

ANNUAL REPORT 2020

AND OUTLOOK 2021



Results

Adjusted Result* for full year 2020: USD 106 million (2019: USD 23 million).

- Asset Management: USD 29 million (USD -3 million).
- Dry Operator: USD 59 million (USD 8 million).
- Tanker Operator: USD 18 million (USD 18 million).



Markets

- Asset Management: Asset prices and period rates for both dry cargo and tankers ended lower in 2020, but there was upwards pressure in dry cargo in the final months of the year.
- Dry cargo: Spot markets plummeted in first half of 2020 and slowly recovered throughout second half of the year driven by strong Chinese imports.
- Tankers: A polarised year with market rates initially surging, only to then plummet in second half of 2020.



Business highlights

- Asset Management: NORDEN has during 2020 adjusted the exposure from Tankers to Dry Cargo.
- Dry Operator: Outstanding result with record-high activity levels, underlining the unit's ability to adapt its position and make use of volatile markets.
- Tanker Operator: Positive results in first half of 2020, while worst effects of second half 2020 were mitigated through active management of position.



Guidance

Following a very strong performance in 2020, NORDEN expects lower earnings in 2021 with an expected Adjusted Result for 2021 in the range of USD 20 to 60 million.

NORDEN remains committed to returning cash to its shareholders through the Company's dividend policy, paying out minimum 50% of the annual Adjusted Result.

* "Profit/loss for the period" adjusted for "Profit/loss from sale of vessels, etc".

"NORDEN delivered an outstanding performance in challenging and volatile markets, achieving an Adjusted Result of USD 106 million in 2020 - the best group result in 10 years. The result reflects the recent transformation of our business model and strategy to an asset-light platform based on trading opportunities, using data as an asset and strengthening our customer focus. The Board of Directors recommends a dividend payment of DKK 9 per share in line with our dividend policy of returning minimum 50% of the annual Adjusted Result to our shareholders."

CEO Jan Rindbo

Conference call and audiocast

A telephone conference as well as an audiocast will be held today at 10:30 a.m. (CET), where CEO Jan Rindbo and CFO Martin Badsted will comment on the annual report. Participants can join the audiocast to view and listen to the live presentation, while conference call participants have the ability to ask questions at the end of the call. The accompanying presentation will be available on NORDEN's website prior to the conference call and audiocast. It is requested that all conference call participants have joined the call by latest 10:25 a.m. (CET): Danish participants: (+45) 3272 0417 and international participants: UK: +44 (0) 2071 928338 or USA: +1 646 741 3167. Confirmation code: 5992705. The audiocast will be available on NORDEN's website subsequently. **Audiocast link:** <https://edge.media-server.com/mmc/p/r8s4vixq>

Further information: Thomas France, Investor Communications Partner, +45 3315 0451.

KEY FIGURES AND FINANCIAL RATIOS FULL-YEAR 2020

Amounts in USD million	2020	2019	2018	2017	2016
Income statement					
Revenue	2,597.8	2,583.9	2,451.4	1,808.6	1,251.2
Contribution margin	435.6	295.0	132.3	116.8	76.1
EBITDA	342.5	217.5	72.5	68.1	30.6
Profit/(loss) from sale of vessels etc.	-18.2	-3.6	8.8	0.9	-45.5
Depreciation, amortisation and impairment losses	-201.9	-156.9	-44.3	-42.2	-49.6
EBIT	119.4	56.8	39.4	23.3	-64.5
Financial items, net	-26.7	-32.7	-6.9	-0.9	-12.2
Profit/loss for the year	86.0	19.2	28.8	24.6	-45.6
Adjusted Result for the year ¹⁾	105.7	22.8	20.0	28.4	-34.6
Statement of financial position					
Total assets	1,824.8	1,742.4	1,464.4	1,326.5	1,301.0
Equity	902.5	859.0	826.8	834.4	801.4
Liabilities	922.3	883.4	637.6	492.1	499.6
Invested capital	1,246.3	1,283.5	970.2	836.7	753.8
Net interest-bearing debt	-343.8	-424.5	-143.4	-2.3	47.6
Cash and securities	331.6	209.3	188.6	219.4	263.9
Cash flows					
From operating activities	396.0	280.5	-15.8	6.3	-79.7
From investing activities	-45.1	-90.9	-78.4	-0.2	102.1
- hereof investments in property, plant and equipment	-27.1	-102.7	-202.7	-75.4	-36.8
From financing activities	-228.2	-211.2	95.4	3.0	-85.3
Environmental and social figures					
EEOI (gCO ₂ /tonnes-mile) ²⁾	8.8	8.7	8.6	8.8	9.0
LTIF (million working hours) ³⁾	0.6	1.5	0.3	1.6	0.9

