating to determining the Management's compensation. The Remuneration Committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

The establishment of the Committee does not alter the Board's legal responsibilities or tasks.

Deviations from the Code: None.

10

Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems should also encompass the Company's corporate values and ethical guidelines.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The risk management process and the system of internal control of Odfjell shall be sufficient to ensure safe, controlled, legal and ethical business conduct and operations in all its activities around the world.

Business strategies are prepared at executive level and approved by the Board. In addition, the Board reviews annual budgeting and strategic planning processes. Financial forecasts are prepared every quarter. Actual performance is compared to budget, latest forecast and prior year on a monthly basis. Significant variances are investigated and explained through normal monthly reporting channels.

The Company has established an organizational structure supporting clear lines of communication and accountability, and rules for delegation of authority that specify responsibility.

The Company focuses on regular and relevant management reporting of both operational and financial matters in order to ensure adequate information for decision making, and to quickly respond to changing conditions. Evaluation and approval procedures for major capital expenditure and significant treasury transactions are established.

The Board receives monthly reports on the Company's financial performance and status reports on the Group's key individual projects. The Group also regularly conducts internal audits of individual units' adherence to systems and procedures.

Financial performance is also reported on a quarterly basis to the Board, and to the Oslo Stock Exchange.

The Company's Board is kept updated on Management and Company activities through monthly reports and board updates. A safety (QHSE) update is normally the first item on the agenda of all ordinary meetings of the Board of Directors.

Odfjell's Compliance Officer ensures that the Company, and its employees, act in accordance with applicable laws and regulations, the Company's Code of Conduct, and that the Company acts in an ethical and socially responsible way. Particular attention is paid to competition law compliance, environmental licenses to operate and anti-corruption measures. Regular updates on new rules and regulations are issued to all relevant personnel in order to ensure continuous compliance. The Compliance Officer reports directly to the CEO.

The Company also conducts regular internal audits of individual units' adherence to systems and procedures. The internal audit function provides additional assurance to the Board, and the Audit Committee, that key controls are operating as intended. The Company is also subject to external control functions, including auditors, ship classification societies, customer vettings, port and flag state control, and other regulatory bodies including the IMO.

Deviations from the Code: None.

11

Board Members' remuneration

The remuneration of the Board shall reflect the Board's responsibilities, expertise, time commitment and complexity of the Company's activities. Remuneration of Board Members shall be determined by the shareholders at the General Meeting. The Nomination Committee shall provide recommendations, and give its reasons thereof, to the General Meeting for annual remuneration to all Board Members.

Board Members are encouraged to own shares in the Company and can be paid part of their remuneration in shares.

Members of the Board do not take part in any incentive or share option schemes. The remuneration of the Board of Directors is not linked to the Company's performance. Board Members should not take on assignments for the Company.

Information regarding all remuneration to the individual Board Members shall be provided in the annual report. If remuneration has been paid in addition to normal directors' fees, this shall be specifically identified.

Deviations from the Code: None.

12

Management remuneration

Pursuant to Section 6-16 b) of the Norwegian Public Limited Companies Act, supplemented by regulation on guidelines and report on remuneration for leading personnel, the Board of Directors issue a yearly report on salary and other remuneration to leading personnel for an advisory vote at the General Meeting. The guidelines for remuneration to the Management must set out the main principles applied in determining the salary and other remuneration. The guidelines should help to ensure convergence of the financial interests of the shareholders and the Management. The existing guidelines were approved by the General Meeting 5 May 2021. In the event of changes, the Company shall take into account the shareholders' views and vote on the guidelines. The guidelines shall be submitted to the General Assembly for approval at least every four years.

Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to enable the Company to recruit suitably qualified personnel. The company's remuneration shall be competitive, but not compensation leading.

A basic, fixed salary is the main component of the remuneration. However, in addition to the basic salary, other supplementary benefits may be provided, including, but not limited to, payments in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

Deviations from the Code: None.

13

Information and communication

Through its Corporate Governance Policy, the Board has implemented guidelines for disclosure of Company information. Reporting of financial and other information shall be based on openness and equal treatment of all interested parties. The Company provides shareholders, and the market as a whole, with information about the Company. Such information takes the form of annual reports, quarterly reports, stock exchange bulletins, press releases, information on the Company website and investor presentations, when appropriate. The Company seeks to treat all shareholders equally, in line with applicable regulations. Information distributed through the Oslo Stock Exchange, or otherwise in press releases, is published simultaneously on the Company's website, Odfjell.com. The Company aims to hold regular presentations. The financial calendar is available through stock exchange announcements and on the Company's website.

Open investor presentations are held at least twice a year in connection with Odfjell's quarterly reports. The CEO reviews and makes comments on results, market developments and prospects. Odfjell's CFO also participates in these presentations.

The presentations of the annual and quarterly reports are published via the Oslo Stock Exchange and posted on the corporate website at the same time as presented. The annual and mid-year results are presented via a live presentation, whereas reports following publication of first and third quarter results are made available through webcasts. Odfjell also maintains an ongoing dialogue with, and makes presentations to, selected analysts and investors. Care is taken to secure impartial distribution of information when dealing with shareholders, investors and analysts.

The Board shall ensure that the Company's quarterly and annual financial statements provide a correct and complete picture of the Group's financial and business position, including the extent to which operational and strategic goals have been achieved.

The Chair of the Board shall ensure that valid and relevant views of the shareholders are communicated to the entire Board.

Deviations from the Code: None.

14

Takeovers

During the course of any take-over process, the Board and Management shall do their best to ensure that all the shareholders of the Company are treated equally. The Board shall also do its best to ensure that sufficient information to assess the take-over bid is provided to the shareholders.

In the event of a take-over bid for the shares in the Company, the Board shall not seek to prevent or obstruct take-over bids for the Company's activities or shares, unless there are particular reasons for such actions. The Board shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following the announcement of the bid. In particular, the Board shall not, in such circumstances, without the prior approval of the General Meeting (i) issue shares or any other equity instruments in the Company, (ii) resolve to merge the Company with any other entity, (iii) resolve on any transaction that has a material effect on the Company's activities, or (iv) purchase or sell any shares in the Company.

If an offer is made for the shares in the Company, the Board shall issue a statement evaluating the offer and make a recommendation as to whether the shareholders should accept the offer. If the Board finds itself unable to provide such a recommendation, it shall explain and state the reasons why. The Board's statement on a take-over bid shall state whether the Board's view is unanimous, and if not, the statement shall explain the basis on which members of the Board have a deviating view. The Board shall consider whether to engage financial advisors in this respect and whether to have a valuation from an independent expert. If any member of the Board or the Management, or close associates of such persons, or anyone who has recently held such a position, is either the bidder or has a similar particular interest in the bid, the Board shall in any case arrange an independent valuation. This shall also apply if the bidder is a major shareholder in the Company. Any such valuation should be either attached to the Board's statement, be reproduced in the statement or be referred to in the statement.

Deviations from the Code: None.

15

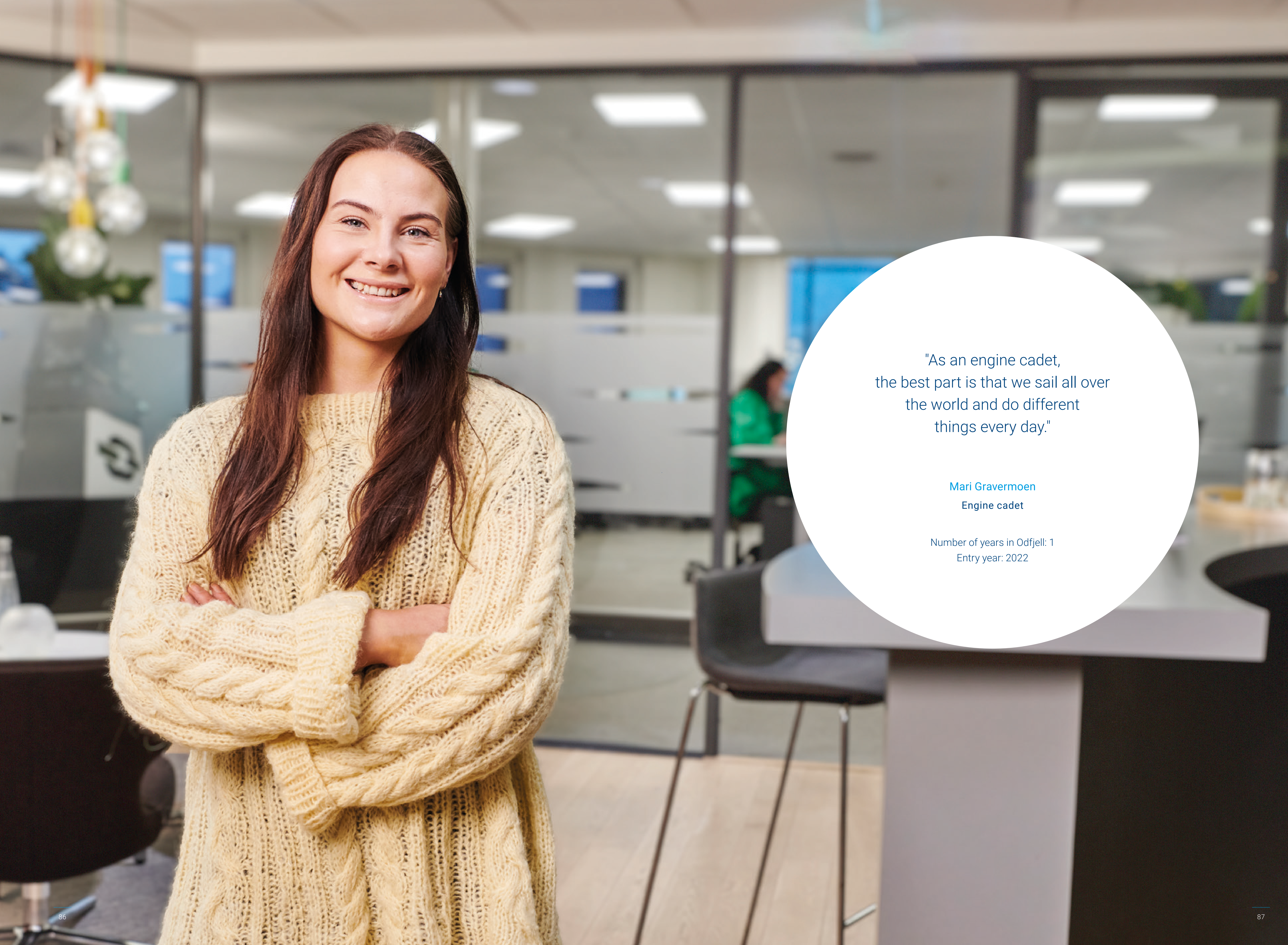
Auditor

The Company emphasizes keeping a close and open relationship with the Company's auditor. The auditor participates in Board meetings for approval of the annual accounts. The Company's auditor shall present an annual plan for its audit work to the Audit Committee. In addition, the auditor shall review and report on the Company's internal control procedures, including identifying weaknesses and proposing improvements. The Board shall meet at least once a year with the auditor, and without the Management's presence. The auditor's fees for auditing and other services are presented to the Annual General Meeting and are included in the notes to the annual accounts. Non-audit services shall be approved by the Audit Committee. The Board continuously evaluates the need for written guidelines concerning the employment of the auditor for services other than auditing. The Board believes that the auditor's independence of the Company's Management is assured. The auditor shall issue a written annual declaration confirming the auditor's independence.

In order to secure consistency in control and audits of the Group, Odfjell generally uses the same audit firm for all its subsidiaries worldwide, and currently engages EY as the Company's independent auditor.

Deviation from the Code: None.

For more Shareholder information, visit Odfjell.com/investor



"As an engine cadet,
the best part is that we sail all over
the world and do different
things every day."

Mari Gravermoen

Engine cadet

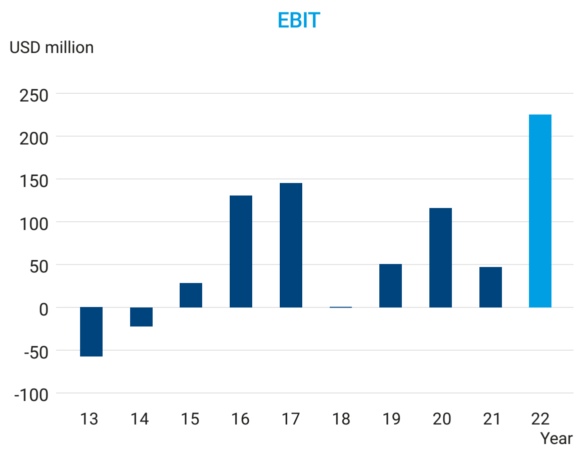
Number of years in Odfjell: 1
Entry year: 2022

Annual accounts

Board of Directors' report 2022

The consolidated 2022 net result for the Odfjell Group amounted to a net profit of USD 142 million, compared with a net loss of USD 33 million in 2021. Total assets by year-end amounted to USD 2,009 million, down from USD 2,073 million at the end of 2021. The cash flow from operations was USD 289 million in 2022, compared with USD 153 million in 2021. Cash and cash equivalents end of 2022 were USD 118 million, in addition to undrawn loan facilities of USD 68 million. Total equity at the end of 2022 amounted to USD 697 million, compared to USD 549 million at the end of 2021, and the equity ratio increased to 34.7% from 26.5% during the year, primarily driven by a strong net result combined with the depreciation of assets and repayment of debt. Including dividend for 2H 2022 paid in February 2023, the company paid a total dividend of USD 66 million for FY 2022.

The operating result (EBIT) was positive with USD 224 million in 2022, compared to USD 47 million in 2021. The Company showed substantially improved results in 2022, and the year ended with a positive net result of USD 142 million, mainly driven by firming markets. Chemical tanker rates improved during the year, especially during the second half when we saw strong rate increases across all major trade routes. Swing tonnage in our market was at low levels due to high margins in the CPP trades, contributing to the tight chemical tanker supply. While decreasing slightly through the fourth quarter, demand has remained at healthy levels through the year, supported by increased volumes of products being transported over longer distances. We saw stable occupancy and healthy activity levels at our terminals through the year. The Board is satisfied with the financial results and recognizes that several years of continuous focus on reducing cost, efficiency, and quality has positioned us to fully take advantage of the stronger markets.



The Russian assault on Ukraine in February 2022 was shocking. Odfjell immediately decided not to trade with Russia, or companies with Russian ownership. At the time, Odfjell was not involved in trades with Russia nor did we have any operations in the Black Sea. We fully support the sanctions and closely monitor the implementation to ensure compliance. We are heartbroken by the humanitarian crisis in Ukraine and have donated to the Red Cross' work there.

The war has sent shock waves across the global markets. The shipping sector is no exception, as it is intertwined with most aspects of the worldwide economy. Odfjell has not been affected directly, as we do not operate in the area nor do we have any dealings with sanctioned trades. Nevertheless, we actively monitor the situation and implement measures to minimize any adverse impact on our employees, operations, and financial results. Our top priority is to ensure the safety and well-being of our crew, vessels, and cargo.

We analyze and assess geopolitical risk as part of the overall corporate risk assessment. The risk picture is dynamic and is frequently updated. According to our assessment, Russia and tensions between the US/the West and China pose the most significant geopolitical risks in 2022 and the first half of 2023. The direct and indirect consequences of Russia's war pose a risk to regional operations, as do sanctions risks. We are also concerned about other potential ripple effects on global trade. We are witnessing an increase in tension and rhetoric between the United States/West and China. At the same time, both US and China face internal challenges such as rising costs, polarization in the United States, and weaker financial performance in China, which might have an impact on global trade and financial markets. We are concerned about a potential conflict involving Taiwan, which could have a direct and indirect impact on shipping in the region and global trade.

Sustainability is an integral part of our business strategy. We take an active role in various industry Environmental, Social and Governance (ESG) related initiatives, and continuously seek improvements to remain at the forefront of our industry. Climate risk is an essential part of the Board's strategy work. We have continued to reduce carbon intensity, and now have the world's most energy-efficient deep-sea chemical tanker fleet. Sustainable financing and ESG have become increasingly important when it comes to access to, and the cost of, financing. In 2021, we issued the first sustainability-linked bond in shipping in the world, and all new mortgaged loans since then have been sustainability-linked.

Following the terminal restructuring a few years back, we now control a healthy terminal portfolio and have been focusing on accretive growth at the existing terminals. In June, our terminal in Antwerp opened a 35,000 cbm, stainless-steel tank pit. We commenced site preparation for another 36,000 cbm tank pit at the end of 2022, scheduled to be commissioned in the fourth quarter of 2023. The construction of a 32,000 cbm tank bay at our Houston terminal commenced in April 2022 and is scheduled to be completed by the end of 2023. Odfjell Terminals intends to expand through a combination of organic growth and acquisitive growth, targeting brownfield opportunities in our core markets and segments.

Odfjell has an uncompromising stance on matters of health and safety. Across all our operations, new projects and initiatives, the long-term planning and the everyday tasks - whether on board the ships, at the terminals or in the offices – the single, most important precept is safety. There have been no serious process safety incidents in 2022, but we had a total eight LTIs.

In March 2022, the Board announced a new dividend policy; Odfjell will pay out 50% of net income adjusted for extraordinary items. The new policy is designed to deliver predictable and sustainable dividends going forward. Other excess capital will be earmarked for extraordinary debt reductions, but may also be used for value creative investments, share buybacks and dividends. Dividends will be paid out semi-annually. For FY 2022, including dividend for 2H 2022 paid in February 2023, the company paid a total dividend of USD 66 million.

Due to improved financial performance, and only a small number of investments in new assets, our balance sheet has significantly improved over the course of this year. At year-end, the IFRS 16 adjusted equity ratio was 39%, up from 30% at the end of 2021. At the end of 2022, our book equity ratio was at 35%, and our equity ratio was well within our long-term goal equity ratio range of 30% to 40%. We consider the balance sheet to be relatively sound, with few capital commitments in the upcoming years, a strong anticipated cash flow, a well-diversified debt structure, and access to a variety of finance sources and arrangements. We concluded four refinancing deals involving 13 vessels in 2022, and we also fully repaid a bond when due. All transactions were completed on more favorable terms, which reduced our cost of capital. We used our Sustainability-Linked Finance Framework for all new loans, and these loans currently account for 40% of our total interest-bearing debt. Odfjell holds a bond with a total maturity value of NOK 975 million that has been converted to USD 113 million and is due in the third quarter of 2023. The bond may be refinanced, but our objective is to repay the bond with available liquidity reserves. We do not have many other significant maturities coming up, but we will keep refining our debt portfolio to reduce debt and lower our cost of capital.

Odfjell has made substantial strategic progress over the last few years and we now operate the world's largest, most efficient, and competitive deep-sea stainless steel fleet. With limited capex for our tankers in 2022, the main priorities have been operations, cash flow generation, and debt reduction. The spot market has been strong and the momentum in CoA renewals, which slowly began improving in 2019, continued at an increased pace in 2022. We saw an average increase in the CoA rates of 26% in the fourth quarter and 9% for the full year. Although geopolitical unrest has caused market conditions to be volatile, a solid future tonne-mile demand outlook and very little supply growth should ensure continued healthy, and possibly further improved, markets for our tankers. An economic downturn, and perhaps an influx of swing tonnage, are the biggest risks. We need to be ready for such scenarios.

Chemical tanker spot freight rates improved materially in all regions and trade lanes through 2022. Markets east of Suez at times reached historically high levels, and while trade lanes west of Suez did not see the same peaks, they also strengthened significantly. Supply is tight in the chemical tanker market, which typically leads to high volatility as we saw throughout the year. Weather events, political turmoil, and quite simply a lack of tonnage in specific regions led to sudden surges in freight rates, contributing to strong earnings even in typical backhaul trade lanes. The number of trading days including external pool vessels decreased to 28,944 from 32,319 days, while trading days, excluding external pool vessels, decreased to 23,603 days from 25,424 days in 2021. Total volume carried in 2022 was 15.2 million tonnes, compared to 15.5 million tonnes in 2021, a modest decline considering the redelivery of pool tonnage during the year.

Nominations under our Contracts of Affreightment (CoA) increased compared to 2021 levels. The contract coverage for the year increased to 58% of total volume shipped, against 52% in 2021. While taking advantage of a strong spot market east of Suez, we saw solid contract nominations west of Suez, which contributed to the increased CoA share.

In 2022, after two years in which the pandemic was the primary source of uncertainty worldwide, war broke out in Europe. The global economy and individual markets were disrupted by the consequences, including all tanker segments. Combined with supply chain disruptions due to Covid lockdowns in China, closed waterways due to drought on several continents, and commodity prices fluctuating wildly, 2022 was a volatile year for the shipping industry.

Short- and long-term supply and demand fundamentals are favorable for the chemical tanker industry. Demand is robust, a result of strong volumes and growing distances, whereas supply remains constrained as the orderbook is small and the fleet is aging. In addition, the average fleet speed remains low, and swing product tankers are benefiting from high freight rates in the CPP market.

As tankers face increasingly stringent emissions monitoring and regulations from the IMO and the EU, we anticipate that the lower average speed of the global fleet will persist, despite the fact that owners of particularly efficient vessels, including Odfjell, may choose to increase speed to capitalize on market momentum.

Odfjell remains a market leader within sustainability and fleet efficiency, and we are well prepared for new regulations and emerging zero-emissions technologies. Odfjell will, from 2023, start reporting on the actual Carbon Intencity Indicator (CII) of our vessels, targeting a minimum C-rating, and we are fully prepared for the implementation of the EU Emissions Trading Scheme (ETS), which was recently postponed to 2024. In the longer term, we have a detailed road map towards 2030 and clear targets through to 2050. Odfjell will only order newbuildings with zero-emission capable technology going forward and aim to have a zero-emissions capable fleet from 2050. We actively support initiatives to develop technology and infrastructure for decarbonization, energy efficiency, and zero emissions, and we support international regulation to drive zero-emissions for our industry and our value chain. Odfjell has a history of being at the forefront of our industry, and we are committed to continue playing an active role in shaping the industry and staying ahead of the curve.

Our tank terminal division continued to improve its results and performance in 2022. All in all, the portfolio achieved an average commercial occupancy of 97%, helped by the US and European terminals maintaining an occupancy rate of close to 100%. Activity levels were also solid. Odfjell's terminal platform now comprises four tank terminals at strategic locations in the United States, Korea, and Belgium with a total capacity of 1.2 million cbm. The divestment of our terminal in Tianjin in 2022 concluded a restructuring of the terminal portfolio, leaving us with a healthy platform for further growth through organic and acquisitive growth.

At the end of 2022, our total chemical tanker fleet was made up of 69 vessels, including 46 owned/leased, 6 bareboat, 14 time chartered, and 3 pool vessels. We are a deep-sea operator, and all our vessels are larger than 15,000 dwt.

Since May 5, 2022, the Board has comprised Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson, and Nils Petter Dyvik. The Audit Committee is made up of Åke Gregertsen (Chair), Jannicke Nilsson and Nils Petter Dyvik. The Nomination Committee consists of Bjørg Ekornrud (Chair), acting as an external, independent member, Christine Rødsæther, and Laurence Ward Odfjell. The Board also has a separate Remuneration Committee which is composed of Laurence Ward Odfjell (Chair), Åse Aulie Michelet and Nils Petter Dyvik.

Sustainability (ESG)

We have seen clear indicators of climate change in 2022, with record heatwaves, flooding, and droughts. The impact of climate change on people, the environment, and businesses will only increase. Climate and natural risk assessments are integral to the strategy work of the Board and Management. The IMO's Energy Efficiency Existing Ship Index (EEXI) and CII regulations, the EU's Fit for 55 regulation, and other new reporting requirements are examples of regulations that will drive strategy and fleet transition. Our most recent assessments are available on Odfjell's website. The climate risk report follows the recommendations of the Task Force on Climate-Related/Nature-Related Financial Disclosure (TCFD/TNFD).

In 2022, Odfjell reported our fleet's carbon intensity, including it in our quarterly reports, using the Annual Efficiency Ratio (AER). The Board is pleased that Odfjell reduced the AER for the operated fleet by a further 4%, from 8.24 to 7.91. Our controlled fleet's AER has in 2022 been reduced by 5.5%, from 8.03 to 7.59, placing us first in our industry segment. Odfjell's efforts and investments, to establish the world's most energy-efficient deep-sea chemical tanker fleet, will provide a competitive advantage when shipping is included in the EU's Emission Trading System, at the start of 2024. Odfjell is well prepared for the IMO's CII and EEXI regulations, which came into effect in 2023. In 2022 and 2023, the Board included sustainability-related KPIs in the Company's short-term incentive plan. From 2023, emission reduction will be a KPI also in Management's long-term incentive plan.

Odfjell encourages diversity, inclusion, and equal opportunities. We believe that a diverse team benefits the business and we seek to attract talent from a broad range of people. Because men still dominate our industry, Odfjell has set a target of achieving a minimum 30% gender balance by 2030, and is committed to reporting its progress in the SHE index. Although some advances have been made, female representation at the leadership level remains too low (10%). This is an industry-wide challenge, and Odfjell works with different organizations and networks to promote women in shipping.

Odfjell is a member of the Maritime Anti-Corruption Network (MACN) and is represented on the MACN Board. This network works to combat global corruption and facilitation payments.

Odfjell works continuously to assess and mitigate negative human rights impacts in our value chain. The Board has actively participated in Odfjell's human rights impact assessment. The report, prepared in line with the Norwegian Transparency Act, is available at Odfjell.com.

Ship recycling is an essential part of fleet renewal and the circular economy. In 2022, the Bow Flower was sold for green recycling. More than 99% of the vessel's weight was recycled or reused, demonstrating the benefits of a circular economy if done to the right standards.

We are pleased that Odfjell also this year has received awards and high ratings on ESG. Odfjell received the 2022 Sustainability Award from Safety4Sea for our ESG performance and reporting.

Implementation of the EU's taxonomy reporting in Norway has been delayed by one year, but Odfjell already reports on all EU taxonomy screening criteria. The information is available at Odfjell.com. As is the case for most deep-sea shipping, Odfjell will not meet the taxonomy screening criteria for climate change mitigation until zero-carbon fuel and the required infrastructure are available. Other than that one objective, the Board is pleased to see Odfjell's performance aligns with all other taxonomy objectives.

We see a growing interest from stakeholders in our ESG performance, especially customers. As a result, we are publishing more information on sustainability on the Company's website, and offering a greater degree of transparency. Odfjell adheres to the Norwegian Shipowner Association's (NSA) Guidelines for ESG reporting, Euronext's ESG guidance, and uses the Sustainability Accounting Standards Board (SASB) standards.

Health, Safety, Security (HSS)

We are pleased to report a year without any serious injuries. We had eight Lost Time Injuries (LTI) across our fleet, office, and terminals. All incidents have been thoroughly investigated, and necessary mitigation measures have been implemented. Our Lost Time Injury Frequency (LTIF) for shipping was 0.45 and 0.44 for terminals. Our managed fleet's Total Recordable Case Frequency (TRCF) was 1.53. One LTI is one too many, but the injuries were fortunately not serious. The goal is zero incidents and injuries. The onshore organization has LTIF as a KPI in the incentive system.

Odfjell implemented Life-Saving Rules in 2022. These are in line with the rules developed by the International Association of Oil & Gas Producers (IOGP).

In 2022 we saw an improvement in our ability to rotate crew as Covid restrictions were lifted throughout the year. In recent years most onshore employees spent many hours away from colleagues, working from home, so it is good to see that we are returning to normal and able to get back to the office.

No significant safety or security incidents occurred on Odfjell ships or terminals in 2022. However, cybercrime continues to pose a threat. The Board monitors risk and reviews what steps and mitigation actions should be taken in the constant work on cybersecurity.

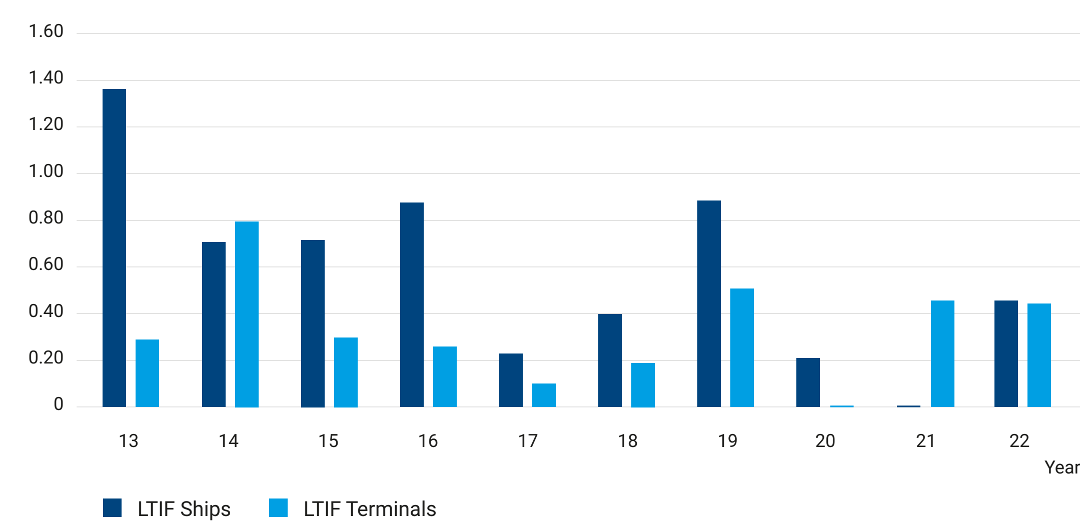
Corporate Governance

The framework for our corporate governance is the Norwegian Code of Practice for Corporate Governance of October 14, 2021. Odfjell is committed to ethical business practices, honesty, fair dealing, and compliance with all laws affecting our business. This includes adherence to high standards of corporate governance. The Board's statement on corporate governance is part of the Group's Annual Report. Our Corporate Social Responsibility policy also focuses on quality, health, safety, and care for the environment, as well as human rights, non-discrimination, and anti-corruption. The Company has its own Code of Conduct that addresses several of these matters. All Odfjell employees are obliged to comply with the Code of Conduct, and the same applies to our main suppliers who have to adhere to our Supplier Code of Conduct.

