

CHAIRMAN'S REPORT ANNUAL GENERAL MEETING 2021

In February this year, Dampskibsselskabet NORDEN A/S reached an important milestone and celebrated its 150-year anniversary. An impressive and exciting journey which all of us at NORDEN are proud to be able to celebrate. Not least because the jubilarian is still going strong. We celebrated the anniversary with all employees around the world at a virtual event in February, and more events will take place during 2021.

We have furthermore contributed to the publication of the book "The NORDEN Voyage" of which NORDEN's shareholders can get a free copy by contacting the Company. Alternatively, it can be ordered from the publishing company Lindhardt og Ringhof. We think the book is very interesting, and it has been well-received. We hope that our shareholders will do the same.

On the occasion of our 150-year anniversary, I would like to start off with showing you a short video depicting NORDEN's history from 1871 and up until today.

As you can see in the video, NORDEN has gone through many changes since 1871, and today, our strongest asset is no longer vessels, but rather our employees with many different competences such as strong business acumen and strong relations all over the world, e.g., in China and Japan, where NORDEN called into port a few years after its establishment in 1871. These competences have in recent years been supplemented with employees with great knowledge within risk management, use of advanced data models, etc. to strengthen the basis of decision-making. They all contribute to providing the modern NORDEN with a strong competitive position in 2021, which I will get back to later in this report. When you read the book "The NORDEN Voyage", it is striking how the values of the Company from the very beginning have been maintained and deeply rooted in the organisation, expressed through curiousness, willingness to change and reliability, among others. But first, we will have a look at the past year.

2020 was a highly unusual year due to the COVID-19 pandemic, which we have all experienced one way or the other. The pandemic and its consequences have clearly affected the global markets and resulted in fluctuations in supply and demand for the dry bulk and tanker products which NORDEN transports. But even though these fluctuations created significant challenges, 2020 also provided a testing ground for our business model, which we have developed and optimised over the last couple of years. Previously, NORDEN generated income from transporting goods in a more traditional sense, with owned vessels and where market rates were the primary condition. Today, the modern NORDEN is active in a different way. NORDEN currently only owns around 10% of its fleet and has adjusted its business to become far more manoeuvrable and trading-oriented. And there is probably no better term for that than good business acumen. On the one hand, NORDEN today generates income from its ability to capitalise on opportunities within buying, selling and leasing vessels and on the other hand from the daily optimisation of transport in

the dry and tanker operators where the vessels to a great extent have been chartered externally, just as we manage third party vessels commercially.

This way, NORDEN's business model ensures resilience in uncertain times and makes it possible to capitalise on the volatility which 2020 was very much characterised by. Adaptability, resilience and strong business acumen characterise the way NORDEN made it through 2020, and we consider this a litmus test of the transformed NORDEN.

2020 was also the first year where we report on our three new business units, Asset Management, Dry Operator and Tanker Operator. We are therefore very pleased that all three business units generated positive results in the first year of this constellation.

With a transformed business model and three strong business units, NORDEN will continue expanding its strategically strong position in both the dry bulk and tanker market during in 2021. We are still living in uncertain times, but NORDEN is well-equipped not only to counter this uncertainty but also be able to make use of the opportunities that will undoubtedly arise along the way.

In 2020, NORDEN achieved an Adjusted Result of USD 106 million, corresponding to around DKK 642 million. This is the best result in 10 years and the fourth consecutive year with black figures on the bottom line.

EBITDA – earnings before interest and depreciation – increased from USD 218 million in 2019 to USD 343 million in 2020.

The result has led to a strengthened financial position, and the Company has a net positive cash position after deduction of bank debt. Total cash and cash equivalents increased by USD 123 million to USD 332 million, compared with bank debt of USD 320 million.

Cash flow from operating activities increased by USD 115 million in 2020 primarily due to a positive development in EBITDA and improvement in net working capital, which added USD 37 million in 2020. Cash flow from investing activities was USD -45 million, which is mainly due to investments in dry cargo vessels, which were only partially offset by sale of tanker vessels during the year.

Cash flow from financing activities was USD -228 million, mainly due to repayment of loans and instalments on lease liabilities. NORDEN paid out ordinary dividends of USD 16 million and used USD 24 million to buy back shares.