	2020	2019	2018	2017	2016
Share-related key figures and financial ratios:					
No. of shares of DKK 1 each (including treasury shares)	40,700,000	42,200,000	42,200,000	42,200,000	42,200,000
No. of shares of DKK 1 each (excluding treasury shares)	37,805,533	39,311,533	39,923,933	40,467,615	40,467,615
No. of treasury shares	2,894,467	2,888,467	2,276,067	1,732,385	1,732,385
Earnings per share (EPS), DKK	14	3	4	4	-8
Diluted earnings per share (diluted EPS), DKK	14	3	4	4	-8
Dividend per share, DKK	9.0	2.5	2.0	0.0	0.0
Book value per share, DKK	145	146	135	128	140
Share price at year-end, per share DKK	109.6	106.7	92.4	116.5	110.5
Other key figures and financial ratios:					
EBITDA ratio	13.2%	8.4%	3.0%	3.8%	2.4%
ROIC	9.4%	5.0%	4.4%	2.9%	-8.4%
ROE	9.8%	2.3%	3.5%	3.0%	-5.5%
Payout ratio (excluding treasury shares) ⁴⁾	65.3%	76.6%	41.7%	0.0%	0.0%
Equity ratio	49.5%	49.3%	56.5%	62.9%	61.6%
Price/book value	0.8	0.7	0.7	0.9	0.8
Total no. of ship days for the Group	153,195	138,327	122,852	93,738	79,060
USD rate at year-end	605.76	667.59	651.94	620.77	705.28
Average USD rate	653.43	667.03	631.74	659.53	673.27

Key figures for 2016-2018 are not restated to reflect IFRS 16.

The ratios were computed in accordance with "Recommendations and Financial Ratios" issued by the Danish Association of Financial Analysts. However, "Profit and loss from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios" in the Annual Report 2020. The figures are adjusted for the Company's holding of treasury shares.

¹⁾ Adjusted Result for the year is computed as "Profit/loss for the period" adjusted for "Profit and loss from sale of vessels, etc." including adjustment for sale of vessels in joint ventures.

²⁾ The Energy Efficiency Operational Indicator (EEOI) is a measurement of efficiency and is defined as the amount of CO₂ emitted per tonne of cargo transported 1 mile.

³⁾ Lost Time Injury Frequency (LTIF) is the frequency a seafarer is unable to work for more than 24 hours per 1 million working hours due to work-related injury.

⁴⁾ The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.

KEY POINTS

FOURTH QUARTER 2020



Results

Adjusted Result* for Q4 2020: USD 21 million
(Q4 2019: USD 31 million).

- Asset Management: USD 5 million (USD 5 million).
- Dry Operator: USD 27 million (USD 14 million).
- Tanker Operator: USD -11 million (USD 12 million).



Markets

- Asset Management: Upward trend on dry cargo asset and period rates.

Tanker asset prices and period rates remained at low levels following a decline in the previous quarter.
- Dry cargo: Dry cargo spot market continued to improve with the majority of growth placed in China.
- Tankers: Spot rates continued to be very weak in Q4, impacted by significant reductions in global oil demand.



Business highlights

- Asset Management: NORDEN continued to move exposure from tankers to dry cargo vessels and made use of dry asset opportunities at year-end.
- Dry Operator: Q4 brought another outstanding result achieved by taking only a limited amount of market risk during the period.
- Tanker Operator: Continued to reduce exposure and optimise cover during a very challenging quarter. Increased transport of soft oils to further diversify market exposure.