Business summary

We remain committed to our long-term strategy of enhancing our position as a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other specialty products.

LTIF development



By focusing on the safe and efficient operation of a versatile and sophisticated fleet of global and regional chemical tankers, with cargo consolidation at our tank terminal network, we aim to enhance product stewardship in the solutions we provide to our customers. The fleet is operated in complex and extensive trading patterns, meeting our customers' demand for safety, quality, and the highest standards of service. Our fleet has a critical mass that enables efficient trading patterns and optimal fleet utilization. The industry in general continues to suffer from congestion in port due to lagging investment in port infrastructure.

Comments to segment figures below are by the proportionate consolidation method.

Chemical Tankers

Gross revenues from our chemical tanker activities amounted to USD 1,308 million in 2022, an increase from USD 1,037 million in 2021. EBITDA came in at USD 372 million and EBIT at USD 215 million, compared with USD 241 million and USD 43 million respectively in 2021. Corporate costs related to Odfjell SE are included in the general and administrative expenses for chemical tankers. Total assets at year-end stood at USD 1,829 million.

Chemical Tankers segment	Figures in	2022	2021	2020
Revenue	USD mill	1 308	1 037	943
EBITDA	USD mill	372	241	256
EBIT	USD mill	215	43	102
Net result	USD mill	133	(37)	14
Assets	USD mill	1 829	1 888	2 039
ROCE	%	13.0	2.4	5.9

The operation of chemical tankers is complex. During 2022, our ships loaded approximately 600 different products over nearly 10,000 cargo operations. Unlike ships in most other shipping segments, our ships may call at several berths in each port, both for loading and discharge. This is a time-consuming and costly process. Over the last few years, we have focused on our operational performance, paying particular attention to port turnover, to ensure we remain responsive and deliver on our commitments. The considerable changes implemented by the Company in recent years, with respect to cost, fleet renewals, and strategic focus, have allowed us to concentrate on the here and now and operate successfully in 2022, reaping the benefits from the market momentum.

In recent years, Odfjell has moved away from regional trades to focus on the deep-sea chemical market. However, due to local regulations, South America is an exception, where five vessels are operated by our wholly owned Brazilian subsidiary, Flumar. These vessels are supplemented by our deep-sea fleet trading in South America. Odfjell also owns and operates one smaller chemical tanker, which mostly trades on the West Coast of South America. Flumar charters one LPG carrier which, in turn, is chartered out to a major chemical producer on a time charter contract.

In the second half of 2022, Odfjell took delivery of two time charter vessels, and we expect six more of these 25,000 dwt stainless steel vessels to be delivered between 2023 and 2025. We are committed to protecting and strengthening our leading market position within the deep-sea chemical tanker market. All our fleet initiatives in recent years have ensured that we now operate a balanced and flexible fleet with market-leading efficiency. We were well placed to benefit from the current upturn in the market as it emerged, and the reduced fuel consumption also contributed to lower unit costs. Consequently, we have flexibility to time the market in our pursuit of growth. We always analyze AER, fuel and emission improvement opportunities, and the impact on our fleet AER when considering both short- and long-term shipping commitments. We want to ensure that new ships to our fleet contribute to our AER leadership.

Tank Terminals

For 2022, gross revenues from Odfjell's tank terminal activities came in at USD 84 million, compared with USD 72 million in 2021, while EBITDA for 2022 amounted to USD 40 million, up from USD 33 million in 2021. Adjusted for corporate and non-recurring items (including insurance proceeds), the EBITDA generation of the underlying business ended approximately USD 3 million higher than previous year. At year-end 2022, the book value of Odfjell's share of tank terminal assets was USD 352 million, compared with USD 381 million at the end of 2021. The decline relates mainly to the divestment of Odfjell Nangang Terminals in Tianjin, China.

Terminals segment	Figures in	2022	2021	2020
Revenue	USD mill	84	72	66
EBITDA	USD mill	40	33	30
EBIT	USD mill	15	9	18
Net result	USD mill	9	4	14
Assets	USD mill	352	381	381
ROCE	%	5.4	3.3	6.5

Odfjell's terminal platform comprises four tank terminals at strategic locations in the United States, Korea, and Belgium with a total capacity of 1.2 million cbm. The divestment of our terminal in Tianjin, in 2022, represents the completion of a multi-year restructuring of our terminals portfolio. We are left with a healthy platform for further growth, well aligned with our strategy to focus on terminals located in global chemical hubs where we have either operational synergies with Odfjell Tankers, or see other angles for value creation. Odfjell is a legacy player in the tank terminal sector, and we see a strong rationale to maintain and expand our presence in this space. Odfjell Terminals intends to expand through a combination of organic growth and acquisitive growth, targeting brownfield opportunities in our core markets and segments.

In June, our terminal in Antwerp opened a 35,000 cbm, stainless-steel tank pit, completed ahead of schedule and below budget. We commenced site preparation for another 36,000 cbm tank pit at the end of 2022, scheduled to be commissioned in the fourth quarter of 2023. The construction of a 32,000 cbm tank bay at our Houston terminal commenced in April 2022, and is scheduled to be completed by the end of 2023. The new tank bay is designed to be fully automated, comprising state-of-the-art technology, and well aligned with our digitalization efforts at Odfjell Terminals US (OTUS). With land available at all our terminals, we aim to continue our expansion program.

We are investing heavily in automation and digitalization at our terminals, allowing us to make more data-driven decisions and realize operational improvements, ultimately increasing the quality of services provided to our customers. An ongoing multi-year Digital Transformation Program (DT Program) at OTUS is aimed at reducing costs, increasing efficiencies, and providing a solid foundation for business scalability and growth.

The Terminal portfolio continued to perform well in 2022, with high occupancy levels throughout the year. All in all, the portfolio achieved an average commercial occupancy of 97%, helped by the US and European terminals maintaining an occupancy rate of close to 100%. Activity levels remained high in 2022, especially in the first three quarters of the year.

Odfjell's terminal portfolio continues to deliver on safety KPIs. In 2022, we were successful in reducing the number of spills, while the number of Lost Time Injuries (LTI) remained unchanged from the previous year. To sustain the improvement of our overall safety performance, we will continue implementing targeted safety initiatives.

Looking ahead, we will remain focused on delivering safe, reliable, and efficient services to our customers, as well as continuing to pursue growth opportunities, within and outside our current footprint, and keep investing in automation and digitalization.

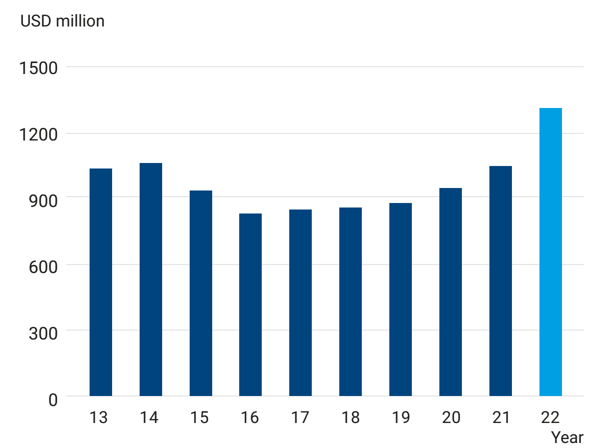
Gas Carriers

Following the sale of the two remaining gas carriers to BW Epic Kosan Ltd. (BWEK) in 2021, Odfjell still holds 6,9 million freely transferable shares in BWEK which are classified as non-current assets.

Profit & loss for the year - consolidated

The Group's accounts have been prepared in accordance with the IFRS. Gross revenues for the Odfjell Group came in at USD 1,310 million, up 26.1% from the preceding year. The consolidated result before taxes in 2022 was positive USD 145 million, compared with negative USD 30 million in 2021. The tax in 2022 amounted to an expense of USD 3 million, compared with an expense of USD 3 million in 2021.

Revenue



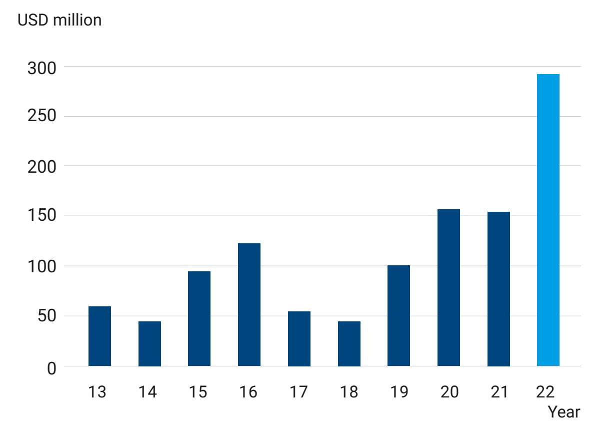
EBITDA for 2022 totaled USD 381 million, compared with USD 245 million the preceding year. The increase in EBITDA in 2022 was mainly driven by stronger chemical tanker markets in all areas, impacting results from Odfjell Tankers. EBIT was positive USD 224 million in 2022, compared with positive USD 47 million in 2021. The net result for 2022 was positive with USD 142 million, compared to a net loss of USD 33 million in 2021.

Net result from associates and joint ventures was 13 million in 2022, up from USD 5 million in 2021, mainly driven by compensation from insurers related to a fire incident in late 2021.

Net financial expenses for 2022 totaled USD 79 million, compared with USD 77 million in 2021. The average USD/NOK exchange rate in 2022 was 9.60, compared to 8.59 in 2021. The NOK weakened against the USD to 9.91 by December 31, 2022, from 8.84 at year-end 2021.

The cash flow from operations was USD 289 million in 2022, compared with USD 153 million in 2021.The net cash flow from investments was negative USD 21 million, mainly related to docking expenses and the acquisition of the remaining shares in the JV Odfjell Terminals Asia Holding Pte Ltd. The cash flow from financing activities in 2022 was negative USD 221 million as we aggressively reduced debt.

Cashflow from operations



The parent company (Odfjell SE) delivered a positive net result for the year of USD 51 million, compared to a negative net result of USD 6 million in 2021. The net result for 2022 will be allocated to other equity. As of December 31, 2022, total equity amounted to USD 659 million.

The Annual General Meeting will be held online May 3, 2023.

According to §3.3 of the Norwegian Accounting Act, we confirm that the financial statements have been prepared on the going concern assumption.

Shares and shareholders

The Company is an SE (Societas Europaea) company subject to Act No 14 of April 1, 2005 relating to European companies. The Company's registered office is in the city of Bergen, Norway. The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

Total shares as of the end of December were 86,768,948 shares, with 65,690,244 A-shares and 21,078,704 B-shares. The total shares include Odfjell SE treasury shares of 5,467,689 A-shares and 2,322,482 B-shares. By the end of December 2022, Odfjell A- and B-shares were trading at NOK 89 and NOK 84.5 respectively, against NOK 33.6 and NOK 32 respectively at the close of 2021, reflecting an increase in the share prices at around 165%. In the same period, the Oslo Stock Exchange Shipping Index was positive with 64%. The Board has decided to propose to the annual general meeting that 5,226,620 A-shares and 1,822,482 B-shares in the Company held in treasury by the Company should be redeemed in the form of a share capital reduction of NOK 17,622,755 from NOK 216,922,370 to 199,299,615 to be resolved at the Company's general meeting to be held on 3 May 2023.

Key figures

The return on equity for 2022 was 22.7%, and return on total assets was positive 10.5%. The corresponding figures for 2021 were negative 5.9% and the return on total assets was 2.6%. The return on capital employed (ROCE) was 12.2% in 2022. Earnings per share in 2022 amounted to positive USD 1.80 (NOK 17.90), compared with negative USD 0.42 (NOK 3.7) in 2021.

Financial risk and strategy

Odfjell's financial strategy is to ensure that we have a business model and capital structure that is robust throughout market cycles, yet flexible enough to take advantage of trends and opportunities. We need to be able to withstand prolonged adverse conditions in the chemical and financial markets, while also being able to act on opportunities and challenges, at any given time. To achieve this, Odfjell has an active approach to financial risk management, with a focus on attracting funding from diversified sources, maintaining high liquidity and credit reserves, and systematic monitoring and management of financial risks related to currencies, interest rates, bunkers and emission allowances. Derivatives may be used to reduce our exposure to some of these financial risks.

Earnings within the chemical tanker markets are less volatile than in many other shipping segments. The average historical fluctuation in time charter earnings per day for our chemical tanker fleet has been less than 10% per annum over the last five years, although the increase in earnings in 2022 was above historical trends. Sensitivity analysis shows that a change in time charter earnings of 5% will impact our pre-tax net income by approximately USD 33 million.

The largest, single cost component affecting time charter earnings is bunkers, and Odfjell makes physical purchases of bunkers worldwide. In 2022, this amounted to USD 220 million, equivalent to 40% of voyage costs. A substantial part of our consumption is hedged through bunkers adjustment clauses in contracts of affreightment. There is a correlation between spot freight rates and bunkers prices, but uncovered consumption from spot volumes, or contracts without bunkers adjustment clauses, is also considered for financial hedging. In 2022, and as of December 31, 2022, we did not have any financial bunkers hedges in place, though this may change during 2023. A USD 50 increase in the average bunkers price per metric ton would reduce our pre-tax net income by approximately USD 6 million.

Shipping is anticipated to be included in the EU ETS in 2024, introducing a new voyage cost component in the form of emission allowances. We aim to pass the cost through to end-charterers, with full transparency on actual emissions and in line with the intention of the new ETS regulations, but may consider financial hedging of emission allowances to reduce inefficiencies. However, our best risk-reduction action to counter new emissions' regulations is to continue improving the energy efficiency of our fleet. Odfjell is not engaged in the derivatives market for forward freight agreements.

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. Loans have various amortization profiles, but the majority are floating rate with USD LIBOR or SOFR as a benchmark. A 1% increase in the interest rate would reduce our pre-tax net income by approximately USD 10 million, before hedges. As of December 31, 2022, we have USD 300 million of interest rate hedges in place, covering approximately 30% of interest-bearing debt.

The Group's revenues are primarily denominated in USD. Non-financial currency risk relates mainly to the net income and cash flow from voyage related expenses, ship operating expenses, including crew costs, and general and administrative expenses denominated in non-USD currencies, mainly NOK and EUR. We have estimated that a 10% decrease in the USD against the NOK would reduce our pre-tax net income by approximately USD 7 million, before hedges. Our NOK exposure is relatively long-term, visible and stable, and we have hedged expected NOK cash flows, for up to two years, through forward exchange contracts.

Financial currency risk, relating to non-USD denominated debt, being our NOK denominated bonds, is hedged 100%, as interest payments, and principal in NOK is swapped for principal and interest payments in USD at the time of issuance.

Liquidity and financing

Total nominal interest-bearing debt as of December 31, 2022, was USD 998 million, compared with USD 1,160 million at the start of the year. Total debt, including debts related to rights of use of assets (IFRS16 leases) was USD 1,218 million. Cash and cash equivalents totaled USD 118 million as of December 31, 2022, compared with USD 73 million at the start of the year. Undrawn commitments under long-term bank facilities totaled USD 68 million, bringing total available liquidity to USD 186 million at year-end 2022. The equity ratio was 34.7% at year-end, compared to 26.5% as of December 31, 2021.

Odfjell has a diversified capital structure with few material balloon installments. Upcoming maturities are good opportunities to optimize our debt portfolio, and we also refinance facilities early, to reduce debt and lower our cost of capital. In 2022, we completed four refinancing transactions, involving 13 vessels, and we repaid a maturing bond. All transactions were done at improved terms and contributed to lowering our cost of capital, though higher interest benchmark rates reduced some of the positive effect on interest expenses in the short term. All new loans were issued under our Sustainability-Linked Finance Framework, and sustainability-linked loans now total 40% of interest-bearing debt.

The average maturity of the Group's total interest-bearing debt is 4.4 years (5.1 years in 2021). Average maturity on mortgaged loans from financial institutions is 3.2 years (2.6 years in 2021), financial leases mature on average in 7.6 years (8.3 years in 2021) and unsecured bonds mature on average in 1.3 years (2.1 years in 2021). Odfjell has a bond maturing in the third quarter 2023 for total NOK 975 million that has been swapped to USD 113 million. Our intention is to repay the bond with available liquidity reserves, but it may also be refinanced. We have few other upcoming and material maturities but will continue to optimize our debt portfolio to reduce debt and further improve our cost of capital.

Organization, working environment and job opportunities

In 2022, our strong, safety-first culture prevailed and together, we proved our ability to deliver strong results on safety, sustainability, operations, and financials.

We continue to make use of virtual solutions to ensure seamless collaboration across functions and geographies, and between shore and sea. Furthermore, we take care to develop our leaders and our organization, and to create good, constructive ship-shore interactions. Increased digitalization over the past few years has improved matters in this regard. In 2022, regular internal Fleet Week conferences were introduced. At Fleet Week, we bring together personnel from sea and shore to share information, discuss challenges as well as opportunities, and to learn from each other.

After lifting Covid restrictions in 2022, most face-to-face leadership courses, and external assessments of senior officers, are in operation again. As a result of a two-year Covid backlog, 2022 was a very active year in leadership development. During the pandemic, we learned much about e-training and as a result, we re-designed the Odfjell Leadership Courses for senior officers with this experience in mind. In 2022, we scheduled nine Odfjell Leadership Training courses, 16 ELITE Pro assessments, and several Bridge Resource Management (BRM) and Engine Resource Management (ERM) training courses.

Our organization has maintained a below-industry absence rate. In 2022, the recorded absence rate at headquarters was 1.85% (1.69% in 2021). For our own pool of Odfjell and Flumar seafarers, the 2022 absence was 0.91% (1.55% in 2021). The turnover rate was 8.5% (7.4% in 2021) at our headquarters and 2.4% (2.8% in 2021) for seafarers. Strong engagement and enablement survey scores, and our low absence rates onshore and at sea, indicate a healthy working environment.

We support freedom of association and, in line with local norms and regulations, adhere to various collective bargaining agreements for members of our workforce, onshore and at sea. Through various councils, committees and surveys, we listen to our employees' voice. Our annual wheel for performance management ensures a one-on-one dialogue between our onshore employees and their direct manager. This is an opportunity to align the employee's objectives with organizational objectives to best support our overall strategic direction, and to enable employees to set individual development goals for competence development and training.

As an organization, we aim to foster a safe, sustainable, and inclusive workplace for all, where everyone can contribute and is treated with respect. We believe that such a workforce will retain and attract tomorrow's talent. We promote diversity, inclusion, and equal opportunities for our employees. Out of about 161 employees at our Bergen headquarters, 65% are men (68% in 2021), 35% are women (32% in 2021), while the corresponding global figures are 68% (66% in 2021) and 32% (34% in 2021) respectively. Three of the six directors on the Board of Odfjell SE are women. We have set a target to increase gender balance at all levels, and are taking a structured approach with specific measures to achieve this. Our reporting follows the requirements of the Equality and Anti-Discrimination Act §26 which is available in the Annual report on the company's website.

In May, Odfjell announced that Harald Fotland had been appointed as the Company's new Chief Executive Officer (CEO), replacing the former CEO, Kristian Mørch, who stepped down after seven years at the helm. Fotland came from the position of Chief Operating Officer (COO). The Board is pleased to have an internal candidate take over the helm at Odfjell, providing expertise and experience, ensuring continuity and progress, and strengthening Odfjell's industry leadership.

The Board would like to thank all employees for the many positive achievements in 2022.

Remuneration of the Executive Management group

The Remuneration Committee handles the salary and other remuneration for the Executive Management and makes its recommendations to the Board. A description of the remuneration of the Executive Management and the Group's remuneration policy, including the scope and organization of bonus and share-price-related programs, is provided in the Board of Directors' Statement of Guidelines for the Remuneration of the Executive Management. A ceiling has been set for performance-related remuneration. The Board of Directors' report on salary, and other remuneration for leading personnel, is considered at the General Meeting and made available to shareholders, together with the Notice of the Annual General Meeting. It is also available on the Company's website. Also see note 21 in the Odfjell Group accounts for details about the remuneration of management in 2022.

Market development

After two years during which the pandemic was the main source of global unpredictability, war erupted in Europe with Russia's brutal invasion of Ukraine in February 2022. For years, Europe had grown increasingly dependent on Russian natural gas, so energy prices on the continent skyrocketed very quickly after the invasion. To remedy the short supply, LNG was sourced from all over the world, in turn affecting the cost of energy and chemical production feedstocks in far-away regions. Since February last year, a growing share of Russian crude oil, CPP, and liquid chemicals have either been formally sanctioned by government bodies, or voluntarily avoided by private entities. Odfjell made its position clear from the very start; we would not lift Russian cargoes, and we would not do business with Russian companies, regardless of whether or not formal sanctions were in place. A side effect of these embargoes, on a major supplier to the global markets, was the disruption of supply chains in all tanker segments. Tankers could not sail as efficiently as before, and customers found new suppliers further afield, inevitably leading to a decline in the supply of tonnage, as tonne-mile demand increased. This effect was particularly strong in the CPP market, where rates had been weak since 2021, leading to a large share of product tankers crossing into the chemical tanker market. As CPP rebounded, this swing tonnage now moved back to its preferred market.

Reduced swing tonnage was just one of several factors reducing supply in Odfjell's core markets in 2022. As fuel prices increased sharply in the first half of 2022, most owners opted to reduce the average fleet speed, including Odfjell. Stricter emissions regulations compounded this effect, and while our energy-efficient vessels allowed us to increase speed again towards year-end, the global fleet's average speed remained slower.

China's zero-Covid policy, which included lockdowns that interfered with dry dockings and caused port congestion, had an impact on much of 2022 as well.

In 2022, markets east of Suez at times reached historically high levels. While trade lanes west of Suez did not see the same peaks, it strengthened significantly, and we experienced solid CoA nominations. Volatility is to be expected in a market with tight supply, as is the case for chemical tankers, and it is something we have seen throughout the year. One consequence is that backhaul routes became fronthaul routes for a period, exemplified by the westbound trans-Atlantic trade lane, which showed significant strength in the second half of 2022.

In addition to the effect of longer voyages on the demand side, volume also played a significant role in 2022, albeit slightly less towards the final months of the year due to recession worries. Energy in general, and especially oil and gas, is a key factor in almost every value chain in the world. Consequently, the effects of sharply increasing oil and gas prices spread quickly, in the form of energy and feedstock costs, and when producers increased their prices to counter the higher cost, the result was inflation. This effect was worsened by supply chains running inefficiently due to Covid and the war, further constraining supply, and strong demand, partly on the back of Covid stimulus packages. In response, central banks around the world hiked interest rates sharply which, combined with inflation, meant consumer spending took a beating. This led commodity traders to be more cautious, and producers started drawing down stocks in case of a serious contraction. The outcome is still uncertain, illustrated by the IMF revising down 2023 growth figures in 3Q22, and then revised back up in their 4Q22 report. However, the reopening of China is expected to contribute to a stronger outlook than previously anticipated for the global economy.

To summarize, there are several uncertainties at a macro level, each of which could boost or slow momentum in our market. However, the key fundamental factors look favorable. On the demand side, total volume of chemicals to be transported is likely to remain stable or increase. The world depends on chemicals for everything, from fertilizers and medicine to plastics, and higher living standards in the developing world, which still has a low per capita consumption of chemicals, will only boost this demand. On the supply side, the chemical tanker fleet is aging and the orderbook remains at record low levels. More tankers are approaching end of life, and new orders remain lackluster due to high prices for newbuildings, and uncertainties regarding future propulsion technologies. Net fleet growth is therefore expected to approach negative territory somewhere between 2024 and 2025, supporting a solid medium-term outlook. The inefficient trade patterns in the CPP market are expected to persist, keeping swing tonnage away from our markets, and further supporting our outlook in the short and medium term. All in all, these factors should mean that fleet utilization for the chemical tanker fleet will remain solid through a strong cycle that is likely to last longer than is typical.

Company strategy and prospects

Odfjell strives to provide safe, efficient, and cost-effective chemical tanker and tank terminal services to our customers worldwide. Cooperation and knowledge sharing, between our shipping and tank terminals employees, offer operational and commercial benefits. In addition, the tank terminals have generally proven to be a stabilizing factor in our overall financial performance, as earnings from this area are less volatile compared to earnings from our shipping activities.

The war in Europe, which had an impact on energy markets and the world economy, made 2022 just as volatile as the preceding two years of the pandemic. Ordering of new chemical tankers has declined over the last few years and including 2022. The chemical tanker orderbook is now at 5.6% of current fleet, and even lower for the specialized deep-sea chemical segment that is our core market, which is far below historical averages. Consequently, we expect the supply/demand imbalance to remain in the owners' favor in the medium term. New environmental regulations discourage the shipping industry from making large orders for vessels running solely on fossil fuels, and prices on newbuildings are high. There are numerous growing obstacles to upcoming fleet renewals, including many owners who are still unsure about which zero-emissions technology will win out, and rising interest rates driving up the cost of borrowing.

Odfjell's strategy, in a nutshell, is: "Capturing the short term while de-risking and preparing for the long term". We want to take advantage of the upswing in our markets, but also be prepared if the short term disappoints. We de-risk by focusing on energy transition/efficiency, sustainability, financial strength and organizational strength. We have six long-term goals embedded in our strategy that we will strive to achieve:

- **Safety:** Industry-leading safety record with a zero-incident target
- **Cash flow:** Positive cash flow across the cycles, a strong balance sheet and competitive cost of capital
- **Sustainability:** A leader in sustainability, which we use to our advantage
- **Talent:** An organization that attracts, develops and maintains the best talent in the industry
- **Market leadership:** A clear market leadership position in chemical tankers
- **A growing terminal business:** A growing terminal business that should in time be no less than 1/3 of our business

World GDP growth is an important factor affecting chemical demand, and consequently the volume component of tonne-mile demand in our sector. The IMF has revised its growth projections for 2023 and 2024 significantly downwards, compared to its expectations one year ago. A bright spot, however, is that they made an upwards revision in their most recent "World Economic Outlook" report, partly based on the reopening of the Chinese economy as their government lifted some of its harshest Covid policies. Also, India will surpass China as the world's most populous country in 2023, with GDP projections for the country the strongest of all major economies for the coming two years.

While chemical production is expected to remain relatively stable in the short term, the distance component of tonne-mile demand is stronger. Trading patterns are less efficient than normal, due to the sanctioning of Russian related cargoes and entities, and also because of volatile feedstock and production costs. This leads to sudden surges in demand for shipping services in certain regions and trade lanes. In a tight supply situation, material movement of spot rates are to be expected. With a slim orderbook and few new orders, this supply/demand balance is expected to remain in our favor for the coming years.