With the strong result, NORDEN maintains an equity ratio of around 50%.

ROIC – return on invested capital – amounted to 9.4% in 2020, up from 5% in 2019.

ROE – return on equity – also increased considerably to 9.8% in 2020, up from 2.3% in 2019.

Looking closer at the three business units, NORDEN continues to generate great value and synergy effects from the division of activities and responsibilities introduced at the beginning of 2020 – where Asset Management handles the more long-term exposure and trading of both owned and leased vessels while Dry Operator and Tanker Operator focus on utilising the ongoing trading opportunities between cargo contracts and chartering of vessels from either NORDEN's owned fleet or the time charter market. In the two operator units, NORDEN has thus today far more tools at its disposal, including regional positioning of vessels, proximity to customers through our 11 global offices, fast ability to adjust the exposure between tankers and dry cargo as well as our ability to time when we charter in vessels either from the spot market or on long-term charter contracts.

Furthermore, the business structure ensures a better division of areas of responsibility where each unit is responsible for their own bottom line and generating returns. At the same time, it creates transparency of the value creation in NORDEN where the value from acquisition and sale of vessels in Asset Management is significantly different from the ongoing earnings from margins by the two operators. This differentiated value creation is important to emphasise to get the full overview when valuating NORDEN instead of a more traditional NAV calculation of the value of the fleet, that is market value less debt, etc., which is more appropriate for traditional shipping companies which own the whole fleet and do not generate value from operator activities.

Asset Management achieved an Adjusted Result of USD 29 million in 2020 where the opportunities in the market were actively utilised, and market exposure was gradually adjusted from tankers towards dry cargo as these markets developed in opposite directions during the year. In 2020, 21 owned and leased vessels were added to the portfolio, and the estimated market value of Asset Management's owned and leased vessels was USD 918 million at the end of the year, corresponding to DKK 148 per share. The continuous trading of vessels is characteristic of the trading-oriented platform, which Asset Management has developed in recent years where we actively act on attractive opportunities in the market and adjust our exposure between dry cargo and tankers depending on where we see most potential.

Therefore, it is important to note that the value generated by our two operator units, which we will now go through, should be added to the value of the Asset Management fleet.

In 2020, Dry Operator increased its activities to a record-high level based on a very strong second half-year and achieved an Adjusted Result for the year of USD 59 million, which is the best result since the business unit was established in 2017. The strong result was created through optimisation of the unit's market exposure and regional positioning of the fleet as well as an increasing number of customers searching for a financially stable and reliable partner in very unpredictable times. NORDEN has managed to maintain this influx of customers through high quality, local service based on our global presence.

In Tanker Operator, the year was characterised by extreme volatility with very high spot rates in the first half-year resulting in high earnings, followed by unprecedentedly low rate levels in the second half-year. Tanker

Operator achieved an Adjusted Result for the year of USD 18 million and protected earnings in the second half-year by reducing exposure through redelivery of T/C vessels and increase future coverage.

Furthermore, Tanker Operator benefited from the income from management of third-party vessels, including the partnership with Diamond S Shipping established in 2020. Tanker Operator has furthermore expanded its product portfolio during the year to also include vegetable oil, which opens for new types of customers and diversifies the unit's market exposure to more areas.

The COVID-19 pandemic made its clear mark when the first COVID-19 lockdowns spread throughout the world, and we witnessed a rapid collapse in dry cargo rates. The dry cargo market recovered later in the year on the back of increased trade volumes, supported by fiscal stimulus packages, especially in China.

Conversely, tanker market rates soared in spring 2020 despite the biggest decline in oil demand for many years. Rates were supported by increased demand for floating oil storage as the largest oil producers maintained their production of oil in the first period of the pandemic. This activity was, however, only temporary, and tanker rates fell to a historically low level at the end of the year. Despite the challenging markets, NORDEN managed to generate an outstanding result based on our asset-light strategy, which not only makes the Company resilient in these difficult times, but also enables us to adjust to the market developments and even capitalise on the ongoing opportunities in the market.