* "Profit/loss for the period" adjusted for
"Profit/loss from sale of vessels, etc".

KEY FIGURES

AND RATIOS FOR NORDEN FOURTH QUARTER 2020

Amounts in USD million	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Income statement				
Revenue	711.5	655.5	2,597.8	2,583.9
Contribution margin	107.8	105.8	435.6	295.0
EBITDA	80.4	84.4	342.5	217.5
Profit/loss from sale of vessels etc.	-18.2	1.2	-18.2	-3.6
Depreciation, amortisation and impairment losses	-51.8	-47.4	-201.9	-156.9
EBIT	10.7	38.2	119.4	56.8
Financial items, net	-6.6	-6.7	-26.7	-32.7
Profit/loss for the period	2.8	32.4	86.0	19.2
Adjusted Result for the period ¹⁾	21.0	31.2	105.7	22.8
Statement of financial position				
Total assets	1,824.8	1,742.4	1,824.8	1,742.4
Equity	902.5	859.0	902.5	859.0
Liabilities	922.3	883.4	922.3	883.4
Invested capital	1,246.3	1,283.5	1,246.3	1,283.5
Net interest-bearing debts/assets	-343.8	-424.5	-343.8	-424.5
Cash and securities	331.6	209.3	331.6	209.3
Cash flows				
From operating activities	66.3	136.0	396.0	280.5
From investing activities	22.5	-32.9	-45.1	-90.9
- hereof investments in property, equipment and vessels	-23.6	-68.0	-27.1	-102.7
From financing activities	-70.2	-71.2	-228.2	-211.2
Environmental and social figures				
EEOI (gCO ₂ /tonnes-mile) ²⁾	9.1	8.9	8.8	8.7
LTIF (million working hours) ³⁾	0.6	2.6	0.6	1.5

	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Share related key figures:				
No. of shares of DKK 1 each (including treasury shares)	40,700,000	42,200,000	40,700,000	42,200,000
No. of shares of DKK 1 each (excluding treasury shares)	37,805,533	39,311,533	37,805,533	39,311,533
Number of treasury shares	2,894,467	2,888,467	2,894,467	2,888,467
Earnings per share (EPS), DKK	0	6	14	3
Diluted earnings per share (diluted EPS), DKK	0	6	14	3
Book value per share, DKK	145.0	146.0	145.0	146.0
Share price at end of period (DKK)	109.6	106.7	109.6	106.7
Other key figures and financial ratios:				
EBITDA ratio	11.3%	12.9%	13.2%	8.4%
ROIC	3.4%	13.6%	9.4%	5.0%
ROE	1.3%	14.5%	9.8%	2.3%
Equity ratio	49.5%	49.3%	49.5%	49.3%
Total no. of ship days for the Group	41,414	34,183	153,195	138,327
USD/DKK rate at end of the period	605.76	667.59	605.76	667.59
Average USD/DKK rate	624.61	675.02	653.43	667.03

The ratios were computed in accordance with "Recommendations and Financial Ratios" issued by the Danish Association of Financial Analysts. However, "Profit and loss from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios" in the Annual Report 2020. The figures are adjusted for the Company's holding of treasury shares.

¹⁾ Adjusted Result for the year is computed as "Profit/loss for the period" adjusted for "Profit and loss from sale of vessels, etc." including adjustment for sale of vessels in joint ventures.

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³⁾ Lost Time Injury Frequency (LTIF) is the frequency a seafarer is unable to work for more than 24 hours per 1 million working hours due to work-related injury.