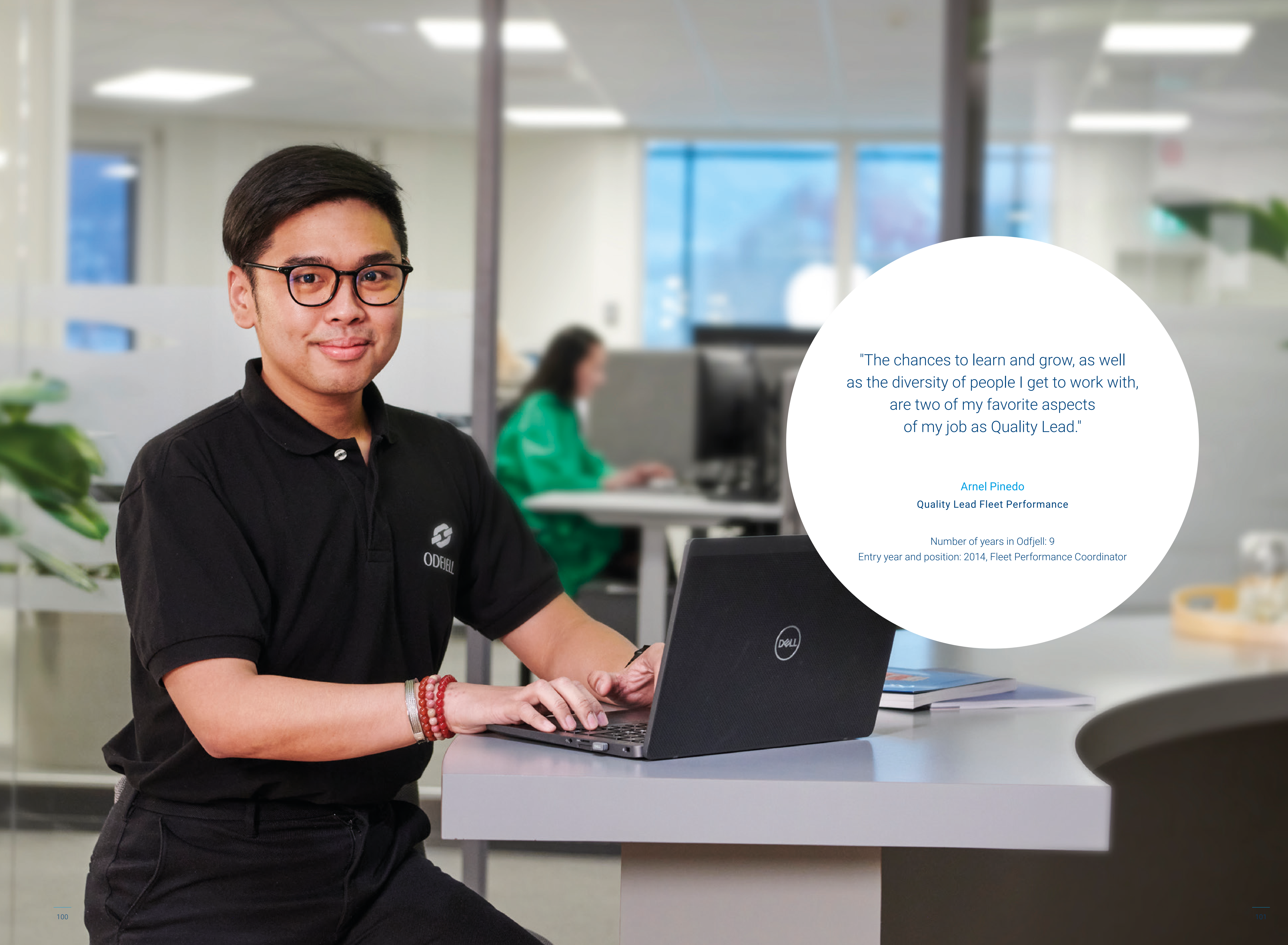
In the next 12 to 18 months, there are two main risks for the chemical tanker business. One, is that it takes longer than anticipated to reduce the high inflation rates, forcing central banks to keep interest rates steady or raise them more, which stifles economic growth. Second, we closely monitor the geopolitical situation and tensions between the United States and China, including possible Chinese support for the Russian war, technological development, potential sanctions, and Taiwan-related tensions. The most significant risks with the latter are associated with trade restrictions, inefficient operations, and the operational risk to global shipping in the Taiwan Straits. At the time of this report's publication, we also observe recent bank failures in the United States and Europe which have led to increased uncertainty in the financial markets, however, it is too soon to predict how this may affect the economy.

Going forward, the shipping business, both general shipping and chemical tankers, will continue to face new challenges and opportunities. As of 2023, Odfjell will start reporting on the actual CII of our vessels, targeting a minimum C-rating, in accordance with updated IMO regulations. We are also fully prepared for the implementation of the EU Emissions Trading Scheme in 2024. With a commercial organization well versed on the implications of the new regulations, we will leverage our market-leading position to gain further competitive advantages. Odfjell's charter parties now cover the introduction of the EU ETS, and we already report CO_2 emissions per cargo to our customers. Odfjell has a history of being at the forefront of our industry, and we are committed to continue playing an active role in shaping it and staying ahead of the curve.

Our key focus is to deleverage further to build financial strength, reduce our cash break-even level, and to pay dividends to shareholders throughout the cycles. We continue to renew our fleet and signed four new 25 dwt vessels on long-term charter in 2022. We want to grow our market share going forward and have a long-term ambition of expanding our fleet with the markets we serve. However, due to the unpredictability of future emission standards and high newbuilding costs, we are currently focusing on second-hand market opportunities, prospective additional time charter vessels, and potential new pool arrangements.

Odfjell has a long-term focus on fleet development and has established programs and roles to evaluate technology and develop solutions and concepts for next-generation chemical tankers. We are well-positioned and have a detailed road map to meet regulations for 2030. Odfjell will only order newbuildings with zero-emission capable technology going forward, and we aim to have a zero-emissions capable fleet from 2050. We actively support initiatives to develop technology and infrastructure for decarbonization, energy efficiency and zero emissions, and we support international regulation to drive zero-emissions for our industry and our value chain. The IMO will review their strategy in 2023, and while Odfjell is on track to reach our goal of a 50% reduction in carbon intensity well before 2030, we will consider a revision of our target after the updated IMO strategy is decided.

Having a leading position in ESG and having the most energy-efficient fleet in the deep-sea chemical tanker industry is not enough. We must continue to strive to be world-class when it comes to safety and quality performance, across the board. We must improve our performance to ensure that we maintain, and increase, our profitability levels. Our mission remains clear: To handle hazardous liquids, safely and more efficiently than anyone else in the industry.



"The chances to learn and grow, as well as the diversity of people I get to work with, are two of my favorite aspects of my job as Quality Lead."

Arnel Pinedo

Quality Lead Fleet Performance

Number of years in Odfjell: 9
Entry year and position: 2014, Fleet Performance Coordinator

Odfjell Group

Financial statements & Notes

Consolidated statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2022	2021
Consolidated statement of profit or loss			
Gross revenue	4, 24, 25	1 309 545	1 038 367
Voyage expenses	18	(547 845)	(432 507)
Pool distribution	3	(108 583)	(101 063)
Time charter earnings		**653 117**	**504 797**
Time charter expenses	12	(21 830)	(20 486)
Operating expenses	12, 19	(187 266)	(191 057)
Gross result		**444 021**	**293 254**
Share of net result from associates and joint ventures	28	12 694	5 117
General and administrative expenses	20, 21	(73 707)	(59 344)
Other operating income/expense	31	(1 735)	6 203
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		**381 274**	**245 230**
Depreciation and amortization	11, 12	(161 217)	(179 900)
Impairment of property, plant and equipment	13	—	(21 087)
Capital gain (loss) on property, plant and equipment	11	3 808	3 204
Operating result (EBIT)		**223 865**	**47 446**
Interest income		4 482	608
Interest expenses	8, 12	(81 887)	(75 547)
Other financial items	22, 23	(1 761)	(2 277)
Net financial items		**(79 166)**	**(77 216)**
Result before taxes		**144 699**	**(29 770)**
Income tax expense	9	(3 090)	(3 437)
Net result		**141 609**	**(33 206)**
Other comprehensive income			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges changes in fair value	6	20 673	11 694
Cash flow hedges reclassified to profit or loss on realization	6	6 416	(3 394)
Share of comprehensive income on investments accounted for using equity method	28	5 610	(3 953)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Net actuarial gain/(loss) on defined benefit plans		1 124	1 113
Other comprehensive income		**33 823**	**5 460**
Total comprehensive income		**175 432**	**(27 746)**
Total comprehensive income allocated to:			
Non-controlling interests		—	—
Equity holders of Odfjell SE		175 432	(27 746)
Earnings per share (USD) - basic/diluted	14	1.79	(0.42)

Consolidated statement of financial position

Assets as per December 31 (USD 1 000)	Note	2022	2021
Non-current assets			
Deferred tax assets	9	1 795	926
Real estate	11	979	1 230
Ships	3, 11, 13	1 319 620	1 392 772
Right-of-use assets	12	208 735	219 944
Office equipment	11	7 023	7 690
Investments in associates and joint ventures	28	167 791	179 470
Derivative financial instruments	6	9 302	—
Net defined pension assets	10	1 578	1 644
Non-current receivables		4 638	2 747
Total non-current assets		**1 721 462**	**1 806 423**
Current assets			
Current receivables	24	117 821	116 465
Bunkers and other inventories		32 960	38 754
Derivative financial instruments	6	5 123	671
Other current financial assets	6	12 935	15 594
Loan to associates and joint ventures	28	750	727
Cash and cash equivalents	17	117 667	73 477
Assets classified as held for sale	**29**	—	21 019
Total current assets		**287 257**	**266 707**
Total assets		**2 008 719**	**2 073 130**

Equity and liabilities as per December 31 (USD 1 000)	Note	2022	2021
Equity			
Share capital	26	29 425	29 425
Treasury shares		(2 486)	(2 504)
Share premium	26	172 388	172 388
Other equity		497 892	349 280
Total equity		**697 220**	**548 587**
Non-current liabilities			
Deferred tax liabilities	9	15	268
Pension liabilities	10	3 534	5 296
Derivative financial instruments	6	8 168	17 263
Non-current interest-bearing debt	8	739 090	969 049
Non-current debt, right-of-use assets	8, 12	156 636	172 562
Other non-current liabilities		11 090	841
Total non-current liabilities		**918 533**	**1 165 280**
Current liabilities			
Current portion of interest-bearing debt	8	218 061	169 073
Current debt, right-of-use assets	8, 12	63 354	60 732
Taxes payable	9	214	123
Derivative financial instruments	6	25 351	9 156
Other current liabilities	8, 25	85 987	120 179
Total current liabilities		**392 966**	**359 263**
Total liabilities		**1 311 499**	**1 524 543**
Total equity and liabilities		**2 008 719**	**2 073 130**
Guarantees	16	45	181

The Board of Directors of Odfjell SE

Bergen, March 24, 2023

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Harald Fotland
CEO

Consolidated statement of cash flow

(USD 1 000)	Note	2022	2021
Cash flow from operating activities			
Result before taxes		144 699	(29 770)
Taxes paid in the period		(4 100)	(4 051)
Depreciation, impairment and capital (gain) loss fixed assets	11, 12, 13	157 563	198 424
Change in inventory, trade debtors and creditors (increase) decrease		(12 633)	(10 631)
Share of net result from associates and joint ventures	28	(12 694)	(5 095)
Net interest expenses		77 405	74 939
Interest received		4 544	605
Interest paid		(80 842)	(73 920)
Effect of exchange differences and changes in unrealized derivatives		(3 371)	(613)
Other current accruals		18 053	2 731
Net cash flow from operating activities		**288 624**	**152 620**
Cash flow from investing activities			
Sale of ships, property, plant and equipment	11	34 734	20 440
Investment in ships, property, plant and equipment	11	(37 314)	(34 371)
Dividend received/share capital reduction in joint ventures	28	2 683	2 890
Investment in associates and joint ventures	28	–	–
Acquisition of subsidiary [1]	28	(19 076)	(11 739)
Changes in non-current receivables		(1 891)	2 509
Net cash flow from investing activities		**(20 864)**	**(20 271)**
Cash flow from financing activities			
New interest-bearing debt (net of fees paid)	8	236 553	222 102
Loans from associates and joint ventures	8	26 754	–
Repayment of interest-bearing debt	8	(376 715)	(312 635)
Realized derivates related to interest-bearing debt		(4 818)	–
Repayment of drawing facilities	8	(15 000)	(9 900)
Repayment of lease debt related to right-of-use assets	8	(61 990)	(60 729)
Payment of dividend		(26 250)	–
Net cash flow from financing activities		**(221 466)**	**(161 161)**
Effect on cash balance from currency exchange rate fluctuations		(2 102)	(821)
Net change in cash and cash equivalents		**44 191**	**(29 634)**
Cash and cash equivalents as per January 1		73 477	103 111
Cash and cash equivalents as per December 31	17	**117 667**	**73 477**

[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. In July 2022, Odfjell SE purchased the remaining 49% of shares in Odfjell Terminals Asia Holdings for a net cash outflow of USD 19.1 million.

Consolidated statement of changes in equity

(USD 1 000)	Share capital	Treasury shares	Share premium	Translation differences	Cash flow hedge reserve	Pension remea-surement	OCI associates and joint ventures	Retained earnings	Total other equity	Total equity
Equity January 1, 2021	29 425	(2 546)	172 388	268	(21 420)	(1 998)	10 513	389 265	**376 628**	**575 896**
Other comprehensive income	–	–	–	–	8 300	1 113	(3 952)	–	**5 460**	**5 460**
Net result	–	–	–	–	–	–	–	(33 206)	**(33 206)**	**(33 206)**
Total comprehensive income	**–**	**–**	**–**	**–**	**8 300**	**1 113**	**(3 952)**	**(33 206)**	**(27 746)**	**(27 746)**
Dividend payment	–	–	–	–	–	–	–	–	**–**	**–**
Sale of treasury shares	–	42	–	–	–	–	–	395	**395**	**437**
Equity as at Equity December 31, 2021	**29 425**	**(2 504)**	**172 388**	**268**	**(13 120)**	**(885)**	**6 561**	**356 454**	**349 278**	**548 587**
Equity January 1, 2022	29 425	(2 504)	172 388	268	(13 120)	(885)	6 561	356 454	**349 278**	**548 587**
Other comprehensive income	–	–	–	–	27 089	1 124	5 610	–	**33 823**	**33 823**
Net result	–	–	–	–	–	–	–	141 609	**141 609**	**141 609**
Total comprehensive income	**–**	**–**	**–**	**–**	**27 089**	**1 124**	**5 610**	**141 609**	**175 432**	**175 432**
Dividend payment	–	–	–	–	–	–	–	(26 250)	**(26 250)**	**(26 250)**
Sale of treasury shares	–	18	–	–	–	–	–	–	**–**	**18**
Other adjustments	–	–	–	–	–	–	–	(567)	**(567)**	**(567)**
Equity December 31, 2022	**29 425**	**(2 486)**	**172 388**	**268**	**13 969**	**239**	**12 171**	**471 247**	**497 893**	**697 220**

Notes to the Financial statement

Note 1
Corporate information

Odfjell SE, Conrad Mohrs veg 29, Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell SE is a public limited company traded on the Oslo Stock Exchange with the tickers ODF and ODFB. The consolidated financial statement of Odfjell for the year ended December 31, 2022 was authorized for issue in accordance with a resolution of the Board of Directors on March 24, 2023. The Odfjell Group includes Odfjell SE, subsidiaries incorporated in several countries (see note 27 for an overview of consolidated companies), and our share of investments in joint ventures (see note 28).

Odfjell is a leading company in the global market for transportation and storage of bulk liquid chemicals, acids, edible oils and other specialty products. Through its various subsidiaries and joint ventures, Odfjell owns and operates chemical tankers and tank terminals. The principal activities of the Group are described in note 4.

Unless otherwise specified, the 'Company', 'Group', 'Odfjell' and 'we' refer to Odfjell SE and its consolidated companies.

Note 2
Summary of significant accounting principles

2.1 Basis for preparation

The Odfjell Group has prepared its consolidated financial statements according to International Financial Reporting Standards (IFRS) approved by the EU. The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value.

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

2.2 Changes in accounting principles

The following new standards and amendments became effective as at January 1, 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendment to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

The amendment to IFRS 3 adds an exception to recognition principles in IFRS 5 to avoid the issue of potential day 2 gains or losses arising for liabilities within the scope of IAS 37 Provisions, Contingent liabilities and Contingent assets.

Amendment to IAS 16 prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment to IFRS 1 permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment to IFRS 9 clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment to IAS 41 removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments mentioned above had no impact on the consolidated financial statements of the Group.

2.3 Revenues from contract with customers

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Freight revenue from transportation of liquids by sea
The Group recognizes revenue from rendering of transportation services over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes freight revenue over time from load port to discharge port by measuring the progress towards complete satisfaction of the services. Number of days sailed from load port compared to total estimated days until discharge port is used as a measure of progress. The method applied is the one that most faithfully depicts our progress towards complete satisfaction of the performance obligation.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception or when changes in circumstances occur and is recognized as revenue if it is highly probable that there will not be a significant reversal of revenue in a future period. The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated lay time. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from the delay occur to the discharge port).

Contract balances
Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recognized revenue for freight services partly satisfied from voyages have commenced but are not completed and invoices that have not been issued as per December 31. Contract assets are reclassified to receivables from contracts with customers once the freight service is being invoiced to the customer, at the latest when the voyage is completed. Contract assets include variable consideration only when it is highly probable that there will be no significant reversal at a later date when the uncertainty related to the variable payment is resolved. Contract assets are classified as part of current receivables in the balance sheet.

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfills the performance obligation(s) under the contract.

Cost to obtain a contract
The Group has elected to apply the optional practical expedient for costs to obtain a contract, e.g. broker commissions, which allows the Group to immediately expense such costs when the related revenue is expected to be recognized within one year.

External pool vessels
Odfjell operates pools of ships delivering freight services to customers and external ships participate in the pools. Under IFRS 15, Odfjell acts as a principal for the external ships in the pool since the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement.

2.4 Segments

Operating segments are reported in the manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board and Executive Management which makes the strategic decisions. In the internal reporting, the proportionate consolidation method is used for the Group's share of investments in joint ventures and associates. The proportionate consolidation method means that we include the Group's share of revenue and expenses in addition to our share of assets and liabilities. In the consolidated financial statements, investments in joint ventures and associates are accounted for according to the equity method. Transactions between the individual business areas are priced at market terms and are proportionately eliminated in the consolidated accounts.

2.5 Property, plant and equipment

Property, plant and equipment, including ships, newbuilding contracts, real estate, office equipment and cars, are measured at historical cost, which includes purchase price, capitalized interest and other expenses directly related to the assets. The carrying value of property, plant and equipment represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts, capitalized loan interest and other costs directly associated with the newbuilding and are not depreciated until the asset is available for use.

The investment is depreciated over the remaining useful life of the asset. We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life. To assess the residual value of ships we use the current estimated recycling value. The residual value for ships is estimated by distributing the total lightweight of the ships in a stainless steel part and a carbon steel part. Steel are estimated to the market value of steel at year-end. Stainless steel is valued at 10% of the quoted nickel price at London Metal Exchange at the balance sheet date. The residual values are measured on a yearly basis and any changes have an effect on future depreciation.

Each component of property, plant and equipment that is significant to the total cost of the item is depreciated separately. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component over their useful lives. The carrying amount of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the income statement in the period they are incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance, and this component is depreciated over the period until the next periodic maintenance.

Expected useful lives of property, plant and equipment are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation is adjusted accordingly. Changes are valid as from the dates of estimate changes.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating result. When the carrying amount of a property, plant and equipment will be recovered principally through a sale transaction rather than through continued use they are reported at the lower of the carrying amount and the fair value less selling costs.

Property, plant and equipment are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Impairment of property, plant and equipment
The carrying amount of the Group's tangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Assets held for sale are excluded from the cash generating units and are assessed separately for impairment.

The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and value in use. The value in use is the net present value of future estimated cash flow from the employment of the asset. The net present value is calculated using the weighted average cost of capital as discount rate. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognized in income statement.

Impairment losses recognized in the income statement for previous periods are reversed when there is information that the basis for the impairment loss no longer exists. This reversal is classified in the income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

2.6 Leasing

To a large extent, the Group's leasing activity relates to ships where Odfjell is the lessee. The leasing contract are either bareboat or time charter parties. They are typically made for fixed periods of one year to ten years. Lease payments are normally fixed for the whole lease period.The Group also leases offices in various areas. Most charter contracts entitles the Group to either extend the lease period and/or to purchase the asset after a certain period.

Bareboat lease contracts relates to the lease of a specific ship, while time charter contracts include the lease of the specific ship and in addition a non-lease component (crew and maintenance; operating expense). We have separated the non-lease component by estimating the operating expense based on internal and external sources (benchmark of ships on external management) for ships of similar classes as ships on time charter contracts. Therefore, only payments for the bareboat element are included when estimating the lease liability.

The existence of extension options and option to purchase the ships are used to maximize operational flexibility and to reduce residual value risks associated with legal ownership. The extension and purchase options are exercisable only by Odfjell. Consideration payable for extension or purchasing the underlying ship are included when estimating the lease payments and lease term only to the extent it is reasonably certain that Odfjell will exercise its options. A significant part of the leased assets relates to ships where the minimum lease term are up to eight years - ten years. The likelihood of exercising options is made at commencement date, the date when the underlying asset is made available to Odfjell.

If significant circumstances change as a consequence of significant events within the control of the Group, the likelihood of exercising the options is reassessed. Such event could be that one or more of the leased ships are needed to fulfill the Group's contracts obligations towards customers. Refer to note 3 for further information on the assessment of lease terms and options.

Leases are recognized as a right-of-use assets and a corresponding liability at the date which the leased asset is available for use by Odfjell. Assets and liabilities are measured on a present value basis. The discount rate used is the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease liabilities include the net present value of the bareboat element.

Right-of-use assets are measured at cost comprising the amount initial measurement of the lease liability and direct external cost associated with negotiation of the lease contract.

For right-of-use assets where Odfjell is obliged to ensure dry-docking, we estimate the expense for the first dry-docking, separate this from the right-of-use asset and depreciate the estimated dry-docking over the period from the commencement of the lease until the estimated time of dry-docking. Once the dry-docking has taken place, the Group capitalizes these expenses and depreciate over the shorter period until the next scheduled dry-docking or the remaining lease term.

The non-lease element, deducted from nominal lease payments when calculating the net present value of the lease liability, is charged to the income statement classified as 'Operating expenses'.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period producing a constant periodic rate of interest on the remaining balance of the liability each period.

Payments associated with short term leases of ships, other equipment and all leases of low value assets are recognized on a straight line basis as an expense in the income statement. Assets regarded as low value assets are equipment which need electricity to operate (e.g. copy machine, coffee machine). Short term leases of ships are classified as 'time charter expenses' in the Group's income statement. Other short term leases and leases of low value assets are classified as 'General and administrative expenses'.

Short term leases are those where the lease term are 12 months or less. Options to extend the lease term are included in assessment of the lease term once the extension is agreed.

The Group regularly enters into sale-leaseback transactions related to ships. For these transactions, the Group evaluates whether the transfer of the asset satisfies the requirements of IFRS 15 to account for the transfer as a sale. For transactions where the Group retains control of the asset, and obtains substantially all of the remaining benefits based on the length of the lease and/or rights to purchase the asset through options, the transaction is accounted for as a financial arrangement in accordance with IFRS 9.

For transactions which meet the criteria as a sale and leaseback and the leaseback exceeds 12 months, the asset is derecognized and the Group recognizes a right-of-use asset equal to a proportion of the previous carrying amount consistent with the right-of-use retained in the transaction. Gain from such sale is calculated as the proportion of the rights transferred to the buyer. For leaseback where the lease term is less than 12 months, no right-of-use asset is recognized and the whole gain from the sale is recognized in the income statement.

The Odfjell Group is acting as pool manager for pools with external pool participants. The lease payments to external pool participants are entirely variable and therefore not included when calculating the lease liability. The variable lease payment, less management fee to pool manager, is charged to income statement as 'pool distributions'.

2.7 Consolidation

The consolidated statements consist of Odfjell SE and its subsidiaries as at December 31 each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control, but the Group considers all facts and circumstances when assessing whether it has power over the investee.

Identified excess values have been allocated to those assets and liabilities to which the value relates. Fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the balance sheet date. Excess values are depreciated over the estimated useful lives for the relevant asset and liabilities.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.8 Investment in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognized at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually.

The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values, net of deferred tax, are included in the net result from the joint ventures.

Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

Impairment of joint ventures and associates
The Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investments are tested for impairment as one single asset.

2.9 Currency

The consolidated financial statements are presented in USD as the Group operates in an international market where the functional currency is mainly USD. The functional currency of the parent company is USD.

Transactions in non-USD currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the income statement.

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the income statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in other comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the income statement.

2.10 Financial instruments

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

Recognition and derecognition
Financial assets and liabilities are recognized in the statement of financial position at the date the Group becomes a party to the contractual provisions of the financial instruments. Financial instruments are recognized at fair value, which normally equals their transaction price. Trade receivables are measured at transaction price. Transaction costs are recognized in profit or loss, with the exception of transaction costs related to financial instruments measured at amortized cost or fair value through OCI where transaction costs adjust the instruments' carrying amount and are amortized over the expected life of the instruments.

A financial asset is derecognized when the right to receive and retain cash flows from the asset has expired, or when the rights to receive the cash flows from the financial asset and substantially all the risks and rewards from ownership of the financial asset has been transferred. A financial liability is derecognized when it is extinguished, i.e. when the financial liability is discharged, canceled or expires.

Classification and measurement
Financial assets are measured at amortized cost if their contractual cash flows are solely payment of principal and interest on the principal amount outstanding, and they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. All financial assets of the Group that are not derivatives or equity instruments meet these conditions and are measured at amortized cost. Derivatives and equity instruments are measured at fair value through profit or loss, with the exception of derivative instruments that are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial assets; loan to associates and joint ventures, trade receivables (included in current receivables), derivative financial instruments and cash and cash equivalents.

Financial liabilities are accounted for at amortized cost, unless they are held for trading, designated at fair value through profit or loss or are derivatives. Financial liabilities of the Group are measured at amortized cost, with the exception of derivatives which are either measured at fair value through profit or loss or are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial liabilities: Long- and short-term interest-bearing debt, trade and other payables (included in 'other current liabilities' in the statement of financial position) and derivative financial instruments.

Impairment
Impairments are recognized based on a three-step model, where assets are classified in step 1 at initial recognition and in subsequent periods if the credit risk of the assets has not increased significantly after initial recognition. Impairment losses for assets classified in step 1 is measured as the 12 month expected credit loss. If the credit risk has increased significantly after initial recognition, the financial assets shall be classified in step 2 or 3, and expected credit loss is measured at lifetime expected credit loss. When estimating expected credit loss, the Group takes into consideration historical loss experience, information about current conditions and expectations for future developments.

A simplified impairment model applies for trade receivables, where impairment losses are measured at lifetime expected credit loss irrespective of whether credit risk has increased significantly or not.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge interest rates, foreign currency risk and commodity price risk (bunkers). Derivative financial instruments are forward currency contracts, interest rate swaps and forward commodity contracts. Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivatives are recognized as assets if the fair value is positive and as a liability when the fair value is negative.

For the purpose of hedge accounting, the derivatives are classified as cash flow hedges and hedges highly probable future cash flows. Forward currency contracts hedges future highly probable cash outflows in NOK and forward commodity contracts hedges highly probable future purchase of bunkers nominated in USD. Interest rate swaps hedges future interest payments.

At the inception of the hedging relationship, the Group formally designates and documents the hedge relationship aligned with the risk management objective and hedging strategy.

Until the highly probable future transaction occurs, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve. Any ineffective portion is recognized in the income statement immediately as other financial items. The amount accumulated in the cash flow reserve is reclassified to profit and loss as an adjustment in the same period as the hedged cash flow affects profit and loss. In the income statement, adjustments related to forward commodity contracts are included in the line voyage expense. The adjustments related to forward currency contracts are recognized in operating expenses and general and administrative expenses. Adjustments associated with interest rate swaps are included as interest expense.

Derivative financial contracts used as hedging instruments are classified as current assets or current liabilities if they mature within 12 months after the balance sheet date. Derivative financial contracts maturing more than 12 months after the balance sheet date are classified as non-current assets or non-current liabilities.

2.11 Inventories

Bunkers, spare parts and consumables are accounted for at purchase price, on a first-in, first-out basis.

Inventories are measured at the lower of cost and net realizable value. If inventory is written down to net realizable value, the write down is charged to the income statement.

2.12 Cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalents in the cash flow statement does not include available credit facilities.

2.13 Equity

Paid in equity
(i) Share capital
Ordinary shares (A- and B-shares) are classified as equity. The paid in equity equals the nominal value per share.

(ii) Treasury shares
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(iii) Share premium
The excess value of the total paid-in-capital is not reflected in the nominal value of the shares. Transaction costs of an equity transaction are accounted for as a deduction in share premium, net of any related income tax benefit.

Other equity
(i) Translation differences
Translation differences arise in connection with currency differences when foreign entities, joint ventures and associates are consolidated. When a foreign operation is sold, the accumulated translation differences linked to the entity are reversed and recognized in profit or loss in the same period as the gain or loss on the sale is recognized.

(ii) Cash flow hedge reserve
The cash flow hedge reserve includes the total net unrealized change in the fair value of the cash flow hedge derivatives. When the hedged cash flow matures or is no longer expected to occur, the net change in fair value is transferred to the income statement.

(iii) Retained earnings
Retained earnings equals net result less dividend paid to shareholders and other adjustments. Dividends are recorded as a deduction to Other equity in the period in which they are approved by the shareholders.

(iv) Pension remeasurement
The Group holds some minor defined benefit plans. Remeasurement of these defined pension obligations as a consequence of changes in assumptions, are recognized directly in equity.

(v) Other comprehensive income from associates and joint ventures
Our share of items charged directly to equity in associates and joint ventures are charged directly to Odfjell's equity as classified into this sub item of the equity.

2.14 Taxes

The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system and the Approved International Shipping system in Singapore. In addition, we operate under local tax systems, most importantly in Brazil. The Group's taxes include taxes of Group companies based on taxable profit for the relevant financial period, together with tax adjustments for previous periods and any change in deferred taxes. Withholding tax on dividend received and withholding tax on capital gains are classified as income tax. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it no longer can utilize these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognized irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognized at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime.

Tax payable and deferred taxes are recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

2.15 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.17 Pension cost and liabilities

The Group operates a number of pension plans in accordance with the local conditions and practices in the countries in which it operates. Such pension plans are defined benefit plans or contribution plans according to the customary pension plans prevailing in the country concerned.

Defined benefit pension plans are pension plans with retirement, disability and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary with the Company. Generally, the schemes are funded through payments to insurance companies. The liability in respect of defined benefit pension plans is the present value of the accumulated defined benefit obligation at the balance sheet date less the fair value of plan assets. The net pension liability is calculated based on assumptions with regards to interest rates, future salary adjustments etc. These assumptions are based on historical experience and current market conditions. The cost of providing pensions is charged to income statement so as to spread the regular cost over the vesting period of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income.