During the COVID-19 pandemic, NORDEN has been able to continue its operations without disturbances, and our fleet has been fully operational during the whole period. Onshore employees have been working remotely for long periods of time while it has been a challenge to carry out crew changes and physical inspections in connection with buying and selling vessels when COVID-19 was at its peak. After this highly unusual year, the Board of Directors would like to thank all seafarers onboard NORDEN's vessels and onshore employees for their tireless efforts under these difficult and often unpredictable working conditions.

In 2020, NORDEN has also continued the work on embedding its strategic focus areas in the organisation, which will make the gains from NORDEN's trading oriented business even bigger. This approach has proved its value during 2020 where our renewed strategy has made us better equipped to both deal with and utilise the volatility experienced in 2020.

During the year, we continued strengthening the integration of data as a strong foundation for our daily business where NORDEN's advanced analysis models are a very strong competitive advantage in modern shipping. Furthermore, we have in 2020 implemented a new risk management system to promote measured and effective willingness to take risks in our business units. It is a significant part of NORDEN's business model that each business unit knows the degree of its market risk at any given time and at the same time can assess the degree of risk they are willing to take within the allocated risk capital. This way, each decision is thoroughly assessed in relation to the desired extent of exposure and risk. I am very pleased how this structure has been well received and incorporated into the organisation. In other words, we can take risks on

an informed and detailed basis and thereby create business and value. But still in a way where we do not risk unpredictable and significant losses.

Positioning NORDEN for the future also includes taking some tough organisational decisions which was the case in our Technical and Finance departments in 2020. In the third quarter, NORDEN established a joint venture with Synergy Marine Group, Singapore, handling the technical management of NORDEN's owned tanker vessels going forward. We believe that this cooperation will provide us with a higher degree of flexibility and economies of scale, which is essential as NORDEN has become a more trading-oriented company with a relatively smaller share of owned vessels in the total fleet. In 2020, parts of our Finance function were restructured and moved to Cyprus and Singapore to centralise the teams and achieve economies of scale. Because of these changes, NORDEN unfortunately had to part ways with 55 employees from our Technical and Finance departments in 2020. It was by no means an easy decision to take as the two departments have been an important and integrated part of NORDEN for many years.

It is probably a bit early to talk about 2021 in this connection, but our shareholders may have noticed that NORDEN has been mentioned in the media this week where a previous practice for vessels calling ports in Israel has been pointed out. First and foremost, we would like to underline that the practice referred to is historical and that NORDEN discontinued this practice in July 2019. Even though these challenges are well known both within and outside the shipping industry, NORDEN has clearly stated that the use of this practice in connection with calling ports in Israel was inappropriate and is therefore no longer applied today. Furthermore, the previous practice is in no way representative of the way NORDEN conducts its global business today. The Company continuously develops and adjusts its practices to improve and strengthen our business in all areas, and that is of course also the case in this respect.

NORDEN has also further developed its approach to sustainability in the business in 2020. Sustainability has been an important theme for NORDEN in many years, and it is an area which is gaining increasing societal importance in these years as we have all probably noticed. In the shipping industry, environmental impact is a decisive area for the industry to increasingly address in these years. Therefore, NORDEN became a founding member of the initiative Sea Cargo Charter in 2020, which commits its members; ship owners, operators as NORDEN and customers, to report their environmental impact in a transparent and comparable way as part of reducing CO₂ emissions considerably by 2050. It is vital to NORDEN that we as an industry work on finding common solutions as no company can lift this challenge alone or in each their own way. Furthermore, in early 2021, NORDEN joined the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping, which aims at developing new solutions for the shipping industry to reduce CO₂ emissions over time.

NORDEN's overall target is to become CO₂ neutral in 2050, and to reach this ambitious target, we have to start using new methods. From 2021 onwards, NORDEN will report on its energy efficiency in the form of relative CO₂ emissions from our vessels, and in addition to this, NORDEN will benchmark its relative CO₂ reduction against the targets set in the Paris Agreement to keep global temperature increase below 2

degrees Celsius. Even though the shipping industry still has a long way to go, committing ourselves to track our alignment to the Paris agreement targets is a big step forward in our view.