SELECTED SEGMENT FIGURES

FOURTH QUARTER 2020

Business unit key figures

Asset Management

USD million	2020 Q4	2019 Q4
Contribution margin	54.1	48.2
O/A costs	-4.9	-6.2
EBIT	-6.6	9.7
Adjusted Result	5.0	4.7

Dry Operator

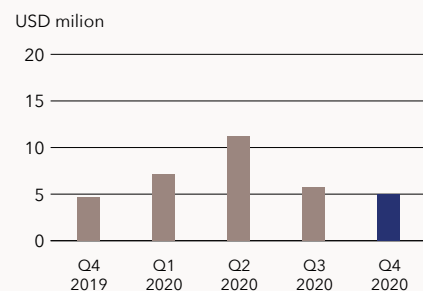
USD million	2020 Q4	2019 Q4
Contribution margin	51.9	29.9
O/A costs	-17.5	-10.5
EBIT	28.0	14.6
Adjusted Result	27.3	14.1
Vessel days	29,119	24,015
Adj. Result per vessel day (USD/day)	938	591

Tanker Operator

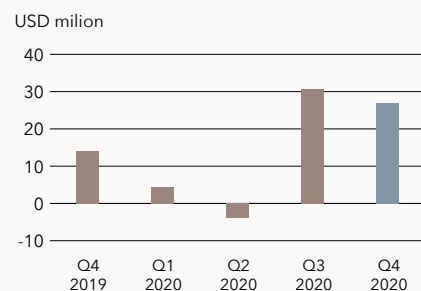
USD million	2020 Q4	2019 Q4
Contribution margin	1.8	27.7
O/A costs	-5.0	-4.7
EBIT	-10.7	13.9
Adjusted Result	-11.3	12.4
Vessel days	12,357	9,360
Adj. Result per vessel day (USD/day)	-914	1,325

Adjusted Result for the last 5 quarters

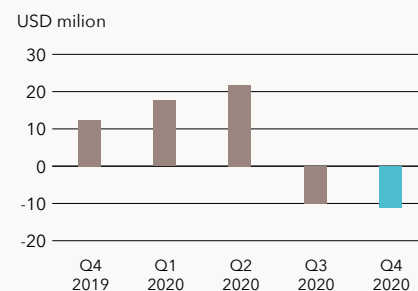
Asset Management



Dry Operator



Tanker Operator



For further information on the segments, see page 6.

Asset Management TCE, USD per day

	Q4 2020	
	Days	TCE
Tankers		
Handysize	642	13,757
MR	2,644	15,535
LR1	92	19,056
Tanker total	3,378	15,293
Dry Cargo		
Handysize	459	12,236
Supramax	2,689	10,953
Panamax	1,734	12,854
Dry Cargo total	4,882	11,749

Tanker Operator TCE, USD per day

	Q4 2020	
	Days	TCE
Handysize	1,310	9,966
MR	3,171	13,133
Total	4,481	12,207

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q4 2020					Q4 2019				
	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total
Segment information										
Revenue – services rendered, external	20.1	601.6	89.5	0.0	711.2	19.2	508.1	127.7	0.0	655.0
Revenue – services rendered, internal	83.5	0.0	0.0	-83.5	0.0	72.3	-38.6	0.0	-33.7	0.0
Revenue – sublease financial income	0.3	0.0	0.0	0.0	0.3	0.5	0.0	0.0	0.0	0.5
Voyage costs	-1.4	-247.7	-28.4	1.8	-275.7	-8.0	-204.4	-51.3	0.0	-263.7
T/C equivalent revenue	102.5	353.9	61.1	-81.7	435.8	84.0	265.1	76.4	-33.7	391.8
Other operating income	-1.6	-0.6	-2.8	0.0	-5.0	0.2	0.2	4.7	0.0	5.1
Charter hire and OPEX element	-26.5	-301.4	-56.5	81.7	-302.7	-17.3	-235.4	-53.4	33.7	-272.4
Operating costs owned vessels	-20.3	0.0	0.0	0.0	-20.3	-18.7	0.0	0.0	0.0	-18.7
Contribution margin	49.2	51.9	1.8	0.0	107.8	48.2	29.9	27.7	0.0	105.8
Overhead and administration costs	-4.9	-17.5	-5.0	0.0	-27.4	-6.2	-10.5	-4.7	0.0	-21.4
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	49.2	34.4	-3.2	0.0	80.4	42.0	19.4	23.0	0.0	84.4
Profit/loss from sale of vessels, etc.	-18.2	0.0	0.0	0.0	-18.2	1.2	0.0	0.0	0.0	1.2
Depreciation, amortisation and impairment losses	-37.9	-6.4	-7.5	0.0	-51.8	-33.5	-4.8	-9.1	0.0	-47.4
Share of profit/loss of joint ventures	0.3	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Profit/loss from operations (EBIT)	-6.6	28.0	-10.7	0.0	10.7	9.7	14.6	13.9	0.0	38.2
Financial income	-0.2	0.6	0.0	0.0	0.4	0.4	1.2	0.1	0.0	1.7
Financial expenses	-6.2	-0.6	-0.2	0.0	-7.0	-4.6	-2.9	-0.9	0.0	-8.4
Profit/loss before tax	-13.0	28.0	-10.9	0.0	4.1	5.5	12.9	13.1	0.0	31.5
Tax	-0.2	-0.7	-0.4	0.0	-1.3	0.4	1.2	-0.7	0.0	0.9
Profit/loss for the period	-13.2	27.3	-11.3	0.0	2.8	5.9	14.1	12.4	0.0	32.4
Adjusted for:										
Profit/loss from sale of vessels, etc.	18.2	0.0	0.0	0.0	18.2	-1.2	0.0	0.0	0.0	-1.2
Profit/loss from sale of vessels, etc in joint venture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Results for the period*	5.0	27.3	-11.3	0.0	21.0	4.7	14.1	12.4	0.0	31.2