For defined contribution plans, contributions are paid to pension insurance plans. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

2.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

2.19 Comparatives

Comparative figures have been reclassified to conform to changes in presentation in the current year when there are changes in accounting principles, corrections of errors or operations defined as discontinued.

2.20 Related parties

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. The Company considers these arrangements to be on reasonable market terms.

2.21 Classification in the financial statement

Odfjell has used a classification based on a combination of nature and function in the income statement.

Note 3
Critical accounting judgment and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree and judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Revenue from contract with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Timing of freight revenue
The Group generates its revenue from contract with customers from the transportation of liquids by sea. After commencement of a sea voyage, estimated revenue is recognized and prorated over time from a cargo is loaded to the estimated time of discharge. Estimated revenue and time from load to discharge is being updated as the voyage processes to include most recent data, and changes in estimates will impact revenue and contract balances. See note 24 for information about contract balances.

(ii) Variable consideration - demurrage
The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated lay time. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from delay occurrenceto the discharge port). Changes in estimates related to demurrage will impact revenue and contract balances.

(iii) Principal versus agent considerations
Odfjell operates pools of ships delivering freight services to customers and external ships participate in the pools. The Group determined that it does act as a principal, not as an agent, for those external ships in the pool since the operations of the external vessels and the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement.

If some vessels have been on commercial management with Odfjell (prior to entering into pool participation agreements), the Group determines that it does act as an agent, not a principal, for the ships on commercial management since Odfjell does not have the risk or ability to direct and control the freight services provided by these ships. Revenues generated by ships on commercial management are therefore not recognized as gross revenue in the income statement.

Climate and regulatory risk
In preparing the financial statements, the Group considers transition to a low carbon economy and the potential impact of climate change. The International Maritime Organization (IMO) initial strategy envisages a reduction in carbon intensity by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to a 2008 baseline. While the 40% reduction target is on a ship-by-ship basis, the 2050 strategy is not fully crystallized. The Carbon Intensity Indicator (CII) is a rating system for ships which is a mandatory measure that came into effect at the beginning of 2023. The CII rating is on a scale from A-E where D rating over three years or an E rating for one single year requires a corrective action plan to bring the performance to C or above rating. In 2025 IMO will conduct a review to adjust or correct CII to ensure they hit their 70% reduction target.

The Group has worked consistently over several years with propulsion efficiency measures and other initiatives to improve the fuel efficiency for the vessels. As a result, internal analysis indicates that all our owned vessels are in compliance with the Carbon Intensity Indicator (CII), achieving a C-rating or better in 2023. To achieve the same ratings in 2030, the analysis shows that for some vessels we will either have to increase the fuel efficiency further by investing in additional energy-saving devices or alternatively adjust the speed for these vessels.

The shipping industry will become incrementally subject to the EU Emission Trading System (ETS) in 2024 which will require the Group to purchase carbon-offset credits. As a consequence, the Group's voyage expenses will increase and could impact the profitability and cash flows unless offset by an increase in revenue. In addition to the Group's strategy to operate a fuel-efficient fleet, Odfjell will seek to implement clauses in freight contracts ensuring recovery for the added voyage expenses.

The future impact from climate change may encompass an increase in extreme weather resulting in re-routing, increased risk of port and infrastructure damages causing disruption to regular operations for both the Group and its customers, lower productivity and increased operational cost. These sources of uncertainties are primarily related to our vessels including right-of-use assets impacting the:

- Useful life of vessels
- Residual value of vessels
- Cash inflows from continuing use of the Group's vessels when assessing the recoverable amount

In the sections 'Depreciation and residual value of ships' and 'Estimation of useful life of vessels' we have described our assessment of the useful life of vessels and recycling values and consequences if our assessments are wrong. When assessing the residual value of vessels, we assume that the vessels are recycled according to prevailing regulatory requirements and at the location where the best recycling price is achieved.

The established remaining useful life of vessels is used as basis for the time period over which we consider cash flows from our vessels when assessing the recoverable amount, see note 13 of impairment assessment.

Depreciation and residual value of ships
Ships are recognized at historical cost less accumulated depreciation and any impairment charges. The cost of the ships includes the contract price, expenses related to site team and pre-delivery borrowings incurred. The cost less residual value is depreciated on a straight-line basis over the ships' estimated useful life.

The cost of the ships is divided into separate components for depreciation purposes. Estimated cost of first time dry-docking is deducted from the cost of the ship and depreciated separately over a period until the next dry-docking. The residual value of these dry-docking components is zero.

Residual value is estimated based upon the latest available steel-price/stainless steel price and the lightweight of the ships. Stainless steel part of the lightweight of the ships is separately assessed and valued as part of the total residual value. Residual values are updated once a year.

Estimated useful life of the ships is 25-30 years. Estimated cost of dry-docking is depreciated over an estimated period of 5 years for ships not older than 15 years. Capitalized dry-docking for ships older than 15 years is depreciated over 2.5 years. If actual useful life of the ships differs from estimated useful life an impairment loss could occur.

If residual value is incorrect, the future depreciation would be affected, either as a reduction if residual value is understated or as an increase in deprecation if residual value is overstated.

For vessels where the Group's intended use is shorter than its economic life, the estimated sales price less cost of disposal is used as residual value.

Estimation of useful life of vessels
The useful life of the Group's owned vessels is the expected economic life of the vessels. Economic life is the period over which it is economically profitable to use the vessel. Wear and tear, technical and commercial obsolescence and environmental requirements are factors affecting the assessment of the useful life.

Over the last years, fuel efficiency initiatives have improved the fuel efficiency and also made our vessels more competitive than the industry at large. Internal assessments show that owned vessels will, over the their remaining useful life, be compliant with current IMO requirement of carbon emission reductions (40% reduction within 2030 compared to a 2008 baseline).

Investments due to new environmental requirements, if any, and periodic dry-dockings are conducted to comply with requirements from various stakeholders.

Odfjell Group has applied 25-30 years as estimated useful life of its owned vessels consistently over the years.

If useful life is shortened, the annual depreciation will increase and value in use calculated when testing assets for impairment would be reduced.

Determination of the lease term for right-of-use assets
In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Extension options and/or purchase options for ships are not included in the lease liability because the Group could replace the ships without significant cost or business disruption. Further, future technological development increases the likelihood of not exercising the options to extend and not to exercise purchase options. Thus, it is assessed that exercising the options is not reasonably certain. The nominal amount of lease payments not included in the lease liability is included in note 12 .

Impairment test chemical tanker vessels
The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

In determining fair value less cost of disposal we use indicative broker values from independent ship brokers. In assessing value in use, the estimated future cash flows are discounted to their present value using an average weighted cost of capital that reflects current market assessments.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group has identified one CGU within the chemical tanker segment, the deep-sea trade together with the regional South America trade. The Group's right-of-use assets in the vessel category are included in the deep-sea CGU.

As the Odfjell vessels within each CGU are interchangeable through a logistical system/fleet scheduling and that customer contracts are not linked to a specific vessel, cash inflows are therefore dependent of this scheduling and chemical tankers vessels are seen together as a portfolio of vessels. In addition, the pool of officers and crew are used throughout the fleet. Odfjell has a strategy of a total crew composition and how the crew is dedicated to the individual vessels varies. Changing the crew between two vessels can change the net present value per vessel without any effect for the Group. Vessels will only be impaired if the total recoverable amount of the vessels within each CGU is lower than the carrying amount related to that CGU.

If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized for the asset in prior years.

Factors that indicate impairment which trigger impairment testing may be significant decline in chemical tanker freight rates, significant decline in market values of vessels, significant underperformance compared to projected operating results, change in strategy for the business, significant negative industry or economic trends, significant loss of market share and significant unfavorable regulatory decisions. In addition, the company's market capitalization below the book value of equity would be an indicator of impairment.

The key assumptions used to determine the recoverable amount for the CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Impairment test of investments in joint ventures
According to the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized in the Income Statement as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investment is tested for impairment as one single asset/one cash generating unit. If the joint venture is a group itself (a joint venture sub-group), we estimate our share of the recoverable amount of the total investment in the joint venture by adding up estimated share of the fair value less cost to sell or value in use for each underlying cash generating unit in the joint venture sub-group.

We test the investment in the Tank Terminals joint ventures for impairment. We estimate the fair value less cost to sell or value in use for the investment based on adding up Odfjell's share of the estimated values for each tank terminal which represents underlying CGUs in the joint venture.

Note 4
Segment information and disaggregation of revenues

The operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has two reportable operating segments: Chemical Tankers and Tank Terminals.

The Chemical Tankers involve a 'round the world' service, servicing ports in Europe, North and South America, the Middle East and Asia, Australia and Africa. Our fleet composition enables us to offer both global and regional transportation.

The Tank Terminals segment offers storage of various chemical and petroleum products and is operated through joint ventures with our share owned by the subsidiary Odfjell Terminals BV. In addition, this segment plays an important operational role in our cargo-consolidation program so as to reduce the time our vessels spend in ports, thereby reduce emission in port, and enable us to be one of the world leaders in combined shipping and storage services.

Pricing of services and transactions between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transactions between operating gross segments. These transactions are proportionately eliminated in below operating segment data.

The Group provides geographical data for revenue and total assets, as the reliability measurement criteria cannot be met for other items. The Group's activities are mainly divided among the following regions: Europe, North and South America, the Middle East and Asia, Australia and Africa. Vessels and newbuilding contracts are not allocated to specific geographical areas as they generally trade worldwide.

The Chemical Tankers segment also includes Corporate functions for the Group. Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting, and according to the equity method in the consolidated income statement and balance sheet.

Operating segment data (according to the proportionate consolidation method):

	Chemical Tankers [1]		Tank Terminals		Eliminations		Total	
(USD mill)	2022	2021	2022	2021	2022	2021	2022	2021
Gross revenue	1 308	1 037	84	72	–	–	1 392	1 110
Voyage expenses	(548)	(433)	–	–	–	–	(548)	(433)
Pool distribution	(109)	(101)	–	–	–	–	(109)	(101)
Time charter expenses	(22)	(21)	–	–	–	–	(22)	(21)
Operating expenses	(187)	(191)	(30)	(28)	–	–	(217)	(219)
General and administrative expenses	(69)	(58)	(14)	(11)	–	–	(82)	(69)
Other operating income/expenses	(1)	6	(1)	–	–	–	(2)	6
Operating result before depreciation (EBITDA)	**372**	**241**	**40**	**33**	**–**	**–**	**412**	**274**
Depreciation	(98)	(116)	(24)	(23)	–	–	(122)	(139)
Depreciation, IFRS 16	(63)	(64)	(1)	(1)	–	–	(64)	(64)
Impairment	–	(21)	–	–	–	–	–	(21)
Capital gain/loss on fixed assets/sale of business	4	3	–	–	–	–	4	3
Operating result (EBIT)	**215**	**43**	**15**	**9**	**–**	**–**	**230**	**52**
Net finance	(79)	(77)	(4)	(4)	–	–	(83)	(81)
Income taxes	(3)	(3)	(3)	(2)	–		(6)	(5)
Net result	**133**	**(37)**	**9**	**4**	**–**	**–**	**142**	**(33)**
Non-current assets	1 554	1 627	304	332	–	–	1 858	1 959
Cash and cash equivalents	111	68	19	35	–	–	130	103
Other current assets	164	172	29	14	(2)	–	191	186
Assets Held-for-sale	–	21	–	–	–	–	–	21
Total assets	**1 829**	**1 888**	**352**	**381**	**(2)**	**–**	**2 178**	**2 269**
Equity	519	384	178	165	–	–	697	549
Non-current interest-bearing debt	739	969	111	139	–	–	850	1 108
Non-current debt, right-of-use assets	157	173	3	3	–	–	159	176
Other non-current liabilities	23	24	27	29	–	–	49	52
Current interest-bearing debt	218	169	4	9	–	–	222	178
Current debt, right-of-use assets	63	61	1	1	–	–	64	61
Other current liabilities	110	109	29	37	(2)	–	137	146
Total equity and liabilities	**1 829**	**1 888**	**352**	**381**	**(2)**	**–**	**2 178**	**2 269**
Reconciliations:								
Total segment revenue	1 308	1 037	84	72	–	–	1 392	1 110
Segment revenue from joint ventures	–	–	(82)	(71)	–	–	(82)	(71)
Consolidated revenue in income statement	**1 308**	**1 037**	**2**	**1**	**–**	**–**	**1 310**	**1 038**
Total segment EBIT	215	43	15	9	–	–	230	52
Segment EBIT from joint ventures	–	–	(19)	(10)	–	–	(19)	(10)
Share of net result from joint ventures	–	–	13	5	–	–	13	5
Consolidated EBIT in income statement	**215**	**43**	**9**	**4**	**–**	**–**	**224**	**47**
Total segment asset	1 829	1 888	352	381	(2)	–	2 178	2 269
Segment asset	–	1	(337)	(376)	–	–	(337)	(375)
Investment in joint ventures	–	–	168	180	–	–	168	180
Total consolidated assets in statement of financial position	**1 829**	**1 889**	**182**	**185**	**(2)**	**–**	**2 009**	**2 073**
Total segment liabilities	1 310	1 504	174	216	(2)	(1)	1 481	1 720
Segment liability	–	1	(169)	(196)	–	–	(169)	(195)
Total consolidated liabilities in statement of financial position	**1 310**	**1 505**	**4**	**20**	**(2)**	**(1)**	**1 312**	**1 525**
Capital expenditure	**(34)**	**(34)**	**(33)**	**(34)**	**–**	**–**	**(68)**	**(68)**

[1] In the first quarter of 2021, the Group discontinued its reporting of the Gas Carriers segment and the two LPG/Ethylene carriers were included in the Chemical Tankers segment in our reporting. Both LPG/Ethylene carriers are now sold, and the Group is no longer involved in the Gas Carrier segment.

Gross revenue and assets per geographical area (according to the equity method)

Shipping revenue is allocated on the basis of the area in which the cargo is loaded. Total assets are allocated to the area where the respective assets are located while ships and newbuilding contracts are not allocated to a certain area as the ships sail on a worldwide basis.

	Gross revenue		Assets	
(USD 1 000)	2022	2021	2022	2021
North America	308 149	257 530	9 271	7 945
South America	244 851	183 584	23 724	32 041
Norway	3 741	1 131	256 911	211 818
The Netherlands	80 418	73 163	6 276	8 164
Other Europe	70 861	74 231	—	—
Middle East and Asia	539 952	384 241	13 832	16 936
Africa	61 574	61 232	2 559	4 040
Australasia	—	3 255	—	—
Investment in associates and joint ventures	—	—	167 791	179 470
Unallocated ships and newbuilding contracts	—	—	1 528 355	1 612 716
Total	**1 309 545**	**1 038 367**	**2 008 719**	**2 073 130**

Disaggregation of revenue (according to the equity method)

The Group's gross revenue (Chemical Tankers segment only) has been disaggregated and presented in the tables below:

(USD 1 000)	2022	2021
Revenue from contract with customers	1 300 103	1 029 674
Other revenue	9 443	8 693
Gross revenue	**1 309 545**	**1 038 367**
Revenue from contract with customers disaggregated by type of contract:		
Charter of Affreightment contracts	611 557	552 542
Spot contracts	688 546	477 132
Revenue from contract with customers	**1 300 103**	**1 029 674**

Note 5
Financial Risk Management

Financial risk management is carried out by the Group's treasury function. The Group has an active approach to managing financial risk, through systematic monitoring and management of risks related to currencies, interest rates, emission allowances and bunkers. Financial derivatives are used to reduce unwanted fluctuations in net result and cash flows caused by movements in currencies, interest rates and bunkers to which the Group is exposed. Similarly, financial derivatives may be used to lock in a target return on an investment, financing, project or contract. This may also limit the Group's upside potential from favorable movements in the same financial risks.

Derivatives may not be used for speculative arbitrage or investment purposes, and may not be leveraged.

Financial hedging instruments used are presented in note 6.

The table below shows sensitivities to the Group's net result before taxes, before and after financial derivatives and bunkers adjustment clauses (BAC), due to changes in major cost components on an annual basis. The Group applies hedge accounting for bunkers, interest rates and currency.

Sensitivity analysis as per December 31, 2022:

Cost component	Net result effect before hedges and BACs	Effect of hedges and BACs	Net result effect after hedges and BACs	Impact on fair value of derivatives included in other comprehensive income	Net impact on equity including OCI [2]
Bunkers, USD 50 per tonne increase [1]	(14.0)	8.4	(5.6)	—	(5.6)
Interest rates, 1% increase	(9.8)	3.0	(6.8)	7.9	1.1
Currency, USD 10% decrease vs NOK	(6.9)	4.3	(2.6)	4.3	1.7

Sensitivity analysis as per December 31, 2021:

Cost component	Net result effect before hedges and BACs	Effect of hedges and BACs	Net result effect after hedges and BACs	Impact on fair value of derivatives included in other comprehensive income	Net impact on equity including OCI [2]
Bunkers, USD 50 per tonne increase [1]	(16.5)	10.9	(5.7)	—	(5.7)
Interest rates, 1%	(11.4)	3.0	(8.4)	10.1	1.7
Currency, USD 10% decrease vs NOK	(6.6)	3.0	(3.6)	4.1	0.5

[1] VLSFO equivalent.
[2] Sum of net result effect after hedges and BACs and impact on derivatives in the statement of financial position.

Credit risk

Credit risk includes the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by assessing the credit quality of all customers. Outstanding customer receivables and contract balances are regularly monitored, and an impairment analysis is performed at each reporting date on outstanding trade receivables and demurrage claims. The Group considers the concentration of risk with respect to trade receivables as low.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury function in accordance with the Group's policy for financial risk management, deposits and placements. The Group maintains a low risk profile in its placement of surplus funds, and considers the concentration of risk with respect to financial derivatives and placements as low.

Maximum credit risk exposure is the carrying amount of derivatives and financial assets at amortized cost. See note 6 for details.

Liquidity risk

The Group's strategy is to ensure sufficient liquidity is available at all times to withstand prolonged adverse conditions in the markets where we operate. Surplus liquidity is placed in deposits, money market funds or bonds with a high credit rating. The Group also has revolving credit facilities with undrawn commitments of USD 68 million as of December 31, 2022 (USD 36 million in 2021).

Total nominal interest-bearing debt (excluding IFRS 16 leases) as of December 31, 2022 was USD 998 million, while cash and cash equivalents amounted to USD 118 million, both figures exclude joint venture companies not consolidated in the Group's accounts. The equity ratio was 34.7% compared to 26.5% per December 31, 2021. In 2022, we completed four refinancing transactions, involving 13 vessels, and we repaid a maturing bond.

See note 8 for information about interest-bearing debt maturities.

Currency risk

Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR. As of December 31, 2022, approximately 60% of the estimated recurring NOK exposure and approximately 40% of the estimated recurring EUR exposure in FY2023 are covered by forwards. For further information on currency exposure, see notes 6 and 23.

Bunkers risk

Bunkers is the single largest component of voyage related expenses, and the Group makes physical purchases of bunkers worldwide. A substantial part of the Group's exposure is hedged through bunkers adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunkers adjustment clauses and spot volumes are considered for financial hedges. As of December 31, 2022, Odfjell has no financial bunker hedges in place.

Interest rate risk

The Group uses financial interest rate derivatives, mainly interest rate swaps, to reduce the variability of interest expenses on loans that arise because of changes in the USD LIBOR. Per December 31, 2022, interest rate payments corresponding to USD 300 million of loans has been swapped from floating to fixed rate (USD 300 million as per December 31, 2021).

Interest rate benchmark reform

The Group's interest-bearing debt and interest rate swaps use USD LIBOR as benchmark. From June 30, 2023, USD LIBOR will no longer be quoted, and it will be replaced by a secured overnight funding rate (SOFR) as benchmark for USD denominated loans and derivatives. Per December 31, 2022, 44% of our interest-bearing debt already use SOFR, as SOFR has been used as interest rate benchmark for all new loans for some time. Some loans and leases, and all of our interest rate swaps that mature after June 30, 2023, will transition to SOFR during the first half of 2023.

SOFR is a backward looking risk free rate that is quoted at a discount to the forward looking interbank borrowing rate that is LIBOR. During the course of 2022, a forward looking term SOFR market started to emerge and we are predominantly using this as benchmark in our loan agreements due to increased visibility on cash flows and reduced administration and documentation. A credit adjustment factor is added to the interest rate calculation for SOFR loans and swaps, such that the total interest rate will be substantially unaffected by the transition. The benchmark reform is thus not expected to have an impact on the Group's cost of capital.

Note 6
Financial assets and financial liabilities

Assets and liabilities are classified in the Statement of Financial position sheet as follows:

Classification of assets and liabilities as at December 31, 2022:

(USD 1 000)	Other current financial assets through profit and loss	Derivatives held as hedge instrument [1]	Derivatives at fair value through profit and loss [1]	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2022
Assets							
Cash and cash equivalents	–	–	–	117 667	–	–	**117 667**
Other current financial assets	12 935	–	–	–	–	–	**12 935**
Derivative financial instruments	–	14 425	–	–	–	–	**14 425**
Current receivables	–	–	–	116 202	–	1 619	**117 821**
Non-current receivables	–	–	–	4 638	–	1 578	**6 216**
Loan to associates and joint ventures	–	–	–	750	–	–	**750**
Other non-financial assets	–	–	–	–	–	1 738 905	**1 738 905**
Total assets	**12 935**	**14 425**	**–**	**239 257**	**–**	**1 742 102**	**2 008 719**
Liabilities							
Other current liabilities	–	–	–	–	44 838	41 150	**85 988**
Derivative financial instruments	–	2 697	30 822	–	–	–	**33 519**
Interest-bearing debt	–	–	–	–	1 177 141	–	**1 177 141**
Other non-current liabilities	–	–	–	–	11 090	–	**11 090**
Other non-financial liabilities	–	–	–	–	–	3 761	**3 761**
Total liabilities	–	**2 697**	**30 822**	**–**	**1 233 069**	**44 911**	**1 311 499**

[1] Items measured at fair value.

Classification of assets and liabilities as at December 31, 2021:

(USD 1 000)	Other current financial assets through profit and loss	Derivatives held as hedge instrument [1]	Derivatives at fair value through profit and loss [1]	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2021
Assets							
Cash and cash equivalents	–	–	–	73 477	–	–	**73 477**
Other current financial assets	15 594	–	–	–	–	–	**15 594**
Derivative financial instruments	–	671	–	–	–	–	**671**
Current receivables	–	–	–	111 531	–	5 661	**117 192**
Non-current receivables	–	–	–	2 747	–	1 644	**4 391**
Other non-financial assets	–	–	–	–	–	1 861 805	**1 861 805**
Total assets	**15 594**	**671**	**–**	**187 755**	**–**	**1 869 110**	**2 073 130**
Liabilities							
Other current liabilities	–	–	–	–	50 863	69 316	**120 179**
Derivative financial instruments	–	15 648	10 771	–	–	–	**26 419**
Interest-bearing debt	–	–	–	–	1 371 416	–	**1 371 416**
Other non-current liabilities	–	–	–	–	841	–	**841**
Other non-financial liabilities	–	–	–	–	–	5 687	**5 687**
Total liabilities	**–**	**15 648**	**10 771**	**–**	**1 423 120**	**75 003**	**1 524 534**

[1] Items measured at fair value.

Fair value of financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity accesses at the measurement date, and level 2 is input other than quoted prices that are observable for the asset or liability, either directly or indirectly. For derivatives classified as level 2, fair value is calculated by using observable forward curves. For interest rate swaps, fair value is determined by the expected cash flows for the floating rate leg using the forward interest rate curve at the balance sheet date, less fixed rate payments. Currencies and commodities are determined based on the current forward rate compared to contractual rates for the same time period. For some non-derivative financial assets and liabilities, we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. interest-bearing debt except bond loans, current receivables and payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments are recognized in the balance sheet at the fair value at the balance sheet date. For cash and cash equivalents and current liabilities, the carrying amount is considered to be a reasonable estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be a reasonable estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on quoted market prices.

The Group's bond debt ODF10 and ODF11, swapped to USD 213 million, had a market value of USD 189 million per December 31, 2022 compared to carrying amount of USD 184 million. Correspondingly market value was USD 213 million as per December 31, 2021 compared to carrying amount of USD 207 million. The NOK 331 million bond that matured in June 2022, ODF09 swapped to USD 39 million, had a market value of USD 38 million compared to carrying amount USD 37 million as per December 31, 2021.

	2022		2021	
(USD 1000)	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - hedging	–	14 156	–	671
Other current financial assets	12 935	–	15 594	–
Financial liabilities at fair value:				
Bond debt	188 884	–	251 022	–
Derivatives instruments - non-hedging	–	30 876	–	10 606
Derivatives instruments - hedging	–	1 496	–	15 648

Other current financial assets

In 2021, the Group received shares in BW Epic Kosan Ltd as part of the settlement for the sale of vessels Bow Gallant and Bow Guardian, for a total nominal value of USD 15.8 million. The shares are listed on Euronext Growth exchange and subsequent changes in fair value will be booked through profit or loss according to the published price quotation at the balance sheet date. As per December 31, 2022, the book value of the shares was USD 12.9 million.

Cash flow hedging

The Group's currency, interest and bunkers exposure is long-term, visible and relatively stable. Derivatives used to hedge these expenses is usually classified as cash flow hedges and accounted for at fair value. Changes in fair value prior to maturity is accounted for under assets or liabilities and other comprehensive income. At maturity, the result of the hedging transactions is accounted for in the account to the underlying exposure e.g. voyage-, operating-, general and administrative-, or financial expenses.

Currency

Future expenses in the major non-USD currencies are estimated based on actual periodic expenses, adjusted for anticipated changes. Expected cash flows are hedged in accordance with the Group's guidelines, primarily by the use of forward exchange contracts for a period of up to two years.

Significant non-recurring exposures relating to e.g. dividends, investments or sales, can be hedged as the obligation is fixed and definite, but would typically not qualify for hedge accounting and thus be classified as non-hedging.

Bunkers

A substantial part of the Group's bunkers exposure is covered through bunkers adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunkers adjustment clauses and spot volumes are considered for financial hedges using forward purchase contracts and options for a period of up to two years. Bunkers adjustment clauses in new contracts for larger volumes or longer contract periods can be tightened in the financial markets on a case-by-case basis.

Interest rates

The Group uses financial interest rate derivatives, mainly interest rate swaps for a period of up to ten years, to reduce the variability of interest expenses that arises because of changes in the USD LIBOR or SOFR on mortgaged loans, other financial liabilities and unsecured bonds.

Fair value hedging

From time to time, the Group will issue non-USD denominated debt instruments and swap interest payments and principal back to USD if the combined cost of the debt instrument and swap is deemed lower than issuing the same in USD. These cross-currency derivatives are classified as fair value hedges and measured at market value with a corresponding offsetting change in market value of the underlying debt instrument.

Per December 31, 2022, unsecured NOK bonds of total NOK 1 825 million has been hedged to USD 213 million (NOK 2 156 million was hedged to USD 252 million as per December 21, 2021).

Non-hedging

Changes in market value prior to maturity for derivatives that do not qualify for hedge accounting, and the result of the derivative transaction at maturity, are accounted for under Other financial items in the Group's net result.

The below overview reflects status of hedging and non-hedging exposure December 31, 2022 (figures in 1 000):

							Time to maturity – USD amounts			
Currency		Sold		Bought	Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD	56 539	NOK	535 000	9.46	(1 513)	41 253	15 286	–	56 539
	USD	7 803	EUR	7 500	1.04	262	7 803	–	–	7 803

					Time to maturity – USD amounts			
Interest rates		Sold	Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD	300 000	2.59%	13 911	–	300 000	–	300 000

						Time to maturity – USD amounts			
Cross-currency interest rate swaps		Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Fair value [2]	USD	213 400	From NOK to USD	5.96%	(30 876)	113 400	100 000	–	213 400

[1] Mark to market valuation
[2] Related to NOK bonds issued by Odfjell SE

The below overview reflects status of hedging and non-hedging exposure December 31, 2021 (figures in 1 000):

							Time to maturity – USD amounts			
Currency		Sold		Bought	Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD	37 334	NOK	336 250	9.01	611	27 150	10 184	–	37 334
Non-hedging, NDF	USD	910				(15)	910	–	–	910

					Time to maturity – USD amounts			
Interest rates			Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD	300 000	2.59%	(15 558)	–	300 000	–	300 000

						Time to maturity – USD amounts			
Cross-currency interest rate swaps				Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Fair value [2]	USD	252 015	From NOK to USD	5.91%	(10 759)	38 615	213 400	–	252 015

[1] Mark to market valuation
[2] Related to NOK bonds issued by Odfjell SE

Negative value MTM of the cross currency swaps related to the two outstanding bond loans swapped to a total of USD 213 million (USD 252 million in 2021), amounts to USD 30.9 million per December 31, 2022 (USD 10.8 million in 2021). Accumulated currency gain booked related to the same bond loans per December 31, 2022 amounts to USD 8.0 million (USD 11.3 million in 2021).