After a very strong result in 2020, NORDEN expects – following the recent upward adjustment this Tuesday – an Adjusted Result for the year 2021 in the range of USD 50 and 100 million. We expect 2021 to see gradual improvements in global trade but also continued challenges due to the COVID-19 pandemic as well as an unusually high market volatility, which is also reflected in the broad guidance interval. The expectations for the year are based on expected lower earnings in Asset Management, however, an increase in Asset Management's portfolio value due to higher dry cargo values and higher future dry cargo rates as well as higher earnings in Dry Operator compared to the record result in 2020 and furthermore significantly lower earnings in Tanker Operator based on historically low tanker rates at the beginning of 2021.

NORDEN's share price increased from DKK 106.7 to DKK 109.6 in 2020, and with the paid dividend in 2020 of DKK 2.5 per share, the total shareholder return came to 5%.

Looking at the long-term value creation in NORDEN, the NORDEN share has since 2015 outperformed our competitors within dry cargo and product tankers. We partly do this based on our more robust business model, which NORDEN has developed, and partly because NORDEN has returned a large share of capital to our shareholders in recent years in the form of dividends and share buy-backs. In line with the previous description of NORDEN's business model, this long-term perspective is an essential part of how we recommend that NORDEN is perceived as an investment.

During 2020, NORDEN has acquired 1.5 million shares in share buy-backs at a total purchase value of USD 24 million.

The target of NORDEN's dividend policy, which was introduced in 2020, is to pay out annual dividends of at least 50% of the annual Adjusted Result. For 2020, the Board of Directors proposes a dividend of DKK 9 per share, representing 53% of the Adjusted Result for 2020.

When combining share buy-backs and dividends, NORDEN has returned approximately USD 133 million, corresponding to more than DKK 800 million, to the shareholders since 2018, when including the dividend recommendation by the Board of Directors for 2020.

As a consequence of NORDEN's decision to transfer some of the employees in the Technical department to the joint venture, NORDEN Synergy Ship Management, in August 2020, two of the employee-elected board members – Lars Enkegaard Biilmann and Susanne Fauerskov – resigned from the Board of Directors. Furthermore, Jesper Svenstrup will resign from the Board of Directors today as he resigns from his position at NORDEN. I would like to take the opportunity to thank them all for their considerable efforts and contributions to the work of the Board of the Directors.

In March this year, the employees elected new employee representatives for the Board of Directors. We are thus welcoming three new board members; Benedicte Hedengran Wegener, Head of Operations in Asset Management, Christina Lerchedahl, Business Application Specialist in NORDEN's IT department, and Henrik Røjel, Head of Fuel Efficiency and Decarbonisation. The new board members have strong profiles with insight into different parts of NORDEN's daily business and can contribute considerably to the further strategic development of NORDEN.

Overall, the Board of Directors estimates that the composition of the Board makes up a strong group, which will supplement each other and NORDEN with views from other industries, experience and insight into relevant areas as well as an understanding of the market and strategic ambitions, which can support NORDEN's further journey in the years to come.

Therefore, I also hope that the annual general meeting will follow the recommendations on re-election of the current board members. The Board of Directors proposes unchanged board fee remuneration of USD 800,000 for 2021.

Finally, I would like to thank the shareholders for their attendance at this electronic annual general meeting, which of course is in a different format than what you usually participate in as a shareholder. During the COVID-19 pandemic, we have had to find new ways of interacting with our customers, partners, employees, suppliers, and not least, shareholders. We thank you for your understanding and continued support of NORDEN, and we hope that next year's annual general meeting will be held in the usual way.

Furthermore, we hope to be able to invite our shareholders to an Open House event at NORDEN's head office in Hellerup already in 2021 on the occasion of our 150-year anniversary. We would like to mark and celebrate this together with our shareholders.

As a final remark, I would like to emphasise NORDEN's strong foundation where we as a company are well-equipped for the future market as well as the volatility we are experiencing right now. 2020 has been a strong proof of that. We continue NORDEN's journey as a more trading-oriented, modern shipping company which can actively navigate and adjust its business and utilise the opportunities arising along the way. The expression "Trust powered by intelligence" is a way to sum up the modern NORDEN. We hope you will continue to take part in this development and look forward to NORDEN's strategic journey in the coming years.

Thank you for listening.