*Adjusted Result for the period was computed as “profit/loss for the period” adjusted for “Profit and loss from sale of vessels, etc.” including vessels in joint ventures.

CONSOLIDATED STATEMENT OF CASH FLOWS

USD million	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Profit/loss for the period	2.8	32.4	86.0	19.2
Reversal of items from the income statement	82.7	60.6	259.7	206.7
Change in working capital	-20.0	43.4	37.3	50.5
Instalments on sublease receivables	4.5	4.1	17.4	11.7
Income tax, paid	-3.7	-4.5	-4.4	-7.6
Cash flows from operating activities	66.3	136.0	396.0	280.5
Investments in vessels and vessels held for sale and other tangible assets	-23.6	-68.0	-27.1	-102.7
Additions in prepayments on newbuildings	-18.9	-2.6	-71.9	-43.2
Investments in joint ventures	0.0	0.0	0.0	-1.0
Proceeds from sale of vessels and newbuildings	52.0	23.9	52.0	98.3
Sale of securities	0.0	0.0	0.0	4.9
Change in cash and cash equivalents with rate agreements of more than 3 months, etc.	13.0	13.8	1.9	-47.2
Cash flows from investing activities	22.5	-32.9	-45.1	-90.9
Dividend paid to shareholders	0.1	0.0	-14.6	-12.0
Acquisition of treasury shares	-13.0	-5.2	-24.0	-9.4
Proceeds from loans	0.0	-80.0	132.0	219.1
Repayment of loans	-5.4	65.8	-117.1	-245.9
Instalments on lease liabilities	-45.1	-41.5	-175.3	-124.8
Interest, received	0.2	0.0	1.0	1.5
interest, paid	-7.0	-10.3	-30.2	-39.7
Cash flows from financing activities	-70.2	-71.2	-228.2	-211.2
Cash flow from operating, investing and financing activities	18.6	31.9	122.7	-21.6

USD million	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Liquidity at beginning of the period	198.0	60.7	92.9	115.2
Exchange rate adjustments	0.5	0.3	1.5	-0.7
Change in liquidity for the period	18.6	31.9	122.7	-21.6
Liquidity at end period	217.1	92.9	217.1	92.9
Cash and cash equivalents with rate agreements of more than 3 months, etc.	114.5	116.4	114.5	116.4
Cash and cash equivalents at end period acc. to the statement of financial position	331.6	209.3	331.6	209.3

USD million	31/12 2020	31/12 2019
<i>Which can be explained as follows</i>		
Demand deposits and cash balance	120.5	28.3
Money market investment	188.8	163.6
Other cash and cash equivalents	22.3	17.4
	331.6	209.3