Derivative financial instruments recognized as assets/liabilities on the balance sheet:

(USD 1000)	2022	2021
Currency	(1 250)	596
Basis swaps (interest and currency)	(16 965)	(26 344)
Derivative financial instruments	**(18 215)**	**(25 748)**

Hedging reserve recognized in statement of other comprehensive income

The table below shows fluctuations in the hedging reserve in the statement of other comprehensive income from cash flow hedges (see Statement of other comprehensive income) divided between the different types of hedging contracts:

(USD 1 000)	Interest rate swaps	Currency exchange contracts	Bunker contracts	Total hedging reserve
Balance sheet as at January 1, 2021	**(27 762)**	**2 410**	**3 932**	**(21 420)**
Fluctuations during the period:				
- Gains/losses due to changes in fair value	7 486	1 183	3 025	11 694
- Transfer to income statement	9 361	(2 981)	(9 773)	(3 393)
- Transfers to investment	–	–	–	–
Balance sheet as at December 31, 2021	**(10 915)**	**612**	**(2 816)**	**(13 120)**
Fluctuations during the period:				
- Gains/losses due to changes in fair value	17 857	–	2 816	20 673
- Transfer to income statement	4 006	2 410	–	6 416
Balance sheet as at December 31, 2022	**10 948**	**3 022**	**–**	**13 969**

Note 7
Capital management

The main objective of the Group’s capital management policy is to maintain healthy capital ratios and ensure sufficient availability of liquidity to support the general business and take advantage of investment opportunities. Another objective is to ensure the Group has a robust capital structure that is able to withstand prolonged adverse conditions in significant risk factors, such as long-term down cycles in our markets and unfavorable conditions in the financial markets.

The Group manages the capital structure and makes adjustments to maintain a structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend policy, buy treasury shares, redeem shares or issue new shares.

The Group monitors its capital using the book equity ratio and available liquidity, being the sum of cash and cash equivalents and available drawing facilities, as the primary measurements. The Group’s policy is to maintain an equity ratio between 30% and 40% and available liquidity of USD 150 - 200 million throughout market cycles.

(USD 1 000)	2022	2021
Equity	697 220	548 587
Total assets	2 008 719	2 073 130
Assets held for sale	–	21 019
Equity ratio (equity method)	34.7%	26.5%
Current ratio	0.7	0.7
Cash and cash equivalents	117 667	73 447
Undrawn loan facilities	67 933	35 597
Total available liquidity	**185 600**	**109 074**

For liquidity risk see note 5.

Note 8
Total debt

Total debt includes interest-bearing debt and debt related to right-of-use assets. Interest-bearing debt includes mortgage loans from financial institutions, financial lease obligations classified as Other financial liabilities, and unsecured bonds denominated in the issuing currency. Interest rates are generally floating rate. Debts related to right-of-use assets are fixed rate.

(USD 1 000)	Interest rate year-end [1]	2022	2021
Mortgaged loans from finance institutions	6.26%	435 807	381 178
Other financial liabilities [2]	6.64%	349 194	529 822
Unsecured bonds	9.84%	184 221	243 994
Lease liabilities, right-of-use assets	5.93%	219 990	233 294
Subtotal debt	**6.86%**	**1 189 212**	**1 388 287**
Debt transaction fees [3]		(12 071)	(16 871)
Total debt		**1 177 141**	**1 371 417**
Current portion, interest-bearing debt		(218 061)	(169 073)
Current portion, right-of-use assets		(63 354)	(60 732)
Non-current total debt		**895 727**	**1 141 612**

[1] Interest rate is the weighted average of interest rates (margin plus benchmark), excluding hedges, as per end of 2022
[2] Includes debt related to sale-leaseback transactions
[3] Amortized and included in interest expense

Mortgaged loans from finance institutions include debt from 12 different facilities backed by 11 different lenders and covers 29 vessels with an average age of 14.5 years. Five of the facilities are sustainability-linked whereby the margin is linked to the AER performance of the Group, as measured annually, and the Group's continuous and overall plan to meet our 2030 ambitions. Financial leases, classified as Other financial liabilities are made up from 11 different facilities from nine different lease providers and covers 14 vessels with an average age of 13.7 years. Unsecured bonds include two senior unsecured Norwegian bond issues, denominated in NOK and swapped to USD. One of the bonds is classified as sustainability-linked, whereby the redemption price of the bond is linked to the AER performance of the Group, measured on June 30, 2024, and the Group's continuous and overall plan to meet our 2030 ambitions.

During 2022, the Group refinanced four loan facilities covering 13 vessels. We also repaid an unsecured bond and three loan facilities, and made extraordinary prepayments on our revolving credit facilities. New mortgaged loans from financial institutions totaled USD 249 million, and the related balloon installments totaled USD 218 million. The bond that was repaid, ODF09 maturing in June 2022, had a total outstanding nominal amount of NOK 331 million and a swapped amount of USD 39 million. The three loan facilities that were fully repaid totaled USD 34 million and covered four vessels of which three were sold to external parties. Extraordinary prepayments on revolving credit facilities totaled USD 40 million.

Net repayment on loans and leases totaled USD 82 million in 2022. In addition, scheduled installments on loans and leases totaled USD 80 million, bringing the total reduction in nominal debt to USD 162 million for the year.

Lease liabilities related to IFRS16 right-of-use assets is mainly related to 17 time charter- and bareboat agreements with tenors longer than 12 months from delivery. Total debt related to right-of-use vessels per December 31, 2022 was USD 215 million. Lease obligations from long-term office rental agreements totaled USD 5 million. During 2022, debts related to right-of-use assets decreased with total USD 13 million. Lease installments totaled USD 63 million, while new and extended agreements totaled USD 50 million.

Transaction expenses from financing transactions are charged to net result over the life of the underlying debt facility using the effective interest rate method, or in full at repayment if repaid ahead of maturity. During 2022, transaction expenses charged to the net result totaled USD 6.2 million (USD 3.7 million in 2021). The increase is linked to the early refinancing of loan- and lease facilities in 2022.

Summary of changes in total debt during 2022:

Changes in liabilities arising from financing activities (USD 1 000)	Jan 1, 2022	Cash inflows	Cash outflows	Foreign exchange movements	Changes in fair values	New leases	Other [1]	Dec 31, 2022
Current interest-bearing loans and borrowings	169 073	—	(169 073)	—	—	—	218 061	218 061
Current lease liabilities, right-of-use assets	60 732	—	(61 990)	—	—	4 186	60 426	63 354
Non-current interest-bearing loans and borrowing	969 049	236 553	(222 642)	(26 210)	—	—	(217 660)	739 090
Non-current lease liabilities, right-of-use assets	172 562	—	—	—	—	45 333	(61 259)	156 636
Derivatives	26 419	—	(4 818)	—	11 918	—	—	33 519
Dividends payable	—	—	(26 250)	—	—	—	26 250	—
Total liabilities from financing activities	**1 397 835**	**236 553**	**(484 773)**	**(26 210)**	**11 918**	**49 519**	**25 818**	**1 210 660**
Loans from associates and joint ventures classified as other current liabilities (see note 25)	19 000	26 754	—	—	—	—	(45 754)	—
Total	**1 416 835**	**263 307**	**(484 773)**	**(26 210)**	**11 918**	**49 519**	**(19 936)**	**1 210 660**

[1] Other includes movements between non-current and current liabilities due to the passage of time, approval of dividends; and effects of acquistions of a subsidiary formerly recognized as a joint venture.

Summary of changes in total debt during 2021:

Changes in liabilities arising from financing activities (USD 1 000)	Jan 1, 2021	Cash inflows	Cash outflows	Foreign exchange movements	Changes in fair values	New leases	Other [1]	Dec 31, 2021
Current interest-bearing loans and borrowings	178 790	—	(178 790)	—	—	—	169 073	169 073
Current lease liabilities, right-of-use assets	59 649	—	(60 729)	—	—	—	61 812	60 732
Non-current interest-bearing loans and borrowing	1 059 763	222 102	(143 745)	(8 571)	—	—	(160 500)	969 049
Non-current lease liabilities, right-of-use assets	209 562	—	—	—	—	43 488	(80 488)	172 562
Derivatives	25 756	—	—	—	663	—	—	26 419
Total liabilities from financing activities	**1 533 520**	**222 102**	**(383 264)**	**(8 571)**	**663**	**43 488**	**(10 103)**	**1 397 835**
Loans from associates and joint ventures classified as other current liabilities (see note 25)	19 000	—	—	—	—	—	—	19 000
Total	**1 552 520**	**222 102**	**(383 264)**	**(8 571)**	**663**	**43 488**	**(10 103)**	**1 416 835**

[1] Other includes movements between non-current and current liabilities due to the passage of time.

Debt agreements do not contain restrictions on the Group's dividend policy. Financial covenants are aligned across all debt agreements. The Group shall at all times maintain free liquid assets of the minimum the higher of USD 50 million and 6% of interest-bearing debt (excluding debts related to rights-of-use of assets). The Group's leverage shall not at any time exceed 75% (excluding right-of-use of assets and debts related to rights-of-use of assets).

The Group was in compliance with its financial covenants throughout 2022 and 2021.

Maturity of total debt as at December 31, 2022:

(USD 1 000)	2023	2024	2025	2026	2027	2028+	Total
Mortgaged loans from financial institutions	78 694	93 225	24 699	133 031	106 158	—	**435 807**
Other financial liabilities	40 947	64 992	32 923	27 587	21 552	161 194	**349 194**
Unsecured bonds [1]	98 419	—	85 801	—	—	—	**184 221**
Lease liabilities, right-of-use assets	63 354	45 472	32 777	24 081	15 007	39 298	**219 990**
Subtotal debt	**281 415**	**203 689**	**176 200**	**184 699**	**142 707**	**200 492**	**1 189 212**
Estimated interest payable	84 219	65 280	42 154	29 076	20 770	47 205	**288 704**
Total debt	**365 633**	**268 970**	**218 354**	**213 775**	**163 487**	**247 697**	**1 477 916**

[1] Values excluding hedging effects from interest and currency swaps which are recognized as derivative financial instruments in the statement of financial position.

Maturity of total debt as at December 31, 2021:

(USD 1 000)	2022	2023	2024	2025	2026	2027+	Total
Mortgaged loans from financial institutions	80 617	69 986	150 216	36 154	44 206	—	**381 178**
Other financial liabilities	50 997	51 155	75 200	43 131	38 055	271 283	**529 822**
Unsecured bonds [1]	37 459	110 340	—	96 194	—	—	**243 994**
Lease liabilities, right-of-use assets	60 732	4 834	41 640	31 507	18 915	32 160	**233 294**
Subtotal debt	**229 804**	**279 821**	**267 056**	**206 986**	**101 176**	**303 443**	**1 388 287**
Estimated interest payable	58 822	60 699	56 233	45 208	40 735	20 865	**282 563**
Total debt	**288 627**	**340 520**	**323 289**	**252 195**	**141 911**	**324 308**	**1 670 850**

[1] Values excluding hedging effects from interest and currency swaps which are recognized as derivative financial instruments in the statement of financial position.

The average maturity of the Group's total interest-bearing debt is 4.4 years (5.1 years in 2021). Average maturity on mortgaged loans from financial institutions is 3.2 years (2.6 years in 2021), other financial liabilities mature on average in 7.6 years (8.3 years in 2021) and unsecured bonds mature on average in 1.3 years (2.1 years in 2021).

Security for mortgaged loans from financial institutions is made through first priority vessel mortgage, Group guarantees, and assignments of earnings and insurances covering the relevant vessels. Other financial liabilities (financial leases) are secured by Group guarantees and assignment of earnings and insurances covering the relevant vessels. Debts related to right-of-use assets are generally unsecured.

The table below provides an overview of the carrying amount of vessel financing and related assets:

(USD 1 000)	2022	2021
Mortgaged loans from financial institutions	435 807	381 178
Other financial liabilities	349 194	529 822
Lease liabilities, right-of-use assets	219 990	233 295
Nominal amount preferred vessel financing	**1 004 992**	**1 144 294**
Carrying amount, assets under mortgaged loans	846 800	708 563
Carrying amount, assets under other financial liabilities	440 270	634 179
Carrying amount, right-of-use assets	208 735	219 944
Total carrying amount of assets financed	**1 495 806**	**1 562 686**

The Group's financial leases, presented under 'Other financial liabilities' above, vary from five to 14 years from inception. In addition to the payment of hire, the Group has obligations relating to the insurance and maintenance of the relevant vessels, similar to owning the vessels. Based on the terms of the agreement, they are considered financial arrangements in accordance with IFRS 9. All financial leases have embedded purchase options to the Group.

The table below summarizes total debt by currency:

(USD 1 000)	2022	2021
USD	1 004 992	1 144 294
NOK [1]	184 221	243 994
Debt transaction fees	(12 071)	(16 871)
Total debt	**1 177 141**	**1 371 417**

[1] Unsecured bonds, nominal amounts. Swapped to USD 213 million (USD 252 million in 2021)

Interest expenses on total debt:

(USD 1 000)	2022	2021
Interest expense, interest-bearing debt	(70 808)	(62 207)
Interest expense, right-of-use assets	(11 079)	(13 340)
Total interest expense	**(81 887)**	**(75 547)**

Note 9
Taxes

(USD 1 000)	2022	2021
Change in deferred tax, Norway – ordinary tax	—	—
Change in deferred tax, other jurisdictions	1 101	403
Taxes payable, other jurisdictions	(4 191)	(3 840)
Total tax income (expenses)	**(3 090)**	**(3 437)**

(USD 1 000)	2022	2021
Result before taxes	144 699	(29 770)
Tax calculated at Odfjell's statutory income tax rate 22%	(31 834)	6 549
Tax effect of:		
Income and expenses not subject to tax	31 587	(9 468)
Share of result from joint ventures and associates	2 793	1 126
Withholding tax	(151)	(97)
Non deductible expenses for tax purposes - impairment	—	—
Differences in tax rates	(703)	(506)
Deferred tax asset not recognized	(3 687)	794
Other differences	(1 096)	(1 835)
Tax income (expenses)	**(3 091)**	**(3 437)**
Effective tax rate	1.38%	(5.38%)

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2022	Change in temporary differences	2021
Pensions	1 380	(545)	1 925
Financial instruments/finance items	15 997	(8 000)	23 997
Provisions	2 895	2 895	—
Long-term temporary differences	5 280	3 896	1 384
Loss carried forward	234 106	(20 921)	255 027
Non-deductible interest carried forward	38 351	5 336	33 015
Total negative temporary differences	**298 008**	**(17 341)**	**315 349**
Differences related to depreciation of non-current assets	3 100	(1 088)	4 188
Deferred gain related to sale of non-current assets	1 832	(735)	2 567
Differences related to long-term debt	—	—	—
Total positive temporary differences	**4 932**	**(1 824)**	**6 756**
Net temporary differences	**293 076**	**(15 518)**	**308 594**
Temporary differences not accounted for [1]	284 986	(20 632)	305 618
Temporary differences – basis for calculation of deferred tax	**(8 091)**	**(5 115)**	**(2 976)**
Deferred tax liability (asset) in statement of financial position [2]	**(1 780)**		**(658)**
Tax rate	17% - 34%		17% - 34%

[1] This applies to temporary differences for companies with losses where deferred tax assets are not recognized

[2] For 2022 and 2021 this is classified as a deferred tax asset and deferred tax liability

The Group's Norwegian companies have a total loss carried forward of USD 234 million at December 31, 2022 (USD 255 million in 2021), that is available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax Group contributions are also available within the same country and within the same tax regime.

Deferred tax assets are not recognized for companies where there is uncertainty regarding the future utilization of temporary differences.

Any distribution of dividend to Odfjell SE's shareholders does not affect the Company's payable or deferred tax.

Note 10
Pension liabilities

The Group operates different types of pension schemes for the employees.

Defined benefit plan expenses

(USD 1 000)	2022	2021
Defined benefit plan cost - Overseas offices	1 191	1 935
Total	**1 191**	**1 935**

Defined contribution plan expenses

(USD 1 000)	2022	2021
Defined contribution cost - Norway	1 952	2 182
Defined contribution cost – overseas offices	386	811
Total contribution	**2 338**	**2 993**
Number of employees	410	440

In the Norwegian companies all employees are included in a defined contribution plan. The Odfjell Group pays a fixed percentage of the salary as contribution to the plan limited to 12 times the base amount (G). In addition, Executive Management are entitled to additional annual contribution limited to 18G. Several of the Group's foreign subsidiaries have defined contribution plans in accordance with local legislation.

Pension liabilities

(USD 1 000)	2022	2021
Executive Management - Norway	—	460
Other - Norway	1 380	1 544
Overseas offices	2 155	3 292
Total	**3 534**	**5 296**

Some of the Group's Norwegian subsidiaries are bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme. The Group's pension scheme meets the requirements of this Act.

Other pension liabilities for employees in Norway relates to defined contribution (12G-18G) not paid, and 'other Norway' relates to fully vested contribution for former employees.

In 2022, the additional pension contribution payment (18G) to Executive Management was secured by payment to an insurance company instead of holding a secured bank account. Bank deposit was transferred to the insurance company and the pension liability removed from the balance sheet. The contribution/benefit was not changed. 'Other - Norway' in the table above relates to one former employee. For pension expenses for the Executive Management, see note 21.

Note 11
Property, plant and equipment

(USD 1 000)	Real estate	Ships and newbuilding contracts	Periodic maintenance	Office equipment and cars	Total
Net carrying amount January 1, 2021	1 498	1 495 525	19 584	8 206	**1 524 813**
Investment	—	13 344	18 696	2 097	**34 137**
Sale at book value	—	(16 797)	—	—	**(16 797)**
Assets from acquistion of Odfjell Gas	—	34 148	—	—	**34 148**
Depreciation 2021	(268)	(90 186)	(22 755)	(2 613)	**(115 822)**
Impairment 2021[1]	—	(21 087)	—	—	**(21 087)**
Reclassified to assets held for sale (book value)	—	(37 700)	—	—	**(37 700)**
Net carrying amount December 31, 2021	**1 230**	**1 377 247**	**15 525**	**7 690**	**1 401 692**
Investment	—	13 428	18 887	2 002	**34 317**
Sale at book value	—	(10 062)	—	—	**(10 062)**
Depreciation 2022	(251)	(70 643)	(24 761)	(2 669)	**(98 324)**
Net carrying amount December 31, 2022	**979**	**1 309 970**	**9 650**	**7 023**	**1 327 622**
Cost	4 665	2 839 722	51 224	36 351	**2 931 962**
Accumulated depreciation	(3 167)	(1 341 812)	(31 640)	(27 803)	**(1 404 422)**
Impairment	—	(2 385)	—	(342)	**(2 727)**
Net carrying amount January 1, 2021	**1 498**	**1 495 525**	**19 584**	**8 206**	**1 524 812**
Cost	4 665	2 853 066	69 920	38 448	**2 966 098**
Accumulated depreciation	(3 435)	(1 435 734)	(54 395)	(30 416)	**(1 523 980)**
Impairment	—	(2 385)	—	(342)	**(2 727)**
Reclassified to assets held for sale	—	(37 700)	—	—	**(37 700)**
Net carrying amount December 31, 2021	**1 230**	**1 377 247**	**15 525**	**7 690**	**1 401 692**
Cost	4 665	2 704 055	88 806	40 450	**2 837 976**
Accumulated depreciation	(3 686)	(1 391 700)	(79 156)	(33 085)	**(1 507 627)**
Impairment	—	(2 385)	—	(342)	**(2 727)**
Net carrying amount December 31, 2022	**979**	**1 309 970**	**9 650**	**7 023**	**1 327 622**

[1] Refer to note 13 for details on impairment recognized in 2021.

Depreciation periods

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows (in years):

Real estate	up to 50
Ships	25 - 30
Periodic maintenance of ships	2.5 - 5
Office equipment and cars	3 - 5

Assets financed under sale-leaseback

The carrying amount of ships financed under sale-leaseback were USD 440.3 million and USD 634.2 million at December 31, 2022 and December 31, 2021 respectively. See note 8 for future sale-leaseback obligations.

Depreciation

Starting from fiscal year 2021, the Group has elected to present depreciation expense from property, plant and equipment and right-of-use assets as a single line item in the income statement. The amount of depreciation expense from each item is as follows:

(USD 1 000)	2022	2021
Depreciation property, plant and equipment	(98 324)	(115 822)
Depreciation right-of-use assets	(62 895)	(64 078)
Total	**(161 217)**	**(179 900)**

Note 12
Leases

(USD 1 000)	Real estate	Ships	Periodic Maintenance	Total
Capitalized right-of-use assets January 1, 2022	7 857	210 229	1 858	**219 944**
Additions	209	49 083	2 394	**51 686**
Remeasurement	—	—	—	**—**
Depreciation	(2 487)	(60 111)	(297)	**(62 895)**
Carrying amount right-of-use assets December 31, 2022	**5 579**	**199 201**	**3 955**	**208 735**

(USD 1 000)	Real estate	Ships	Periodic Maintenance	Total
Capitalized right-of-use assets January 1, 2021	9 965	246 309	2 571	**258 845**
Additions	331	34 665	—	**34 996**
Remeasurement	31	(9 850)	—	**(9 819)**
Depreciation	(2 469)	(60 896)	(713)	**(64 078)**
Carrying amount right-of-use assets December 31, 2021	**7 857**	**210 229**	**1 858**	**219 944**

Remeasurement in 2021 of USD 9.8 million was mainly due to a time charter contract cancelled prior to the originally expiry date.

Variable lease payments made in 2022 are related to pool distributions to external participants in the pools. The total amount distributed in 2022 equals USD 108.6 million, including non-lease component (USD 101.1 million in 2021).

Information about lease payments made	2022	2021
Total nominal lease payments (including short-term, long-term and variable leases)	228 074	221 707
Of which short-term lease expenses (including non-lease component)	21 830	20 486

Information about commitments for commenced leases (not included in lease liability)	2022	2021
Lease commitments associated with short term leases (undiscounted)	11 313	14 930
Non-lease component (OPEX) right-of-use assets, not included in lease liability (undiscounted)	82 842	53 905

The non-lease component refers to time charter contracts including a service element. Refer to note 2.6 for a description of the Group's accounting policies related to said contracts.

Information about extension options	2022	2021
Extension options (undiscounted) not included in lease liability, bareboat element vessels	95 573	100 924
Extension options (undiscounted) not included in lease liability, OPEX element vessels	58 622	46 287
Extension options (undiscounted) not included in lease liability, office buildings	7 907	9 670
Total extension options (undiscounted) not included in lease liability	**162 102**	**156 881**

Information about leases not yet commenced but where the Group is Committed	2022	2021
Nominal amount of future lease payments for time charter and bareboat leases where lease term exceeds 12 months	304 926	191 980

Maturity of debt related to right-of-use assets as per December 31, 2022:

(USD 1000)	2023	2024	2025	2026	2027	2028+	Total
Installments	63 354	45 472	32 777	24 081	15 007	39 298	**219 990**
Interest expense	12 250	7 613	5 270	3 668	2 598	2 901	**34 300**
Sum	**75 604**	**53 085**	**38 047**	**27 749**	**17 605**	**42 199**	**254 290**

Maturity of debt related to right-of-use assets as per December 31, 2021:

(USD 1000)	2022	2023	2024	2025	2026	2027+	Total
Installments	60 732	48 340	41 640	31 507	18 915	32 161	**233 295**
Interest expense	10 405	7 675	5 365	3 317	1 953	2 476	**31 192**
Sum	**71 137**	**56 015**	**47 005**	**34 824**	**20 868**	**34 637**	**264 486**

Refer to note 8 for an analysis of the maturity of total debt.

Sale-leasebacks

The Group terminated a sale-leaseback agreement in 2022 and refinanced the vessels in the bank market. The Group did not enter any new sale-leaseback agreements in 2022. Refer to note 8 for further details.

Note 13
Impairment of non-current assets

As of December 31, 2022, the market capitalization exceeded the book value of its equity. However, due to changing regulatory framework for the shipping sector, the Group has carried out an impairment assessment for the year ended December 31, 2022. See also note 3, section "Climate and regulatory risk".

When calculating the value in use at the balance sheet date for the deep-sea/regional South America CGU, the following key assumptions are applied (this CGU also contains the Group's right-of-use assets (vessels)).

Key assumptions	2022	2021
Weighted average cost of capital	9.4%	7.8%
Average annual growth in time charter earnings the first 4 years after the balance sheet date (arithmetic average)	2.5%	4.5%
Estimated useful life of vessels	25 - 30 years	25 - 30 years

All cash flows in the value in use calculation are assumed to increase with 2.5% in the entire remaining useful life of the vessels. The above table indicate assumptions used in the base case. In 2021, we assumed a growth of 4.5% the first four years, and thereafter 2% growth over the remaining useful life of the vessels.

Applying the above assumptions, the value in use calculation did not reveal any need for impairment.

Three different scenarios have been prepared when testing the vessels for possible impairment. The Group has also performed a sensitivity analysis on the discount rate, with an increase of 50bp. The analysis did not indicate any impairment in the specified range.

In all impairment test scenarios, the expected future increase in fuel cost stemming from carbon taxes are assumed to be charged to charterer. Based on a price of emission allowances of EUR 90 per metric ton carbon dioxide, USD 6 million in increased voyage expenses are estimated for 2024, increasing to USD 16 million in 2026.

Cash outflows related to capital expenditure includes estimated cost of dry-docking. Since our vessels are estimated to achieve a C-rating on the AER (see Critical Accounting judgement - Climate and regulatory risk), no mandatory capital expenditure related to compliance with new legislation is included.

In 2021, the Group recognized a total of USD 21 million in impairment associated with the agreed sale of three regional vessels. These vessels were an important part of our regional Asia trade which we now have exited with the delivery of the last vessel in February 2022. At the end of 2021, these vessels were classified as held for sale in our balance sheet and valued at sales price less cost of disposal.

Note 14
Earnings per share

The basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as the Company has no convertible bond loan or stock option plan.

(USD 1 000/1 000 shares)	2022	2021
Profit/(loss) and diluted profit for the year due to the holders of ordinary shares	141 609	(33 206)
Weighted average number of ordinary shares for basic earnings per share/diluted average number of shares outstanding [1)]	78 964	78 891
Basic/diluted earnings per share	**1.79**	**(0.42)**

[1)] The weighted average number of shares are adjusted for the weighted average effect of changes in treasury shares during the year. See note 26.

Note 15
Transactions with related parties

The Group has carried out various transactions with related parties. All transactions have been carried out as part of the ordinary operations, based on the arms-length principle. Transactions with related parties are settled on a regular basis and the balances as per December 31, 2022 were immaterial.

The Odfjell Group shares offices in Brazil with a local terminal company related to Chair of the Board, Laurence Ward Odfjell. The Chair's family also has ownership interest in a company, which acts as Brazilian port agent for Odfjell. In addition to reimbursement of actual expenses and expenditures incurred, Odfjell Tankers AS and Flumar Transportes de Quimicos e Gases Ltda paid these companies USD 1.0 million in agency fees in 2022 (USD 1.1 million in 2021), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brazil – Representacoes Ltds paid USD 0.1 million for administrative services in 2022 (USD 0.1 million in 2021).

Odfjell Management AS rents offices in Norway from a company related to Chair of the Board, Laurence Ward Odfjell. The annual lease for 2022 was USD 1.6 million.

Note 16
Commitments, guarantees and contingencies

Capital commitment

Odfjell has no capital commitment as per December 31, 2022.

Guarantees

(USD 1 000)	2022	2021
100% owned subsidiaries (third party guarantees)	45	181
Joint ventures (credit facilities)	–	–
Total guarantees	**45**	**181**

See also note 28 for guarantees within the joint venture structure.

Contingencies

The Group maintains insurance coverage for its activities consistent with industry practice. The Group is involved in claims typical to the Chemical Tanker and Tank Terminal industry, but no claims have resulted in material losses to the Group.

Note 17
Cash and cash equivalents

A substantial part of the Group's cash and cash equivalents are held by overseas offices, management companies and pools as part of normal working capital. The main Norwegian entities are included in a cash pool that allows for automatic borrowing between entities and currencies. In order to earn a higher rate of interest on excess liquidity, we seek to minimize the top balance in the cash pool through placements in other financial instruments.

Excess liquidity is defined as cash in excess of normal working capital, and includes funds earmarked upcoming bank payments, CAPEX and dividends. The Group considers the end use of our cash and cash equivalent balance and match the risk, tenor and liquidity of placements accordingly. As an example, funds earmarked for working capital is usually placed in regular bank and cash pool accounts with up to a week's tenor, while funds earmarked for debt repayments, yard installments, and dividends, are usually split on various time deposits and in money market instruments with an investment horizon of 3-12 months.

(USD 1 000)	2022	2021
Cash at banks and in hand	48 707	70 258
Short-term deposits	68 960	3 219
Total cash and cash equivalents	**117 667**	**73 477**

Restricted cash consists of USD 2.0 million (USD 1.6 million in 2021) in funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS.

Note 18
Voyage expenses

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2022	2021
Port expenses	106 203	108 979
Canal expenses	29 579	33 451
Bunkers expenses [1)]	328 996	233 087
Transshipment expenses	11 966	12 612
Commission expenses	35 704	29 888
Other voyage related expenses	35 397	14 491
Total voyage expenses	**547 845**	**432 507**

[1)] Inclusive financial hedging

Note 19
Operating expenses

Operating expenses consist of expenses for operating ships (for example wages and remunerations for crew and operational personnel, and materials and equipment for ships).

(USD 1 000)	2022	2021
Crew expenses	76 704	77 638
Other ship management expenses	84 626	88 274
Currency hedging	651	(1 016)
Other	329	314
Total operating expenses excluding service element of leases	**162 310**	**165 210**
Service element of leases	24 956	25 847
Total operating expenses	**187 266**	**191 057**

Note 20
General and administrative expenses

General and administrative expenses consist of expenses for headquarter activities and activities internationally for brokerage and agency.

(USD 1 000)	2022	2021
Salary expenses	54 961	49 171
Other expenses	17 638	11 822
Currency hedging	1 108	(1 649)
Total general and administrative expenses	**73 707**	**59 344**

Including in the above is auditor's remuneration for (exclusive of VAT):

(USD 1 000)	2022	2021
Statutory auditing	496	535
Other assurance services	27	17
Other non-audit services	68	19
Total remuneration	**591**	**571**

Note 21
Salary expenses, number of employees and benefits to Board of Directors and Management

Salary expenses are included in ship operating expenses and general and administrative expenses according to the activity.

(USD 1 000)	2022	2021
Salaries	113 470	109 220
Social expenses	14 058	12 043
Pension expenses defined benefit plans (note 10)	1 191	1 935
Pension expenses defined contribution plans (note 10)	2 338	2 993
Other benefits	608	738
Total salary expenses	**131 665**	**126 929**

Average man-years of employees including crew:

(USD 1 000)	2022	2021
Europe	260	280
North America	25	23
Southeast Asia	1 563	1 526
South America	172	162
Other	13	15
Total average man-years of employees	**2 033**	**2 006**

At the end of 2022 the Board of Directors consists of six members. Compensation and benefits to the Board of Directors:

(USD 1 000)	2022	2021
BoD Remuneration	347	378

For more specification – see Odfjell SE note 11.

Compensation and benefits to the Executive Management paid and earned in 2022:

(USD 1 000)	Salary	Bonus [1]	Pension cost	Other benefits	Total
CEO, Kristian V. Mørch (until 05.05.2022)	765	–	11	326	**1 102**
CEO, Harald Fotland (COO until 05.05.2022)	452	508	27	64	**1 050**
CFO, Terje Iversen	266	202	27	42	**536**
CSO, Øistein H. Jensen	210	159	26	37	**432**
CCO, Bjørn Hammer [2]	23	18	2	22	**65**
MD Terminals, Adrian Lenning [2]	20	16	2	20	**58**
CTO, Torger Trige [2]	17	13	2	17	**49**
Total	**1 753**	**915**	**96**	**528**	**3 292**

[1] The bonus relates to earned amount in 2022 for both short- and long-term incentive scheme. This is a change in methodology compared to 2021, where paid, not earned was reported.
[2] Included as member in the Management Group from December 1, 2022. The compensation presented above relates to their Executive Management Positions from December 2022.

Compensation and benefits paid to the Executive Management in 2021:

(USD 1 000)	Salary	Bonus [1]	Pension cost	Other benefits	Total
CEO, Kristian V. Mørch	836	342	28	31	1 236
COO, Harald Fotland	356	92	28	25	502
CFO, Terje Iversen	286	76	28	24	414
COS, Øistein H. Jensen	226	60	28	24	337
Total	**1 703**	**570**	**112**	**104**	**2 489**

[1] The bonus relates to expensed amount in 2021 for both short- and long-term incentive scheme.

In 2022, the bonus related to the long-term incentive program, net of withholding tax, have been used to acquire Restricted Shares in accordance with the long-term incentive program.

Only the CEO of the Executive Management has a defined agreement with regard to severance pay. In case the Company terminates the employment, the CEO is, in addition to payment of salary and other remuneration during the notice period, also entitled to 6 months' base salary.

Refer to our Report on Salary and other Remuneration to Leading Personnel in Odfjell SE for the financial year 2022. The Report will be published on the Company's website once approved by the General Meeting.

Note 22
Other financial items

(USD 1 000)	2022	2021
Financial assets and liabilities at fair value through profit or loss statement	(20 120)	(11 323)
Realized gain/losses on other current financial assets	(2 494)	–
Currency gains (losses) – see note 23	21 513	8 191
Other financial income	2 221	1 749
Other financial expenses	(2 881)	(895)
Total other financial items	**(1 761)**	**(2 277)**

See note 6 for overview of hedging exposure, and note 23 for specification of currency gains (losses).

Note 23
Currency gains and losses

(USD 1 000)	2022	2021
Currency gains (losses) on non-current receivables and liabilities	26 900	9 020
Currency gains (losses) on cash and cash equivalents	(111)	342
Currency gains (losses) on other current assets and current liabilities	(5 276)	(1 171)
Total currency gains (losses)	**21 513**	**8 191**

See note 6 for overview of currency hedging exposure.

Note 24
Current receivables

(USD 1000)	2022	2021
Trade receivables from contract with customers	97 720	89 908
Other receivables	17 799	20 705
Contract asset (accrued revenues)	3 578	2 270
Prepaid costs	1 619	5 661
Allowance for expected credit losses	(2 895)	(2 079)
Total current receivables	**117 821**	**116 465**

Trade receivables are for a major part related to revenue from contract with customers with payment terms shortly after bill of lading to upon delivery. Allowance for expected credit losses relates to trade receivables; see note 5 for information on credit risk management.

Contract assets are recognized revenue for freight services partly satisfied from voyages that have commenced but are not completed and invoices that have not been issued as per December 31. Contract assets are reclassified to receivables from contracts with customers once the freight service is being invoiced to the customer, at the latest when the voyage is completed (at the latest a few months after it commences). Contract assets include variable consideration only when it is highly probable there will be no significant reversal at a later date when the uncertainty related to the variable payment is resolved.

As the voyages and related contracts have a duration of less than a year, the Group does not disclose separately the transaction price related to partially unfulfilled contracts at the reporting date, refer to IFRS 15.121.

As at December 31, the aging analysis of trade receivables, contract assets and other current receivables are as follows:

				Days past due			
(USD 1000)	Total [1]	Contract asset	Current	<30 days	30-60 days	60-90 days	>90 days
2022	119 097	3 578	41 907	35 105	11 024	5 055	22 429
2021	112 884	2 270	81 192	14 536	3 473	3 407	8 006

[1] Not including prepaid cost and allowance for expected credit losses.

The table below summarizes total current receivables into different currencies:

(USD 1000)	2022	2021
USD	110 622	111 002
EUR	2 676	2 548
SGD	112	93
Other currencies	4 409	2 822
Total current receivables	**117 821**	**116 465**

Note 25
Other current liabilities

(USD 1000)	2022	2021
Trade payables	34 717	42 785
Accrued voyage expenses	13 801	13 978
Accrued expenses Ship Management	3 693	5 481
Accrued interest expenses	5 904	4 400
Other accrued expenses	8 413	10 732
Employee taxes payable	10 121	8 078
Working capital liabilities to pool partners	5 697	13 652
Other current liabilities	3 642	2 001
Loans from joint ventures	—	19 073
Total other current liabilities	**85 987**	**120 179**

As per December 31, 2022 the Group has the following remaining performance obligations (amounts not disclosed):

- For voyages in progress, revenues related to the remaining freight services will be recognized as the voyage progresses. All voyages in progress will be completed within a few months.
- In addition, the Group has freight commitments related to contracts of affreightments entered into for future shipments.

The table below summarizes the maturity profile of the Group's other current liabilities:

(USD 1000)	Total	On demand	< 3 months	3-6 months	6-9 months	> 9 months
2022	85 987	77 216	6 783	457	887	644
2021	120 179	111 469	5 103	1 087	330	2 190

The table below summarizes other current liabilities into different currencies:

(USD 1 000)	2022	2021
USD	65 011	101 114
EUR	—	2 072
SGD	1 068	904
Other currencies	19 908	16 089
Total current liabilities	**85 987**	**120 179**

Note 26
Share capital and premium

	Number of shares (1 000)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2022	2021	2022	2021	2022	2021
A-shares	65 690	65 690	22 277	22 277	130 511	130 511
B-shares	21 079	21 079	7 148	7 148	41 877	41 877
Total	**86 769**	**86 769**	**29 425**	**29 425**	**172 388**	**172 388**

Per December 31, 2022 Odfjell SE holds 5,467,689 A-shares and 2,322,482 B-shares.

The shares are all authorized, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.25 as per December 31, 2022. All the shares have the same rights in the Company, except for B-shares which have no voting rights.

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties) are:

	2022		2021	
	A-shares	B-shares	A-shares	B-shares
Chair of the Board of Directors, Laurence Ward Odfjell	29 463 964	7 574 160	29 463 964	8 131 462
Director, Åke Gregertsen	3 000	28 332	3 000	28 332
Director, Nils Petter Dyvik	2 719	—	2 719	—
CEO, Harald Fotland	52 935	4 000	44 822	4 000
CFO, Terje Iversen	53 923	—	47 422	—
CSO, Øistein Jensen	48 932	—	43 700	—
CTO, Torger Trige	8 332	190	3 878	190
CCO, Bjørn Hammer	18 886	—	12 838	—
MD, Adrian Lenning	18 341	—	12 380	—

Note 27
List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per December 31, 2022:

Company	Country of registration	Ownership share	Voting share
Odfjell Argentina SA	Argentina	100%	100%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	100%	100%
Odfjell Brasil Ltda	Brazil	100%	100%
Odfjell Chile Ltd	Chile	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Terminals BV	Netherlands	100%	100%
Odfjell Terminals Management BV	Netherlands	100%	100%
Norfra Shipping AS	Norway	100%	100%
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Chemical Tankers II AS	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Management AS	Norway	100%	100%
Odfjell Maritime Services AS	Norway	100%	100%
Odfjell Tankers AS	Norway	100%	100%
Odfjell Terminals AS	Norway	100%	100%
Odfjell Terminals II AS	Norway	100%	100%
Odfjell Peru S.A.C.	Peru	100%	100%
Odfjell Management Philippines Inc	Philippines	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Terminals Asia Holdings Pte Ltd	Singapore	100%	100%
Odfjell Terminals Asia Pte Ltd	Singapore	100%	100%
Odfjell Terminals China Pte Ltd	Singapore	100%	100%
Odfjell Durban South Africa Pty Ltd	South Africa	100%	100%
Odfjell Mazibuko SA Pty Ltd	South Africa	55%	55%
Odfjell Middle East DMCC	United Arab Emirates	100%	100%
Odfjell USA (Houston) Inc	United States	100%	100%
Odfjell Terminals Management Inc	United States	100%	100%

Note 28
Investments in joint ventures and associates

Odfjell Terminals BV, is acting as holding company for the Group's investments in terminals. In Odfjell Terminals BV, the terminal investments are structured as joint ventures, with a separate holding company owned by the respective joint venture partners.

The holding company in USA is Topco LLC. This holding company owns the terminals in USA (Houston and Charleston) 100%. Odfjell Terminals BV owns 51% of Topco LLC, while Northleaf owns the remaining 49% of the shares.

The holding company for the Asia terminal is Odfjell Terminals AS. Odfjell Terminals AS owns 50% in the terminal in Korea. Up to July 2022, Odfjell Terminals Asia Holding Pte Ltd and its subsidiaries were 51% owned by Odfjell Terminals BV and 49% owned by Lindsay Goldberg. Lindsay Goldberg sold its 49% share of Odfjell Terminals Asia Holding Pte Ltd to Odfjell Terminals BV, so the company is now 100% owned by the Odfjell Group. The aquisition is considered an asset acquisition and not a business combination. The aquisition was booked at fair value and the majority of assets were receivables and cash. The agreed purchasing price was USD 26.7 million and net cash outflow resulting from the transaction was USD 19.1 million.

The investment in Noord Natie Odfjell Antwerp Terminals NV is owned directly by Odfjell Terminals BV.

Odfjell and its joint venture partner continue to share control over the investments, thus the investments in the terminal holding companies are accounted for as investments in joint ventures, applying the equity method.

Odfjell had also established a joint venture with Breakwater Capital and Oak Hill Advisors, L.P. to include Odfjell's Gas Carriers business. This investment was done through the holding company Odfjell Gas AS (ref. note 4). In March 2021, Odfjell SE acquired the remaining 50% of shares in Odfjell Gas AS, and the companies were fully consolidated in the financial statements the remaining months of 2021. The two Gas vessels are now sold and Odfjell Gas AS and its subsidiaries are liquidated.

See note 16 for further information about guarantees issued on behalf of joint ventures.

The investment in joint ventures and associates includes the following companies accounted for according to the equity consolidation method during 2022:

Joint ventures and associates	Country of registration	Business segment	Ownership share
Tank Terminals:			
Tank Terminal entities in Europe			
Noord Natie Odfjell Antwerp Terminals NV	Belgium	Tank Terminals	25.0%
Tank Terminal entities in USA			
Topco LLC	United States	Tank Terminals	51.0%
Odfjell Holdings (USA) Inc	United States	Tank Terminals	51.0%
Odfjell Terminals (Charleston) LLC	United States	Tank Terminals	51.0%
Odfjell Terminals (Houston) Inc	United States	Tank Terminals	51.0%
Odfjell USA Inc	United States	Tank Terminals	51.0%
Tank Terminal entities in Asia			
Odfjell Nangang Terminals (Tianjin) Co Ltd - company sold July-22	China	Tank Terminals	0.0%
Odfjell Changxing Terminals (Dalian) Co Ltd - company owned 20.4% up to July-22	China	Tank Terminals	40.0%
Odfjell Terminals (Korea) Co Ltd	South Korea	Tank Terminals	50.0%
Odfjell Terminals Asia Holding Pte Ltd - company owned 100% from July-22	Singapore	Tank Terminals	51.0%
Odfjell Terminals (China) Pte Ltd - company owned 100% from July-22	Singapore	Tank Terminals	51.0%
Odfjell Terminals Asia Pte Ltd - company owned 100% from July-22	Singapore	Tank Terminals	51.0%

The share of result and balance sheet items for investments in joint ventures and associates are recognized based on equity method:

	2022				2021					
(USD 1 000)	Tank Terminals Europe	Tank Terminals USA	Tank Terminals Asia	Total	Tank Terminals Europe	Tank Terminals USA	Tank Terminals Asia	Total Tank Terminals	Gas Carriers	Total
Gross revenue	49 883	118 972	10 034	**178 889**	49 962	94 371	11 111	155 444	1 855	**157 299**
EBITDA	24 625	63 164	4 827	**92 617**	24 514	43 936	4 365	72 815	1 244	**74 059**
EBIT	11 180	41 898	2 591	**55 669**	11 587	26 022	1 876	39 485	700	**40 185**
Net result	**7 947**	**27 877**	**2 003**	**37 827**	**8 131**	**15 205**	**1 151**	**24 487**	**659**	**25 146**
Total comprehensive income	**7 947**	**27 877**	**2 003**	**37 827**	**8 131**	**15 205**	**1 151**	**24 487**	**659**	**25 146**
Odfjell owner interest	1 987	14 217	2 360	**18 564**	2 033	7 754	1 622	11 410	330	**11 739**
Depreciation excess values net of deferred tax	(1 356)	(4 514)	—	**(5 870)**	(1 718)	(4 905)	—	(6 623)	—	**(6 623)**
Group's share of profit for the year	**631**	**9 703**	**2 360**	**12 694**	**315**	**2 850**	**1 622**	**4 787**	**330**	**5 117**
Dividend received	1 330	—	1 353	**2 683**	1 471	—	1 263	2 734	—	**2 734**
Non-current assets	107 432	314 565	46 084	**468 081**	106 579	275 379	123 912	505 870	—	**505 870**
Current assets	14 245	53 831	3 002	**71 078**	10 823	38 773	65 482	115 079	—	**115 079**
Total assets	**121 677**	**368 396**	**49 086**	**539 159**	**117 403**	**314 152**	**189 394**	**620 949**	**—**	**620 949**
Non-current liabilities	49 984	233 187	3 883	**287 054**	60 548	227 276	63 568	351 393	—	**351 393**
Current liabilities	24 866	37 616	4 063	**66 545**	12 360	35 490	31 306	79 156	—	**79 156**
Total liabilities	**74 850**	**270 803**	**7 946**	**353 599**	**72 908**	**262 766**	**94 874**	**430 549**	**—**	**430 549**
Total equity closing balance	**46 826**	**96 899**	**40 961**	**184 687**	**44 494**	**50 808**	**94 520**	**189 822**	**—**	**189 822**
Odfjell owner interest	11 707	49 418	40 961	**102 086**	11 124	25 912	69 229	106 264	—	**106 264**
Excess values	26 954	38 751	—	**65 705**	29 942	43 265	—	73 206	—	**73 206**
Carrying amount	**38 660**	**88 169**	**40 961**	**167 791**	**41 065**	**69 177**	**69 229**	**179 471**	**—**	**179 471**
Capital expenditure, Odfjell share	(4 410)	(27 662)	(1 244)	**(33 316)**	(7 415)	(24 982)	(1 943)	(34 340)	—	**(34 340)**

The table above illustrates that Odfjell now owns its terminal investments through separate joint ventures. Tank Terminals Europe include financial information for the Noord Natie Odfjell Antwerp Terminals NV. Tank Terminals USA represent the summarized financial information from the consolidated US Holdings Inc for the whole year. Similarly, Tank Terminals Asia represent the summarized financial information from the consolidated Odfjell Terminals Asia Holding Pte Ltd up to July 2022, and Odfjell Terminals Korea Co. Ltd for the whole year. The book value of the investment in the Odfjell Nangang Terminal (Tianjin) was zero. Accumulated net loss of USD 0.7 million related to Odfjell Nangang Terminal (Tianjin) is not recognized in 2022 (USD 2.6 million in 2021).

The Group received dividend from Noord Natie Odfjell Antwerp Terminals NV in 2022, USD 1.3 million (USD 1.5 million in 2021), and from Odfjell Terminals Korea Co. Ltd in 2022, USD 1.4 million (USD 1.3 million in 2021).

(USD 1000)	2022	2021
Loan to/from associates and joint ventures	—	19 000

All transactions are considered being at commercial reasonable market terms.

Note 29
Held for sale

As per December 31, 2022, no assets were classified as held for sale.

As per December 31, 2021, the vessels Bow Dalian, Bow Fuling and Bow Nangang were classified as held for sale. The vessels were included in the Chemical Tankers reporting segment, refer to note 4. An impairment loss of USD 21 million related to the vessels was recognized in the third quarter of 2021, see note 13.

Note 30
Contingent liabilities

In the ordinary course of business, the Group is party to certain disputes etc. of various scopes. The resolution of these disputes etc. is associated with uncertainty, as they depend on legal proceedings, such as negotiations between the parties affected. At the end of 2022, neither the parent company nor its consolidated subsidiaries were involved in disputes etc. where the likely outcome could be material for the Group.

Note 31
Other operating income/expenses

Other operating expenses in 2022 primarily relates to expenses incurred in Group restructurings.

A distribution from the Norwegian Mutual War Risk Insurance Association to its members was approved in October 2021. The distribution of USD 6.2 million less withholding tax of USD 1.6 million (net USD 4.6 million) was received in December 2021. The withholding tax was assumed to be refunded from Norwegian tax authorities. Hence, no tax expense was booked. The USD 1.6 million in withholding tax was recognized as a receivable in the balance sheet per end December 2021 and was settled in 2022.

Note 32
Impact from the war in Ukraine and from Covid

The world has been shocked by Russia's war on Ukraine. The war has had an impact on supply chains, put pressure on energy security, resulted in the loss of lives, and, most importantly, has been a tragedy for the people of Ukraine's livelihood. The war has also had an impact on the global economy.

The shipping sector is no exception, as it is intertwined with most aspects of the worldwide economy. Odfjell has a limited presence in the areas immediately affected by the current war, and we have observed limited direct consequences this far. We are actively monitoring the situation and implementing the measures required to minimize any adverse impact on our staff, operations, and financial results. Our top priority is to ensure the safety and well-being of our crew, vessels and cargo.

Following the conflict in Ukraine, the EU and Western countries imposed a number of sanctions against Russian companies, individuals, and products. These sanctions are complicated and rapidly evolving. Breach of the sanctions could have serious consequences. Odfjell has taken a strict stance, refusing to operate in the Black Sea or engage in trade with Russia, Russian individuals/owners, or Russian cargo. To ensure that we comply with sanctions, we have updated our sanctions policies and procedures. We have also used external assistance to ensure that we are doing enough due diligence to keep us safe and to support the sanctions' objectives.

During 2022 ripple effects of Covid continued to put constraints on businesses around the world, but it did not have a severe negative effect on the Group's financial performance. Impact from Covid is not expected to have an severe negative impact in 2023.

Note 33
Subsequent events

Subsequent events are events that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

On February 8, 2023, the Board approved, based on proxy granted by the General Meeting, a dividend of USD 0.61 per share, totaling USD 48.2 million. The dividend was paid out February 21, 2023.

Note 34
Exchange rates of the Group's major currencies against USD

	Norwegian kroner (NOK)		Euro (EUR)		Singapore dollar (SGD)	
	Average	Year-end	Average	Year-end	Average	Year-end
2022	9.60	9.91	1.05	1.07	1.38	1.34
2021	8.59	8.84	1.18	1.13	1.34	1.35

Odfjell SE

Financial statements & Notes

Statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2022	2021
Statement of profit or loss			
Operating revenue (expenses)			
Gross revenue		—	—
General and administrative expenses	6, 11	(8 830)	(8 548)
Operating result (EBIT)		**(8 830)**	**(8 548)**
Financial income (expenses)			
Income on investment in subsidiaries and joint ventures	8	48 800	6 210
Interest income	8	1 840	580
Interest expenses	8	(24 053)	(26 719)
Other financial items	8	12 965	14 630
Currency gains (losses)	9	20 748	7 825
Net financial items		**60 299**	**2 526**
Result before taxes		**51 469**	**(6 023)**
Income taxes	4	—	—
Net result		**51 469**	**(6 023)**
Total comprehensive income		**51 469**	**(6 023)**

Statement of financial position

Assets as per December 31 (USD 1 000)	Note	2022	2021
Non-current assets			
Shares in subsidiaries	12	885 818	1 025 640
Loans to Group companies and joint ventures	10	3 939	3 702
Derivative financial instruments	2	9 056	—
Total non-current assets		**898 813**	**1 029 342**
Current assets			
Current receivables		620	741
Derivative financial instruments		5 123	—
Receivables from Group companies and joint ventures	15	25 158	79 969
Other current financial assets		12 935	15 594
Cash and bank deposits	15	68 539	35 438
Total current assets		**112 375**	**131 741**
Total assets		**1 011 187**	**1 161 083**

Equity and liabilities as per December 31	Note	2022	2021
Equity			
Share capital	5,13	29 425	29 425
Treasury shares	5,13	(2 486)	(2 504)
Share premium	5	172 388	172 388
Other equity	5	459 648	544 408
Total shareholders' equity		**658 974**	**743 716**
Non-current liabilities			
Derivatives financial instruments	2	8 168	17 203
Loans from subsidiaries	3	—	6 860
Long-term interest-bearing debt	3	85 018	222 062
Total non-current liabilities		**93 186**	**246 124**
Current liabilities			
Proposed dividend	7	—	—
Derivative financial instruments	2	22 654	9 141
Current portion of long-term interest-bearing debt	3	115 119	57 280
Other current liabilities		2 586	2 816
Loans from Group companies	15	118 668	102 005
Total current liabilities		**259 028**	**171 243**
Total liabilities		**352 213**	**417 367**
Total equity and liabilities		**1 011 187**	**1 161 083**
Guarantees	14	747	855

The Board of Directors of Odfjell SE

Bergen, March 24, 2023

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Harald Fotland
CEO

Statement of cash flow

(USD 1 000)	2022	2021
Cash flow from operating activities		
Result before taxes	51 469	(6 023)
Taxes paid	–	–
Change in fair value of available-for-sale investments	4 480	252
Effect of currency loss/(gain)	(19 628)	(6 543)
Unrealized changes in derivatives	(9 701)	(7 750)
Dividends and (gain)/loss from sale of shares	(40 762)	(6 210)
Other short-term accruals	125	2 153
Net cash flow from operating activities	**(14 017)**	**(24 121)**
Cash flow from investing activities		
Sale of non-current assets	–	4
Dividend received	40 762	19 951
Purchase of shares	–	(32 501)
Loans to/from subsidiaries	92 746	2 172
Net cash flow from investing activities	**133 508**	**(10 374)**
Cash flow from financing activities		
New interest-bearing debt	–	130 939
Repayment of interest-bearing debt	(58 329)	(129 830)
Dividend payment	(26 250)	–
Repurchase/sale of treasury shares	236	–
Net cash flow from financing activities	**(84 343)**	**1 109**
Effect on cash balances from currency exchange rate fluctuations	(2 047)	(722)
Net change in cash balances	**33 101**	**(34 106)**
Cash balances as per January 1	35 438	69 544
Cash balances as per December 31	**68 539**	**35 438**

Note 1
Accounting principles

The parent's separate financial statements have been prepared in accordance with the simplified IFRS. The functional and presentation currency of the Company is USD. The accounting principles are based on the same accounting principles as the Group financial statement with the following exceptions:

Investments in subsidiaries and joint ventures

Subsidiaries and investments in joint ventures are presented according to the cost method. Group relief received is presented as dividend from subsidiaries. Group contribution and dividends from subsidiaries are recognized in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its shareholdings.

Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Accordingly, a reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Derivative financial instruments

The Company, on behalf of subsidiaries, enters into derivative financial instruments to reduce currency and bunkers exposure in subsidiaries. Fair value and changes in fair value of these financial instruments are charged to the respective subsidiary and therefore not recognized in the balance sheet nor net result.

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current.

Changes in fair value of derivatives are recognized in the income statement together with changes in the fair value of the hedged item. This also applies to derivatives that qualify for hedge accounting in the Group financial statements.

See note 5 to the Group Financial Statements for more details regarding risk management.

Income taxes

Deferred tax is calculated using the liability method on all temporary differences arising between the tax base of the assets and liabilities and their carrying amount in the financial statements.

Deferred tax is determined using the tax rate and laws which have been enacted on the balance sheet date. Deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available. Deferred tax asset/deferred tax is not calculated on temporary differences arising on investments in subsidiaries, joint ventures and associates.

Note 2
Financial assets and financial liabilities

Classification of financial assets and liabilities as at December 31, 2022:

(USD 1000)	Other current financial assets through profit and loss	Derivatives held as hedge instrument [1)]	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/liabilities	Carrying amount 2022
Assets							
Cash and cash equivalents	–	–	–	68 539	–	–	68 539
Other current financial assets	12 935	–	–	–	–	–	12 935
Derivative financial instruments	–	14 179	–	–	–	–	14 179
Current receivables	–	–	–	25 777	–	–	25 777
Loan to Group companies	–	–	–	3 939	–	–	3 939
Other non-financial assets	–	–	–	–	–	885 818	885 818
Total assets	**12 935**	**14 179**	**–**	**98 255**	**–**	**885 818**	**1 011 187**
Liabilities							
Other current liabilities	–	–	–	–	2 586	–	2 586
Loan from subsidiaries	–	–	–	–	118 668	–	118 668
Derivative financial instruments	–	–	30 822	–	–	–	30 822
Interest-bearing debt	–	–	–	–	200 137	–	200 137
Total liabilities	**–**	**–**	**30 822**	**–**	**321 391**	**–**	**352 213**

Classification of financial assets and liabilities as at December 31, 2021:

(USD 1000)	Other current financial assets through profit and loss	Derivatives held as hedge instrument [1)]	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/liabilities	Carrying amount 2021
Assets							
Cash and cash equivalents	–	–	–	–	35 437	–	35 437
Other current financial assets	15 594	–	–	–	–	–	15 594
Current receivables	–	–	–	–	80 710	–	80 710
Loan to Group companies	–	–	–	–	3 702	–	3 702
Other non-financial assets	–	–	–	–	–	1 025 640	1 025 640
Total assets	**15 594**	**–**	**–**	**–**	**119 849**	**1 025 640**	**1 161 083**
Liabilities							
Other current liabilities	–	–	–	–	2 816	–	2 816
Loan from subsidiaries	–	–	–	–	108 865	–	108 865
Derivative financial instruments	–	15 588	10 756	–	–	–	26 344
Interest-bearing debt	–	–	–	–	279 342	–	279 342
Total liabilities	**–**	**15 588**	**10 756**	**–**	**391 023**	**–**	**417 367**

Fair value of financial instruments

Odfjell SE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date, and level 2 are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. For some non-derivative financial assets and liabilities, we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments and available-for-sale-investments are recognized in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. For dividend payable the carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on market values on the bonds.

Outstanding bond debt ODF10 and ODF11, swapped to USD 213 million, had a market value of USD 189 million per December 31, 2022 compared to carrying amount of USD 184 million. Correspondingly market value was USD 213 million as per December 31, 2021 compared to carrying amount of USD 207 million. In addition the outstanding ODF09 bond, swapped to USD 39 million, had a market value of USD 38 million compared to carrying amount USD 37 million, which matured in June 2022.

(USD 1 000)	2022		2021	
Recurring fair value measurement	Level 1	Level 2	Level 1	Level 2
Financial assets at fair value:				
Derivatives instruments - hedging	–	13 911	–	–
Financial liabilities at fair value:				
Bond debt	188 884	–	251 022	–
Derivatives instruments - non-hedging	–	30 876	–	10 756
Derivatives instruments - hedging	–	–	–	15 588

Hedging

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current asset/liability.

See note 5 in the Group Financial Statements for more details regarding risk management.

Below overview shows status of hedging exposure per December 31, 2022 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedge, interest rate swaps	USD 300 000		2.59%	13 911	–	300 000	–	300 000
					Time to maturity – USD amounts			
Cross-currency interest rate swaps	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non-hedge [2]	USD 213 400	From NOK to USD	9.84%	(30 876)	113 400	100 000	–	213 400

[1] Mark to market valuations
[2] Related to NOK bonds issued by Odfjell SE

Below overview shows status of hedging exposure per December 31, 2021 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedge, interest rate swaps	USD 300 000		2.59%	(15 588)	–	300 000	–	300 000
					Time to maturity – USD amounts			
Cross-currency interest rate swaps	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non-hedge [2]	USD 252 015	From NOK to USD	5.91%	(10 756)	38 615	213 400	–	252 015

[1] Mark to market valuation
[2] Related to NOK bonds issued by Odfjell SE

Negative value MTM of the cross-currency swaps related to the two outstanding bond loans swapped to a total of USD 213 million (USD 252 million in 2021), amounts to USD 30.9 million per December 31, 2022 (USD 10.8 million in 2021). Positive accumulated currency gain booked related to the same bond loans per December 31, 2022 amounts to USD 8.0 million (USD 11.3 million in 2021).

In addition to the derivatives above, Odfjell SE held currency forwards to reduce exposure in subsidiaries. The result of these contracts is transferred to the respective subsidiary at maturity and therefore not recognized in Odfjell SE's separate financial statement. Fair values of these contracts are:

(USD 1 000)	2022	2021
Currency	(1 250)	611
Derivative financial instruments	**(1 250)**	**611**

Note 3
Interest-bearing debt

Long-term debt consists mainly of unsecured bonds in the Nordic bond market, and a vessel-linked loan due to mature in 2023. Interest rates are based on floating USD LIBOR-rates, to be converted to SOFR in 2023. See note 8 to the Group Financial Statements for more information about interest-bearing debt and covenants.

(USD 1 000)	Interest rate year-end [1]	2022	2021
Mortgage loans from finance institutions	5.00%	16 700	37 912
Bonds – unsecured	9.84%	184 221	243 994
Subtotal interest-bearing debt	9.44%	200 921	281 906
Debt transaction fees		(783)	(2 564)
Total interest-bearing debt		**200 137**	**279 342**
Current portion of long-term interest-bearing debt		(115 119)	(57 280)
Total non-current interest-bearing debt		**85 018**	**222 062**

[1] Average interest rate is the weighted average of interest rates, excluding hedging, as per end of 2022.

Maturity of interest-bearing debt as per December 31, 2022:

(USD 1 000)	2023	2024	2025	2026	2027	2028+	Total
Mortgage loans from financial institutions	16 700	–	–	–	–	–	**16 700**
Bonds – unsecured [1]	98 419	–	85 801	–	–	–	**184 221**
Sub total interest-bearing debt	**115 119**	**–**	**85 801**	**–**	**–**	**–**	**200 921**
Estimated interest payable	20 147	10 849	2 576	–	–	–	**33 573**
Total interest-bearing debt	**135 267**	**10 849**	**88 378**	**–**	**–**	**–**	**234 494**

[1] Values excluding hedging effects from interest and currency swaps which are recognized as derivative financial instruments in the statement of financial position.

Maturity of interest-bearing debt as per December 31, 2021:

(USD 1 000)	2022	2023	2024	2025	2026	2027+	Total
Mortgage loans from financial institutions	19 821	18 091	–	–	–	–	**37 912**
Bonds – unsecured [1]	37 459	110 340	–	96 194	–	–	**243 994**
Sub total interest-bearing debt	**57 280**	**128 431**	**–**	**96 194**	**–**	**–**	**281 906**
Estimated interest payable	16 323	14 805	8 224	2 043	–	–	**41 395**
Total interest-bearing debt	**73 604**	**143 236**	**8 224**	**98 237**	**–**	**–**	**323 301**

[1] Values excluding hedging effects from interest and currency swaps which are recognized as derivative financial instruments in the statement of financial position.

The average maturity of the Company's total interest-bearing debt is about 1.3 years (1.9 years in 2021). Average maturity of loans from financial institutions is 0.5 years (1.0 years in 2021), while average maturity of bonds is 1.3 years (2.1 years in 2021).

Long-term interest-bearing loans from subsidiaries:

	Currency	Average interest rate	2022	2021
Loans from Group companies	USD	4.61%	7 053	6 860

Loans from Group companies generally have no fixed repayment schedule. Repayment is based on available liquidity. Loans from Group companies are priced on an arms-length basis.

Note 4
Taxes

(USD 1 000)	2022	2021
Taxes payable related to withholding tax on received dividend	–	–
Prior years adjustments	–	–
Total tax expenses (income)	–	–
Effective tax rate	N/A	N/A

Taxes payable:

(USD 1 000)	2022	2021
Result before taxes	52 041	(6 023)
Permanent differences	(75 679)	(20 306)
Changes temporary differences	(5 668)	(7 506)
Basis taxes payable	**(29 306)**	**(33 835)**
Group contribution with tax effect (received)	9 721	347
Utilization of carried forward losses	–	–
Losses brought forward	19 585	33 488
Basis taxes payable after Group contribution	**–**	**–**

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2022	2021
Non-current assets	847	1 055
Other long-term temporary differences	1 242	1 742
Financial instruments/finance expenses	(16 312)	(23 996)
Tax-loss carried forward	(202 182)	(216 734)
Non-deductible interest	(29 801)	(23 516)
Net temporary differences	**(246 206)**	**(261 450)**
Tax rate	22%	22%
Total deferred tax (deferred tax assets)	(54 165)	(57 519)
Total deferred tax assets not recognized	54 165	57 519
Deferred tax assets	**–**	**–**

Deferred tax asset is not accounted for due to uncertainty of future utilization of temporary differences. Temporary differences are translated to USD from NOK at closing rate. Basis for calculating taxes payable is average exchange rate, while deferred tax/deferred tax assets are calculated using end exchange rate.

Note 5
Shareholders' equity

	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Shareholders' equity as per December 31, 2020	**29 425**	**(2 545)**	**172 388**	**550 040**	**749 307**
Comprehensive income	–	–	–	–	**–**
Sale of treasury shares	–	41	–	391	**432**
Proposed dividend	–	–	–	–	**–**
Net result	–	–	–	(6 023)	**(6 023)**
Shareholders' equity as per December 31, 2021	**29 425**	**(2 504)**	**172 388**	**544 408**	**743 716**
Comprehensive income	–	–	–	–	**–**
Sale of treasury shares	–	18	–	218	**236**
Dividend paid	–	–	–	(26 250)	**(26 250)**
Net result	–	–	–	51 469	**51 469**
Liquidation/sale of subsidiaries [1)]	–	–	–	(110 196)	**(110 196)**
Shareholders' equity as per December 31, 2022	**29 425**	**(2 486)**	**172 388**	**459 648**	**658 974**

[1)] The liquidation of the subsidaries Odfjell Chemical Tankers Bermuda Ltd. and Odfjell Gas Shipowning AS were accounted for with continuity in book values. The difference between the book value of shares in subsidaries and assets and liabilities assumed in the transactions resulted in a negative adjustment of 110.2 million USD booked against other equity.

Note 6
Related parties

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties. The Company considers these arrangements to be according to arms-length principles and on commercially reasonable market terms. There were no material outstanding balances as per December 31, 2022.

Odfjell SE also has service fee agreements and several financial transactions with Group companies, all considered being at commercial reasonable market terms. Management fee from wholly owned subsidiaries is charged with USD 6.6 million (USD 6.9 million in 2021).

Note 7
Subsequent events

Subsequent events are events that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

On February 8, 2023, the Board approved, based on proxy granted by the General Meeting, a dividend of USD 0.61 per share, totaling USD 48.2 million. The dividend was paid out February 21, 2023.

Refer to group note 33 for subsequent events for the Group as a whole.

Note 8
Financial income and expenses

(USD 1 000)	2022	2021
Dividend/Sale of shares/Group contribution	48 800	6 210
Inter-company interest income	237	132
Other interest income bank deposit	1 603	448
Total interest income	**1 840**	**580**
Inter-company interest expenses	(349)	(364)
Interest expenses, loans	(23 705)	(26 355)
Total interest expenses	**(24 053)**	**(26 719)**
Other financial income	8 897	9 441
Other financial expenses	(24 883)	(349)
Financial assets and liabilities at fair value through net result	28 951	5 537
Total other financial income/expenses	**12 965**	**14 630**
Net currency gains (losses) - see note 9	20 748	7 825
Net financial items	**60 299**	**2 526**

Note 9
Currency gains (losses)

(USD 1 000)	2022	2021
Non-current receivables and debt	25 976	8 548
Cash and cash equivalents	(2 047)	(824)
Other current assets and current liabilities	(3 181)	100
Total currency gains (losses)	**20 748**	**7 825**

Note 10
Loans to Group companies and joint ventures

(USD 1 000)	Currency	2022	2021
Odfjell Chemical Tankers AS	USD	3 939	3 702
Total loans to Group companies and joint ventures		**3 939**	**3 702**

Note 11
Salaries, number of employees, benefits to Board of Directors, CEO, other members of the Management Group and auditor's remuneration

For 2022 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

Compensation and benefits paid to Board of Directors in 2022:

(USD 1 000)	Compensation	Other benefits	Total
Laurence Ward Odfjell (Chair)	104	—	104
Åke Gregertsen	57	—	57
Nils Petter Dyvik	49	—	49
Jannicke Nilsson	47	—	47
Åse Aulie Michelet	46	—	46
Christine Rødsæther	44	—	44
Total	347	—	347

Auditor's remuneration (exclusive of VAT):

(USD 1 000)	2022	2021
Statutory auditing	194	141
Other assurance services	—	1
Tax advisory services	—	—
Non-audit services	—	—
Total remuneration	**194**	**142**

Note 12
Shares in subsidiaries and joint ventures

Subsidiaries and activities under joint control are included in the parent company financial statement based on historical cost.

Subsidiaries

	Registered office	Share/voting rights	Book value	Result 2022	Equity 2022
Odfjell Argentina SA [1]	Argentina	90%	129	—	195
Odfjell Brazil - Representacoes Ltda	Brazil	100%	983	88	1 161
Odfjell Terminals BV [2]	Netherland	100%	199 172	12 694	167 791
Norfra Shipping AS	Norway	100%	641 230	3 442	648 069
Odfjell Insurance & Properties AS	Norway	100%	843	(28)	587
Odfjell Management AS	Norway	100%	21 858	4 866	30 173
Odfjell Maritime Services AS	Norway	100%	1 929	(171)	780
Odfjell Tankers AS	Norway	100%	9 858	(938)	10 407
Odfjell Terminals II AS	Norway	100%	5 248	(1 174)	16 656
Odfjell Peru	Peru	100%	195	—	70
Odfjell Management (Philippines) Inc	Philippines	100%	2 600	139	1 938
Odfjell Singapore Pte Ltd	Singapore	100%	13	274	907
Odfjell Korea Ltd	South Korea	100%	43	23	(44)
Odfjell Middle East DMCC	United Arab Emirates, Dubai	100%	1 717	72	679
Odfjell USA (Houston) Inc	USA	100%	—	1 138	7 053
Total			**885 818**		

[1] The company Odfjell Argentina SA is directly and indirectly 99% owned by Odfjell SE.
[2] Odfjell Terminals BV became a subsidiary in December 2018. Odfjell's terminal activity is operated through joint ventures owned by Odfjell Terminals BV. The result and equity presented are consolidated figures for the terminal segment (see note 4 to the Group Financial Statements).

Shares in joint ventures

Odfjell had established a joint venture with Breakwater Capital and Oak Hill Advisors, L.P. to include Odfjell's Gas Carriers business. This investment was done through the holding company Odfjell Gas AS. In March 2021, Odfjell SE acquired the remaining 50% of shares in Odfjell Gas AS, and the companies were fully consolidated in the financial statements the remaining months of 2021. The two gas vessels acquired through the acquistion were sold in the third and fourth quarter of 2021, and Odfjell Gas AS was therefore liquidated at the end of 2021. The only remaining subsidiary from the Gas Carriers business, Odfjell Gas Shipowning AS, was liquidated in 2022 resulting in a net loss of USD 1.3 million.

The Company has tested investments for impairment in accordance with requirements in IAS 36. No impairment has been recognized for 2022.

Note 13
Share capital and information about shareholders

	Number of shares	Nominal value (NOK)	(NOK 1 000) 2022	(NOK 1 000) 2021
A-shares	65 690 244	2.50	164 226	164 226
B-shares	21 078 704	2.50	52 697	52 697
Total	**86 768 948**		**216 922**	**216 922**

All shares have the same rights in the Company, except that B-shares have no voting rights.

20 largest shareholders as per December 31, 2022 according to VPS:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem AS	25 966 492	7 061 148	33 027 640	43.12%	38.06%
2	Odfjell SE	5 467 689	2 322 482	7 790 171	[2]	8.98%
3	Stolt-Nielsen Limited	5 007 812	5 055	5 012 867	8.32%	5.78%
4	Svenska Handelsbanken AB [1]	2 920 305	1 580 480	4 500 785	4.85%	5.19%
5	Rederiet Odfjell AS	3 497 472	–	3 497 472	5.81%	4.03%
6	Pareto Aksje Norge Verdipapirfond	2 177 865	1 129 961	3 307 826	3.62%	3.81%
7	Athomstart Invest 754 AS	3 225 000	–	3 225 000	5.36%	3.72%
8	Rederiet Jacob Christensen AS	2 675 957	472 546	3 148 503	4.44%	3.63%
9	B.O. Steen Shipping AS	270 500	1 920 000	2 190 500	0.45%	2.52%
10	Holmen Spesialfond	2 000 000	–	2 000 000	3.32%	2.30%
11	Forsvarets Personellservice	1 026 700	–	1 026 700	1.70%	1.18%
12	Eriko AS	169 484	750 516	920 000	0.28%	1.06%
13	Credit Suisse (Switzerland) LTD.[1]	594 101	288 500	882 601	0.99%	1.02%
14	AS SS Mathilda	600 000	150 000	750 000	1.00%	0.86%
15	Meteva AS	–	700 000	700 000	–	0.81%
16	Kontrari AS	205 169	324 000	529 169	0.34%	0.61%
17	Petter Goldenheim	182 000	338 200	520 200	0.30%	0.60%
18	Frode Tobiasson	356 229	145 540	501 769	0.59%	0.58%
19	The Bank of New York Mellon [1]	13 728	469 250	482 978	0.02%	0.56%
20	Ten Commandments AS	245 941	146 000	391 941	0.41%	0.45%
	Total 20 largest shareholders	**56 602 444**	**17 803 678**	**74 406 122**	**84.91%**	**85.75%**
	Other shareholders	9 087 800	3 275 026	12 362 826	15.09%	14.25%
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	5 987 988	3 279 600	9 267 588	9.94%	10.68%
	Treasury shares [2]	5 467 689	2 322 482	7 790 171	–	8.98%
	Cost price treasury shares (USD 1 000)	1 857	788	2 667		

[1] Nominee account
[2] No voting rights for own shares ref. Public Limited Companies Act §5 -4

Source: Norwegian Central Securities Depository (VPS).

For an analysis of the 20 largest shareholders of December 31, 2022, see text in section Shareholder Information. See note 26 in the Group Financial Statements for details regarding shares owned by members of the Board and Executive Management (including related parties).

Note 14
Guarantees

(USD 1 000)	2022	2021
100% owned subsidiaries (credit facilities)	743 643	851 770
100% owned subsidiaries (third party guarantees)	3 000	3 000
Total guarantees	**746 643**	**854 770**

Odfjell SE issues guarantees on behalf of subsidiaries as part of our day-to-day business, and to joint ventures on a case-by-case basis.

The Company has issued guarantees on behalf of 100% owned subsidiaries for credit facilities and bunkers purchases totaling USD 747 million (USD 855 million in 2021).

Guarantees to and from Group companies are entered into on arms-length basis.

Note 15
Cash and Cash Equivalents

The Group uses a cash pool arrangement with Odfjell SE as the legal entity maintaining the accounts. Other participants' deposits into the arrangement are considered inter-company balances and are presented as such in the financial statements.

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period January 1 to December 31, 2022, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Group and Company's consolidated assets, liabilities, financial position and results of operations, and that the report from the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with description of the principal risks and uncertainties facing the Company and the Group.

ODFJELL

The Board of Directors of Odfjell SE
Bergen, March 24, 2023

Laurence Ward Odfjell
Chair

Christine Rødsæther

Jannicke Nilsson

Åke Gregertsen

Nils Petter Dyvik

Åse Aulie Michelet

Harald Fotland
CEO

Auditor's report

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Odfjell SE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Odfjell SE (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company since before the listing in 1986, for more than 37 years from the election by the general meeting of the shareholders.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of vessels

Basis for the key audit matter

As per 31 December 2022 book value of the Group's vessels including right of use assets (vessels) amounted to USD 1 523,1 million, representing 75,8 % of Group's total assets. No impairment was recognized on vessels and right of use assets (vessels) in the fleet.

Due to changing regulatory framework for the shipping sector, management tested recoverable amounts of the Group's vessels and right of use assets (vessels) for the year ended December 31, 2022. Management measured the recoverable amounts of vessels or cash generating unit ("CGU") by comparing its carrying amount to the highest of fair value less cost to sell and value in use. The Group's vessels are assessed to be one CGU. Right of use assets (vessels) were part of the CGU.

The recoverable amounts of the CGU were determined based on value in use calculations. Key assumptions for the value in use calculation were forecasted time-charter earnings, estimated useful life of vessels, and discount rate.

Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and significant judgement in establishing them, we assess impairment evaluation of vessels and right of use assets (vessels) as a key audit matter.

Our audit response

We evaluated the appropriateness of management's identification of the Group's CGU. For the value in use calculation, we compared estimated time charter earnings to the Group's historical data and external long-term expectations for the chemical tanker market. We compared expenses to approved budget, historical data and external long-term expectations. We performed an assessment of the reliability of management's forecast through a review of actual performance against previous forecasts and the consistency of valuation methodology applied.

We involved an internal valuation specialist in testing of the mathematical accuracy of the value in use calculation, in the assessment of the model and the discount rate applied. Furthermore, we performed sensitivity analysis of management's assumptions, including their climate and regulatory assumptions.

We refer to note 2.5, 3 and 13 of the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Odfjell SE we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name odf-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

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In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 24 March 2023
ERNST & YOUNG AS

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Odfjell SE 2022

View from the bridge. Every year, Odfjell ships transit the Suez Canal around 70 times.

"With daily contact with coworkers in Bergen, abroad, and at sea, my employment is challenging and interesting 24 hours a day, seven days a week."

Inger-Karin Håkstad Enæs
Senior Ship Operator

Number of years in Odfjell: 39
Entry year and position: 1984, Telex-Operator

ESG report

For our ESG reporting, we follow the guidance of the Norwegian Shipowners' Association and the SASB framework. The climate risk assessment follows the TCFD framework, and the reporting is in line with the Euronext ESG reporting guidelines.

We also report emissions to the EU MRV, the IMO DCS, the CDP, and the Poseidon Principles. We annually present Communication of Progress to the UN Global Compact and also report sustainability data to EcoVadis. Our sustainability strategy and documentation are published on Odfjell.com.

ENVIRONMENT

TOPIC	ACCOUNTING METRIC	UNIT	REF
Climate risk and climate footprint	**Scope 1 GHG emissions** Gross global Scope 1 GHG emissions to the atmosphere are reported in line with the GHG Protocol. Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g. emissions associated with fuel combustion). In 2022, Odfjell's CO_2 emissions decreased by 14% compared to 2021. Odfjell reports CO_2 emissions to the Carbon Disclosure Project (CDP), the source for metrics used for banks, in accordance with the Poseidon Principles. Odfjell also reports CO_2 via the EU MRV and the IMO DCS protocol according to required scope. Shipping emissions represent 99% of our total Scope 1 emissions. Odfjell has set a target to have a zero-emission-capable fleet by 2050. Vessels included in the emission calculations are all vessels operated by Odfjell, including time charter and pool vessels. The number is sensitive to number of ships operated by Odfjell at any time.	1,279,741 metric tonnes CO_2 in 2022 compared to 1,488,913 in 2021 which is a reduction of 14% of absolute emissions.	SASB TR-MT-110a.1 GRI 305-1 Poseidon Principles SDG 13 CDP C6-C8 IMO strategy on reduction of GHG emissions 2030-2050 IMO DCS EU MRV
	Scope 2 GHG emissions Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Odfjell converts purchased electricity to metric tonnes of CO_2 equivalents location-based. These numbers are reported in the Carbon Disclosure Project (CDP). Scope 2 emissions represent less than 1% of our total GHG emissions. Terminals represent 96.7% of our total Scope 2 emissions.	8,877 metric tonnes CO_2 in 2022, compared to 9,035 in 2021.	GRI 305-2 GRI 305-2 SDG 13 CDP C6-C8
	Scope 3 GHG emissions We have initiated a program to monitor and measure value chain emissions Scope 3 with our major suppliers. We have requested emission numbers from our suppliers, and intend to build models for Scope 3 emissions for our business. Odfjell Scope 3 reported emissions represents less than 1% of our total emissions. We have invested in multiple electrical charging stations at the headquarters in Bergen in order to incentivize the use of electrical cars for commuting.	6,741 metric tonnes CO_2 in 2022, compared to 5,649 in 2021.	GRI 305-4 SDG 13
	GHG emission intensity Odfjell uses the Annual Efficiency Ratio (AER) and the energy efficiency Operational Indicator (EEOI) to monitor fleet efficiency performance over time. The indicators enable us to measure the fuel efficiency of the fleet, and to gauge the effect of any improvement initiatives. AER is used by the IMO for its official Carbon Intensity Indicator (CII). Odfjell reports preliminary AER, for controlled fleet and operated fleet, every quarter. Odfjell has set a climate target to improve carbon intensity (using AER) by 50%, by 2030, compared to 2008. *Operated fleet – vessels commercially operated and/or managed by Odfjell, controlled fleet – operated vessels excl. TC/Pool vessels and incl. owned vessels operated by others.	In 2022, Odfjell improved its AER for the operated fleet* by 4% to 7.91, compared to 2021 (8.24). For the controlled fleet* AER improved by 5.5% to 7.59, compared to 2021 (8.03). In 2022, Odfjell reduced the EEOI level for the operated fleet to 13.80, compared to 15.70 in 2021.	

TOPIC	ACCOUNTING METRIC	UNIT	REF
	GHG emission management Odfjell supports the Paris Agreement and the IMO strategy to reduce GHG emissions and global warming. Odfjell will contribute to the achievement of SDG 13, to combat climate change and its impacts, by reducing GHG emissions. Odfjell has set ambitious climate targets that go beyond those set by the IMO. Odfjell's climate targets are approved by the Board of Directors. Our climate targets are: 1) We will cut greenhouse gas emission by 50% by 2030, compared to 2008 (intensity target for carbon, measured in Annual Efficiency Ratio of CO_2) 2) We are dedicated to pursuing a zero-emission strategy, and will only order newbuildings with zero-emission capable technology 3) We will have a zero-emission-capable fleet from 2050 4) We will actively support initiatives to develop technology and infrastructure for decarbonization, energy efficiency and support international regulation to drive zero emission for our industry and our value chain By setting ambitious climate targets, Odfjell is committed to reducing GHG emissions. In 2022 we have reduced carbon intensity by 49% compared to IMO baseline for 2008, and we expect to achieve the 50% reduction target in 2023. We intend to set new targets for 2030 in 2023. Scope 2 emissions represent less than 2% of our total GHG emissions, and targets have not yet been set. Still, we are dedicated to the efficient use of energy, and have made several energy improvements at our headquarters.	For 2022, we are ahead of target to achieve our 2030 carbon intensity reduction goals. Our target is to reduce 50% carbon intensity by 2030.	SASB TR-MT-110a.2 GRI-DMA 305-1 GRI 305-5 SDG 13 IMO strategy on reduction of GHG emissions 2030-2050 Odfjell Sustainability Linked Finance Framework
	Climate risk reporting Odfjell conducts climate risk assessments and reporting in line with Task Force on Climate-related Financial Disclosures and the Non-financial Reporting Directive. This assessment is updated and available on our website.		TCFD GRI 201-2 SDG 18 CDP C1-C4
	Energy mix In 2020, Odfjell switched from Heavy Fuel Oil (HFO) to Very Low Sulphur Fuel Oil (VLFSO) and Marine Gas Oil (MGO). Seven scrubber-fitted pool vessels are included in the reporting. Fuel consumption in 2022 was as follows: • 5.10% HFO (5.18% in 2021) • 17.53% MGO (17.53% in 2021) • 77.37% VLSFO (77.29% in 2021) Total energy consumption is calculated based on a model from CDP that includes all energy consumed related to purchased electricity for terminals and offices, as well as consumed fossil fuels and gases for vessels, terminal sites, and owned cars.	1) Total energy consumption of 17,029,076 GJ in 2022, compared to 19,793,124 GJ in 2021 2) 5.10% Heavy Fuel in 2022 3) 2.9% Renewable/ Low carbon energy in 2022, compared to 2.6% in 2021	SASB TR-MT-110a.3 GRI 302-1 SDG 13 CDP C8
Air pollution	**Other air emissions** We are not able to monitor SO_2 emissions directly, but we can calculate a weighted average based on all bunker delivery notes for purchase in 2021. None of Odfjell's owned ships are fitted with open- or closed-loop scrubbers. Odfjell's current policy is that we do not retrofit our fleet with scrubbers to ensure sulphur regulation. Seven ships owned by TRF entered an Odfjell commercial pool in 2022. These vessels are fitted with an open-loop scrubber. The pool closed in December 2022, and Odfjell does not operate scrubber fitted vessels. At Odfjell Terminals, our storage tanks are sealed and pressurized. This reduces emissions more than regular atmospheric storage tanks for chemicals. Vapors generated by product movements are managed through vapor balancing to reduce emissions, and any remaining vapors are flared, along with breathing losses from products requiring vapor treatment.	Total SO_2 emissions in 2022 were 3,131 tonnes, down from 4,705 in 2021. Sulphur emission, based on total fuel consumption, was 1,568 tonnes, down from 2,356 tonnes in 2021.	SASB TR-MT-120a.1 GRI 305-7 SDG 3

TOPIC	ACCOUNTING METRIC	UNIT	REF
Sea and land pollution	The Odfjell fleet is, or will be, fitted with ballast water treatment systems (BWTS) to prevent the spread of harmful aquatic organisms from one region to another, thus complying with the BWM Convention. As of the end of 2022, Odfjell has 52 ships that fall within the scope of the requirements and of those, 50 have BWTS installed. Two ships operate with flag dispensation due to cabotage trade. All pool and time charter vessels in the Odfjell fleet are in compliance with the BWM Convention. The fleet is fitted with compliant and class-approved systems to handle effluent water, wastewater, and oily water. The systems are registered, and subject to inspections by authorities. Marpol Annex V is strictly enforced on our vessels by company procedures and all have their ship specific Garbage Management Plan (GMP). The GMP includes familiarization/training of personnel, posters to be displayed and detailed process for garbage disposal with record keeping requirements. All garbage is segregated onboard with dedicated containers for plastics, food wastes, domestic wastes, used cooking oil, incinerator ashes and electronic waste. Further to these measures we have also implemented garbage compactors on all our vessels to further improve handling and recycling. As for operational wastes and mooring-lines, this is collected and delivered to reception facilities. At our terminals, we have wastewater treatment systems for effluent management. The remaining waste at our Houston terminal is treated off-site by the Houston terminal Gulf Coast Waste Disposal Authority (GCWDA), to which we are connected by pipeline for wastewater. Our storage tanks are designed to reduce hazardous waste. The sloped design of the tank bottoms limits residual product in tanks, making cleaning easier and better. We use infrared inspection techniques to detect heat leaks due to damaged insulation. This is then repaired, reducing heat losses and thereby reducing energy consumption. We also employ acoustic inspection techniques for nitrogen and compressed air systems to eliminate small leaks and reduce energy consumption.	In 2022, 96% of our fleet was fitted with BWTS. All ships in scope will be fitted by March 2023.	International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM)
Ship recycling	**Responsible ship recycling** Odfjell supports and follows the recommendations of the Norwegian Shipowners' Association, the EU and the IMO. Responsible and compliant ship recycling is a significant part of the circular economy, keeping resources in use for as long as possible and minimizing waste. Ship recycling is an essential industry for sustainable production, and it supports the developing economies of several countries. Odfjell has sold one ship for recycling in 2022, the process is in full compliance with applicable rules and regulations of the ship's flag state and applicable international rules and regulations. See separate article on recycling in this annual report (page 53).	One ship sold for recycling in 2022.	EU Ship Recycling Regulation (EU 1257/2013) FOR-2018-12-06-1813 Hong Kong Convention Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and Ban Amendment EU Regulation on Shipments of Waste. Responsible Ship Recycling Standard SDG 8, 12, 14
Ecological Impacts	**Shipping duration in marine protected areas and areas of protected conservation status** Our shipping operations follow the main routes between major ports around the world. We follow international and local regulations and guidance to avoid protected areas. We do not currently track time and operations in areas of protected conservation status in accordance with UN Environment Program World Conservation Monitoring Centre (UNEP WCMC). Emission Control Areas (ECAs), or Sulphur Emission Control Areas (SECAs), are sea areas in which stricter controls are established to minimize airborne emissions from ships, as defined by the MARPOL Protocol.	The Odfjell fleet operated 5,829 days in ECA areas (including days in port), representing 20.2% of total days (including days in port).	SASB TR-MT-160a.1 SDG 14 Annex VI of the 1997 MARPOL Protocol GRI 304-2 UNEP World Conservation Monitoring Centre (UNEP WCMC)

TOPIC	ACCOUNTING METRIC	UNIT	REF
	Number and aggregate volume of spills and releases to the environment For our fleet, all spills of any substance – harmful or not – are registered and handled as a spill. We also register whether the spill has been contained on board or affected the environment beyond. At our terminals, we strive to further reduce the number of spills through better inspections and additional operational training. There was no pollution outside the terminals caused by spills in 2022. Terminals are complying with the regulations mentioned in their permits.	25 registered spills (44 in 2021) contained on board and one pollution of the environment in 2022 on our managed ships. Terminals' number of spills > 5 liters was 15 (19 in 2021). LOPC (Loss of Primary Containment) was 26 (30 in 2021).	SASB TR-MT-160a.3 SDG 14 GRI 306-3
Sustainable Procurement	Sustainable procurement is important to Odfjell, and we verify and ensure suppliers follow our Corporate Supplier Conduct Principles (CSCP). We also meet with our major suppliers, and have initiated requests for reporting of CO_2 for the products we buy. Every year, Odfjell reports its status on green and sustainable procurement to EcoVadis, including information on our interactions with our suppliers and the suppliers' performance in ESG audits, ESG clauses in contracts, training etc. Odfjell is also a member of a procurement collaboration that screens suppliers on ethics, the environment, and human rights, accounting for 25% of total procurement volume. Odfjell has also asked all of its major suppliers to report carbon emissions, which will be used to calculate Odfjell's Scope 3 upstream emissions. We also completed a risk assessment and classified our suppliers for further investigation. We intend to improve supplier screening and follow-up in our procurement system. Odfjell is a member of the EcoVadis platform and has a silver rating for 2022. Following the new Transparency Act, Odfjell will increase follow up, audits and cooperation with suppliers on Human Rights in the value chain.	100% of targeted suppliers have signed the CSCP in 2021. 80% of targeted suppliers with contracts have included clauses on environmental, labor, and human rights requirements. 75% of targeted suppliers have gone through a CSR assessment (e.g. questionnaire). 32% of targeted suppliers have gone through a CSR on-site audit. 100% of purchasers across all locations have received training on sustainable procurement.	

SOCIAL

TOPIC	ACCOUNTING METRIC	UNIT	REF
Safety, Human and Labor Rights	**Lost Time Incident Frequency (LTIF)** At Odfjell, we have a goal of zero accidents and incidents. We monitor and track all Lost Time Injuries (LTIs), Restricted Work Cases (RWC), Medical Treatment Cases (MTC) and First Aid Cases (FAC). Management and the organization have incentive KPIs related to LTIF. LTIF for ships is calculated as lost time injuries* 1,000,000 / number of exposure hours. LTIF for terminals (including contractors) is calculated as lost time injuries* 200,000 / total hours worked. LTI is a KPI in the incentive system for shore-based personel.	For 2022 LTIF for our managed fleet is 0.45 compared to 0 in 2021. LTIF for our terminals, managed and operated by Odfjell is 0.44 in 2022, compared to 0.45 in 2021	SASB TR-MT-320a.1 GRI 403-9 IMO ISM Code SDG 8
	Safety Safety is more than a priority at Odfjell. It is a core value and part of our license to operate. We are relentless about ensuring the safety of our employees, our contractors and surrounding communities by improving the way we operate as a company. We continually review personal protective equipment to find the best for our employees, so that they can safely perform their tasks. We strive to ensure our employees do things the right way, and only the right way. We continuously develop and monitor our safety training, and we do not compromise on safety. A contractor safety management system is in place at our terminals. For all operations, we conduct safety hazard identification and safety risk assessment to ensure that all risks are mitigated, and to ensure the safety of our people and the environment. Odfjell has dedicated emergency preparedness policy procedures and systems, a dedicated contingency/operations room, and we conduct regular training and exercises with the Emergency Response Management Team (ERMT). Odfjell has implemented safety standards in accordance with the requirements of the flag state of vessels and Odfjell's policies. To raise awareness and employee involvement, Odfjell has implemented a minimum target of safety observation rounds (SOR) per employee, per month at our terminals. Total Recordable Case Frequency (TRCF) for ships is calculated as number of total recordable cases * 1,000,000 / number of exposure hours. Total Recordable Injury Frequency (TRIF) for terminals is calculated as number of total recordable injuries* 200,000 / total hours worked.	TRCF for our managed fleet is 1.53 in 2022 compared to 1.13 in 2021 TRIF for our terminals is 0.66 in 2022, compared to 0.45 in 2021.	ISM Code
	Diversity, equity and inclusion Odfjell promotes diversity, equity and inclusion (see chapter People at Odfjell on pages 61-67, and Diversity & Inclusion at Odfjell.com), and equal opportunities for our employees. We believe that recruiting from a wide talent pool, increasing diversity, and creating an inclusive organization strengthens our team and adds business value. We collaborate with industry networks in driving the diversity agenda, as we believe that this is a missed opportunity in our industry today. We support onshore and offshore career and recruiting initiatives that promote gender balance. We participate in industry mentoring programs and leadership programs. We have a goal to increase the ratio of females in leadership positions as well as graduate positions, and to improve the gender balance at all levels. In 2020, we set a diversity target to realize a minimum 30% gender balance by 2030, at all levels of our shipping shore-based organization. The same year, Odfjell participated for the first time to the Ernst & Young SHE index for Norway. We have submitted data annually since, and will report diversity status and progression under this framework. Our scores and ranking confirm the need for structured and long-term efforts. Odfjell follows up the requirements of the Norwegian Equality and Anti-Discrimination Act §26. Odfjell Management AS and Odfjell Maritime Services AS' analysis and reporting are made available in the annual report and under the ESG reporting framework. As per regulations, Groups <5 are not represented. Both permanent and temporary employees on Odfjell's payroll are included in the analysis. However, temporary and part-time employees (voluntary and non-voluntary) are not represented in the tables below (fewer than five for each group).	Board of Directors of Odfjell SE is 50% female. Executive Management is 100% male. Odfjell Management AS (shore-based employees HQ): 66% male/34% female (68/32% in 2021), Odfjell Maritime Services AS (seafarers): 87% male/13% female (95/5% in 2021). SHE Index ranking Norway 2021: 65 out of 84 (+4 points from 2020). Average income of women 66% of those for men (all levels, total of 165 shore-based employees). On average in 2022, women in Odfjell Management AS took 15 weeks parental leave while men took 11 weeks. Less than five of the employees of Odfjell Maritime Services AS took parental leave, hence they are not shown.	GRI 405-1 SDG 5 SDG 10

TOPIC	ACCOUNTING METRIC	UNIT	REF
	The workforce is sorted into four (4) levels. Each level comprises several sub-levels and thereby captures a wide scope of positions: • Executive and Leadership • Frontline management and senior professional • Professional • Business support The table below shows the average income of women in % of the average income for men broken down by levels and based on full-time position for Odfjell Management AS. Basic salary and benefits (cash and non-cash) are included in the wage gap calculation. The total gender pay gap for the Company is a reflection of the composition of the workforce, with men holding a greater share of senior-level positions.		Norwegian Equality and Anti-Discrimination Act §26.

Groups	Women's earning as % of men's earning	Total number of employees
Executive and Leadership	Not disclosed. Fewer than 5 women	25
Frontline management and senior professional	Not disclosed. Fewer than 5 women	23
Professional	86%	99 (35 women, 64 men)
Business support	Not disclosed. Fewer than 5 men	18
Total	66%	165

At Odfjell Maritime Services AS, wages are tariff regulated. Salary levels are linked to specific positions and equal regardless of gender. Salary levels will therefore not be represented in a table format.

TOPIC	ACCOUNTING METRIC	UNIT	REF
	Labor rights Odfjell is a signatory to the UN Global Compact and supports all the ten principles. Principles 3 to 6 concern labor rights. Odfjell supports freedom of association and, in line with local norms and regulations, adheres to various collective bargaining agreements for elements of our workforce. Odfjell has established work councils with employee representatives and local management. Odfjell complies with the Maritime Labor Convention (MLC), and all our vessels are externally audited and carry a certificate of compliance with the MLC. Odfjell has no people < 18 years working or living at sites with exception of educational programs. The performance management process (appraisals) for our shore-based shipping organization ensures that managers and employees check in multiple times a year to discuss performance, and align on training, development, and objectives.	No incidents or legal actions required in 2022. Employee turnover rate for 2022 is for Seafarers 2.4%, for the Headquarter Bergen 8.53% and for the biggest offices Manila 2.6%, Singapore 3% and Sao Paulo 11.27% 17.95% of the employees onshore are temporary workers in 2022	MLC 2006 GRI 102-41 SDG 8

TOPIC	ACCOUNTING METRIC	UNIT	REF
	Human Rights Human rights actions are managed by our Human Rights Management System, and policies are reflected in several of Odfjell's policies and reporting, such as our Code of Conduct and our Human Rights policy. Our policies on human rights are in line with The Norwegian Transparency Act. We also expect the same from our suppliers, who must sign our Suppliers Code of Conduct principles, which also covers human rights. Odfjell expects suppliers to support and respect the protection of internationally proclaimed human rights, and to ensure that they are not complicit in human rights abuses or child labor. As part of Human Rights Due Diligence process, a Human Rights Impact Assessment was carried out in 2021 and presented to the Board of Directors. Odfjell uses the UN Guiding Principles on Business and Human Rights, chapter II, and the OECD Guidelines for Multinational Enterprises as key frameworks. Odfjell provides Account of Human Rights Due Diligence pursuant to Section 4 of the Norwegian Transparency Act on our website. No ethical incidents were reported in or outside the reporting system, and no legal actions were taken against Odfjell on human or labor rights in 2022. Odfjell has not been involved in providing or enabling remedy, where it has caused or contributed to adverse impact in 2022.	No ethical incidents or legal actions required in 2022.	GRI 412 GRI 408 SDG 8 SDG 4 SDG 16 ILO Maritime Labour Convention (MLC), International Maritime Organization (IMO) Conventions, UN Convention on the Law of the Sea (UNCLOS), Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. UNGP and OECD Guidance. Norwegian. Transparency Act.
	Working Hours Odfjell has a policy on working hours, but due to our global presence, this will differ from country to country depending on local regulations. The policies are built into our HR systems to ensure overtime and/or extra time is calculated, monitored, compensated and to ensure that it is compliant with local regulation. Work and rest hours on board are regulated under ILO MLC regulations. Any violations of work/rest are reported and monitored, and records are audited.		MLC 2006 ML 2.3
	Port State Control (PSC) PSC is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules. Management and organization in Odfjell have incentives with KPIs related to Port State Control (PSC) findings.	In 2022, Odfjell had 0.83 findings per PSC inspection (0.69 in 2021). We had no detentions in 2022.	SASB TR-MT-540a.3 SDG 8, 14
	Marine casualties Odfjell defines a marine casualty in accordance with the UN IMO's Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident, MSC resolution 255(84). In 2022 our Bow Triumph was involved in an incident that qualifies as Marine Casualty due to material damage. During transit on Cooper River in South Carolina, USA the vessel accidentally made contact with a pier. This caused material damage to the pier and also damaged the ship. No other effects occurred from the incident. The ship has since been repaired and is back in service.	One Odfjell vessel have been involved in such incident in 2022.	SASB TR-MT-540a.1 SDG 8
	Process Safety Terminals Odfjell follows the reporting guidelines and practices of the American Petroleum Institute (API) Recommended Practice (RP) 754, Process Safety Performance Indicators for the Refining and Petrochemical Industries.	Tier 1 and 2 events in 2022 were 1, compared to 0 in 2021.	API RP 754

GOVERNANCE

TOPIC	ACCOUNTING METRIC	UNIT	REF
Business Ethics	**Anti-corruption and integrity framework** Odfjell has a clearly stated zero-tolerance policy on corruption. We have an anti-corruption and integrity framework based on the UK Bribery Act Guidance and Norwegian anti-corruption regulation. We conduct an annual risk assessment from which we devise an action plan on anti-corruption work for the company. We do annual mandatory training and signing of Code of Conduct and anti-corruption policies and procedure for Board members, all of our employees, consultants and we include relevant integrity clauses in all our contracts. Odfjell is a member of the Maritime Anti-Corruption Network (MACN), and we have implemented and supported the MACN 'Say No' campaign on all our ships. We also track requests for facilitation globally with mandatory reporting from all port visits. We have established a reporting hotline, available internally and externally, for the reporting of any compliance-related matters. Odfjell has an Integrity Council that coordinates all actions under the framework from all areas of our business. All employees sign the Code of Conduct and the Anti-corruption policy, among other corporate policies, in an annual compliance sign-off campaign based in our compliance management system.The Board of Directors has annual training in Anti-Corruption. The Corporate Compliance Officer delivers a status and progress report on an integrity work plan to the Board's Audit Committee. The Board of Directors is involved in the work of Odfjell's integrity risk assessment and integrity work plan.	Completion rate Code of Conduct sign-off (inc. Anti-corruption policy) in 2022 was 87% in shipping and 52.8% in terminals	UK Bribery act
	Corruption risk Number of port calls or net revenue in countries that rank in the bottom of Transparency International's Corruption Perception Index (CPI). We conduct an annual integrity risk assessment with all units resulting in a corruption risk map from which we devise an action plan on integrity incl. anti-corruption work for the company.	No port calls in countries that rank in the bottom of CPI in 2022.	SASB TR-MT-510a.1 SDG 16
	Facilitation payments Odfjell has a mandatory reporting system for all port calls, where all request for facilitation are reported. Odfjell follows MACN's 'Say No' campaign for all ports.	25 registered incidents compared to 23 in 2021.	SDG 16
	Fines The total monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with laws and/or regulations.	Zero	GRI 419-1 SASB TR-MT-510a.2 SDG 16
	Anti-Money Laundering (AML) Odfjell has established a new training module and policy on AML and counter-terrorist financing. All relevant employees will have to go through mandatory training and testing of AML risks and policy.	AML training 86% completion rate in 2022.	GRI 205-2
	Sanctions Sanctions are measures imposed by governments and international bodies (such as the United Nations, the United States and the European Union) to restrict dealings with certain countries, entities and individuals. Odfjell maintains effective measures to ensure compliance with and awareness of our sanctions-related obligations in the due diligence process. The responsibility for sanctions screening lays in the concerned units: Commercial, Finance, Legal & Insurance. Odfjell has established a Sanctions screening process and procedure.		

TOPIC	ACCOUNTING METRIC	UNIT	REF
ESG governance	**Main policies** Corporate Strategy and Values, Code of Conduct, Health/Safety and Environmental Policy, Governance Policy, Anti-corruption Policy, Environmental Policy of Ship Management, Human Rights Policy, Supplier Conduct Principles, Sanctions Policy, Antitrust/Competition Compliance Policy, Whistleblowing Policy, Security & Contingency Policy, Anti-Money Laundering & Counter-Terrorist Financing Policy, Data Privacy & Protection Policy, among many others. All policies are approved by the Board of Directors. We also conduct or have access to supplier audits incl. ESG and audits of yards. Our document "Global Operations – Our Responsibility" describes our ESG strategy and actions.		GRI Disclosure of Management Approach IMO MARPOL OCIMF TMSA-3
	Environmental policy Odfjell is committed to environmental protections and creates environmental awareness within our organization. The climate targets have been approved by the Board of Directors. Odfjell has published an impact statement that commits Odfjell to work to achieve the Sustainability Development Goals as a part of the strategy. Our environmental policy is presented in our policies and our document "Global Operations – Our responsibility", available on our website.		
	Environmental Management System We have implemented an environmental management system to ensure we are in compliance with the IMO MARPOL convention. Odfjell has a fleet transition plan that is audited by a third party, that outlines details on how to achieve climate targets for the fleet. In addition, ships have the following certifications covering compliance with international environmental rules and policies (not complete list): • Document of compliance for the company covering International Safety Management (ISM) certification. • Document of compliance for the ship covering International Safety Management (ISM) certification. • IOPP (International Oil Pollution Prevention) Certificate. • ISPP (International Sewage Pollution Prevention) Certificate. • IAPP (International Air Pollution Prevention) Certificate. • International Anti-Fouling System Certificate. • International Energy Efficiency Certificate. • International Ballast Water Management Certificate. • Certificates of Civil Liability for Oil Pollution. Environmental Management systems are also audited as a part of the TMSA audit, in accordance with OCIMF TMSA-3 Best Practice Guidance. The Board of Directors' role in ESG Governance is described under the Climate Risk assessment framework. ESG matters are reported to the Board of Directors' Audit Committee through Corporate Compliance.		
Emergency Response	Odfjell has a Security & Contingency Policy in place including emergency response. Odfjell has dedicated teams and procedures for emergency notification and emergency response management teams (ERMT's). Odfjell conducts frequent training, with external facilitators. The emergency response procedures are audited according to ISM Code. Oil majors and hired experts will do the TMSA audit of the Emergency Response in accordance with OCIMF TMSA-3 Best Practice Guidance.		

TOPIC	ACCOUNTING METRIC	UNIT	REF
Standards	International standardization continues to be a focus across the terminal organization, however not for the shipping sector (please see also Environmental Management System page before). All terminals are compliant with the international standards ISO 9001, ISO 14001, and Chemical Distribution Institute-Terminals (CDI-T), and are audited by a third party to ensure compliance with these standards. The focus on standardization allows the terminals to have consistent management processes and common systems.	100% of terminals compliant with ISO 9001, ISO 14001 and CDI-T. 33% of the terminals are ISO 45001 certified	ISO 9001 ISO 14001 CDI-T
Whistle-blowing	Odfjell has a whistleblowing policy and procedure, including an anonymous reporting hotline, available both internally and externally. The whistleblowing channel secures confidential and anonymous reporting to Odfjell of issues that should be brought to our attention, and where other reporting procedures cannot be used. The whistleblowing service is provided by an external partner to ensure anonymity. The communication channel is encrypted and password-protected.	Total 10 reports compared to 18 in 2021. One regarded as a concern. All other reports regarded not material.	
Executive pay	Executive pay policy is explained in the declaration in the annual report and separately reported on our webpage under Investors/Reports/Other reports. Short-Term Incentive programs are in place for the different parts of the business including incentives for the Executive Management and are approved annually by the Board of Directors. The incentive systems have ESG KPIs linked to safety targets, Odfjell's climate targets, quality, performance, and financial results. Executive Management has in addition a Long-Term Incentive Program (LTIP). This program's KPIs are related to share price, ROCE, and emission reduction.		Norwegian Code of Practice for Corporate Governance Ch 12
Corporate tax	The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system and the Approved International Shipping system in Singapore. In addition, we operate under local tax systems, most importantly in Brazil. Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime. We report tax in our annual reports in accordance with IFRS and accounting regulations.		GRI 207
Political contributions	Political involvement is regulated by our Code of Conduct. Odfjell does not make political contributions.	None	Norwegian Code of Practice for Corporate Governance Ch 12

SASB Activity metric table		UNIT OF MEASURE	CODE
Number of shipboard employees	1,675	Number	TR-MT-000.A
Total distance traveled by vessel	4,408,672	Nautical miles	TR-MT-000.B
Operating days	28,793	Days	TR-MT-000.C
Deadweight tonnage (Operated fleet as of December 2022)	2,538	Thousand Deadweight tonnes	TR-MT-000.D
Number of vessels in total shipping fleet (Operated fleet as of December 2022)	69	Number	TR-MT-000.E
Number of port calls	250 ports, 2,499 port calls	Number	TR-MT-000.F

Fleet overview as per December 31, 2022

Vessel type	Class	Chemical tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Super-segregator	POLAND	Bow Sea	49 592	2006	Owned	52 244	52 244	40
Super-segregator	POLAND	Bow Summer	49 592	2005	Owned	52 252	52 252	40
Super-segregator	POLAND	Bow Saga	49 559	2007	Owned	52 243	52 243	40
Super-segregator	POLAND	Bow Sirius	49 539	2006	Owned	52 242	52 242	40
Super-segregator	POLAND	Bow Star	49 487	2004	Owned	52 222	52 222	40
Super-segregator	POLAND	Bow Sky	49 479	2005	Leased	52 222	52 222	40
Super-segregator	POLAND	Bow Spring	49 429	2004	Owned	52 252	52 252	40
Super-segregator	POLAND	Bow Sun	42 459	2003	Owned	52 222	52 222	40
Super-segregator	KVAERNER	Bow Chain	37 518	2002	Owned	40 966	40 966	47
Super-segregator	KVAERNER	Bow Faith	37 479	1997	Leased	41 960	34 681	52
Super-segregator	KVAERNER	Bow Cedar	37 455	1996	Owned	41 947	41 947	52
Super-segregator	KVAERNER	Bow Cardinal	37 446	1997	Owned	41 953	34 674	52
Super-segregator	KVAERNER	Bow Firda	37 427	2003	Owned	40 994	40 994	47
Super-segregator	KVAERNER	Bow Fortune	37 395	1999	Leased	41 000	41 000	47
Super-segregator	KVAERNER	Bow Fagus	37 375	1995	Owned	41 952	34 673	52
Super-segregator	KVAERNER	Bow Flora	37 369	1998	Leased	41 000	33 721	47
Super-segregator	KVAERNER	Bow Cecil	37 369	1998	Leased	41 000	33 721	47
Super-segregator	KVAERNER	Bow Clipper	37 221	1995	Owned	40 775	33 496	52
Super-segregator	CP40	Bow Hercules	40 847	2017	Bareboat	44 085	44 085	30
Super-segregator	CP40	Bow Gemini	40 895	2017	Bareboat	44 205	44 205	30
Super-segregator	CP40	Bow Aquarius	40 901	2016	Bareboat	44 403	44 403	30
Super-segregator	CP40	Bow Capricorn	40 929	2016	Bareboat	44 184	44 184	30
Super-segregator	HUDONG49	Bow Orion	49 042	2019	Owned	55 186	55 186	33
Super-segregator	HUDONG49	Bow Olympus	49 000	2019	Leased	55 186	55 186	33
Super-segregator	HUDONG49	Bow Odyssey	49 000	2020	Owned	54 175	54 175	33
Super-segregator	HUDONG49	Bow Optima	49 042	2020	Leased	55 186	55 186	33
Super-segregator	HUDONG40	Bow Explorer	38 236	2020	Leased	45 118	45 118	40
Super-segregator	HUDONG40	Bow Excellence	38 234	2020	Leased	45 118	45 118	40
Super-segregator	35x28	Bow Persistent	36 225	2020	Bareboat	39 221	39 221	28
Super-segregator	35x28	Bow Performer	35 118	2018	Time charter	37 987	37 987	28
Super-segregator	35x28	Bow Prosper	36 221	2020	Bareboat	39 234	39 234	28
Super-segregator	35x30	Bow Precision	35 155	2018	Time charter	36 668	36 668	28
Large Stainless steel	CP33	Bow Harmony	33 619	2008	Leased	39 758	39 758	16
Large Stainless steel	CP33	Bow Compass	33 609	2009	Owned	38 685	38 685	16
Large Stainless steel	30x28	Bow Engineer	30 086	2006	Leased	36 970	36 970	28
Large Stainless steel	30x28	Bow Architect	30 058	2005	Leased	36 956	36 956	28
Large Stainless steel	CP33	Sagami	33 615	2008	Time charter	37 238	37 238	16
Medium Stainless steel	CP25	Southern Quokka	26 077	2017	Time charter	29 049	29 049	26
Medium Stainless steel	CP25	Southern Owl	26 057	2016	Time charter	29 048	29 048	26
Medium Stainless steel	CP25	Southern Puma	26 071	2016	Time charter	29 055	29 055	26
Medium Stainless steel	CP25	Southern Shark	26 051	2018	Time charter	27 112	27 112	26
Medium Stainless steel	CP25	Bow Platinum	27 500	2017	Leased	28 059	28 059	24
Medium Stainless steel	CP25	Bow Neon	27 500	2017	Leased	29 041	29 041	24
Medium Stainless steel	CP25	Bow Titanium	27 500	2018	Leased	29 006	29 006	24
Medium Stainless steel	CP25	Bow Palladium	27 500	2017	Leased	28 051	28 051	24
Medium Stainless steel	CP25	Bow Tungsten	27 500	2018	Leased	28 067	28 067	24
Medium Stainless steel	CP20	Southern Koala	21 290	2010	Time charter	20 008	20 008	20
Medium Stainless steel	CP20	Bow Santos	19 997	2004	Owned	22 626	22 626	22
Medium Stainless steel	FLUMAR	Flumar Maceio	19 975	2006	Owned	21 713	21 713	22
Medium Stainless steel	FLUMAR	Moyra	19 806	2005	Time charter	23 707	23 707	18
Medium Stainless steel	CP25	Pacific Endeavor	26 197	2011	Time charter	27 591	27 591	16
Medium Stainless steel	CP25	Southern Xantis	25 887	2020	Time charter	27 078	27 078	26
Medium Stainless steel	CP25	Bow Emma	25 595	2009	Time charter	27 562	27 562	18
Medium Stainless steel	CP25	Bow Cheetah	26 029	2022	Time charter	27 682	27 682	26
Medium Stainless steel	CP25	Bow Panther	26 029	2022	Time charter	27 682	27 682	26
Coated	ULTRA	Bow Pioneer	75 000	2013	Owned	87 330	-	31
Coated	FLUMAR	Flumar Brasil	51 188	2010	Owned	54 344	-	12
Coated	MIPO	Bow Triumph	49 622	2014	Leased	54 595	-	22
Coated	MIPO	Bow Trident	49 622	2014	Leased	54 595	-	22
Coated	MIPO	Bow Tribute	49 622	2014	Owned	54 595	-	22
Coated	MIPO	Bow Trajectory	49 622	2014	Owned	54 595	-	22
Coated	SLS	Bow Elm	46 098	2011	Owned	49 996	-	29
Coated	SLS	Bow Lind	46 047	2011	Owned	49 996	-	29
Regional	FLUMAR	Bow Oceanic	17 460	1997	Owned	19 224	19 224	24
Regional	FLUMAR	Bow Atlantic	17 460	1995	Owned	19 848	19 848	24
Regional	OT16-17x20-30	Bow Condor	16 121	2000	Owned	16 642	16 642	30
Total Chemical tankers:			2 397 416	66		2 631 224	2 127 504	2 022

3rd party * vessel type	Class	Chemical tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Large Stainless steel	CP33	Bow Agathe	33 609	2009	Pool	37 218	37 218	16
Large Stainless steel	CP33	Bow Caroline	33 609	2009	Pool	37 236	37 236	16
Large Stainless steel	CP33	Bow Hector	33 694	2009	Pool	36 639	36 639	16
Total 3rd party:			100 912	3		111 093	111 093	48

* Pool participation and commercial management

SUMMARIZED:	Number	dwt	cbm	Stainless steel, cbm	Tanks
Owned	27	1 104 340	1 213 219	840 526	931
Time charter	14	378 977	407 467	407 467	326
Leased	19	704 110	782 888	651 861	615
Bareboat	6	236 018	255 332	255 332	176
Pool	3	100 912	111 093	111 093	48
Total chemical tankers:	69	2 524 357	2 769 999	2 266 279	2 096

NEWBUILDINGS ON ORDER:

Chemicals tankers	Number	dwt	cbm	Stainless steel, cbm	Tanks	Delivery	Ownership
Asakawa/Nissen	6	26 000	27 682	27 682	26	2023 / 2025	Time charter
Total newbuildings:	6	156 000	166 092	166 092	156		

For more information about our fleet, visit Odfjell.com/tankers/our-fleet

Odfjell Terminals overview as per December 31, 2022

Tank terminals	Location	Ownership [1]	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%	79 243	-	9
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	50%	313 710	15 860	85
Noord Natie Odfjell Antwerp Terminals NV	Antwerp, Belgium	25%	424 726	119 832	240
Total terminals	4 terminals		1 197 661	248 872	453

Projects and expansions tank terminal	Location	cbm	Stainless steel, cbm	Estimated completion
Bay 13	Houston, USA	32 433	7 632	4Q23
Tankpit-U	Antwerp, Belgium	36 000	-	4Q23
Total expansion tank terminals		68 433	7 632	

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	150 190	-	55
Granel Quimica Ltda	Ladario, Brazil	8 050	-	6
Granel Quimica Ltda	Teresina, Brazil	7 640	-	6
Granel Quimica Ltda	Palmas, Brazil	16 710	-	12
Granel Quimica Ltda	Santos, Brazil	51 190	-	17
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 670	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	-	25
Terquim S.A.	Mejillones, Chile	16 840	-	7
Total tank terminals partly owned by related parties	10 terminals	489 260	14 690	317

Projects and expansions, tank terminals partly owned by related parties	Location	cbm	Stainless steel, cbm	Estimated completion
Terquim	Mejillones, Chile	22 000	-	1Q24
Granel	Rio Grande, Brazil	24 000	-	4Q23
Total expansion tank terminals partly owned by related parties		46 000	-	

Grand total (incl. related tank terminals partly owned by related parties)	14 existing terminals	1 686 921	263 562	770

[1] Odfjell SE's indirect ownership share

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