


ANNOUNCEMENT NO. 20 - 19 AUGUST 2020

INTERIM REPORT

SECOND QUARTER AND FIRST HALF-YEAR 2020

NORDEN  Trust powered by intelligence

DAMPSKIBSSELSKABET NORDEN A/S 52, STRANDVEJEN, DK-2900 HELLERUP, DENMARK CVR NUMBER 67758919



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Conference call

A telephone conference will be held today at 10:30 a.m. (CET), where CEO Jan Rindbo and CFO Martin Badsted will comment on the interim report.

It is requested that all participants have joined the meeting by latest 10:25 a.m. (CET):

International participants please dial in on +44 (0) 207 769 6470 or +1 718 354 1229

Danish participants please dial in on +45 7026 5045. Passcode is 5256 489#.

The accompanying presentation will be available on NORDEN's website.

Further information

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KEY POINTS

SECOND QUARTER 2020

Results

Adjusted Result* for Q2 2020:
USD 29 million
(Q2 2019: USD -12 million)

- Asset Management: USD 11 million (USD -3 million)
- Dry Operator: USD -4 million (USD -6 million)
- Tanker Operator: USD 22 million (USD -3 million)

Adjusted Result* for H1 2020:
USD 58 million
(H1 2019: USD -5 million)

Markets

- Asset prices affected by market uncertainty and declined significantly during the quarter
- Dry Cargo: Very weak spot market with Supramax and Panamax rates 34% lower than Q2 2019
- Tankers: Significant spike in spot rates in April and May due to oil price war. However, spot rates quickly dropped towards the end of the quarter

Performance

- Asset Management: Benefiting from high coverage in Dry Cargo and increased exposure to tanker market. Utilising weak markets for attractive asset trading. Established joint venture to handle technical management of NORDEN's tanker fleet
- Dry Operator: Satisfactory performance given the unprecedented market disruptions
- Tanker Operator: Outstanding result due to rate spike and active position management

Values

Change in value of NORDEN's owned vessels and newbuildings: -5%

Guidance

NORDEN raises its expectations for the full-year Adjusted Result to USD 40-80 million (previously USD 30-80 million). This is based on higher expectations for the Dry Operator business unit.

The Board of Directors has decided to initiate a share buy-back programme of up to USD 10 million, which will be announced separately.

“In a first half-year with extreme market volatility, NORDEN delivered a strong result while acting on attractive dry cargo asset opportunities. Tanker Operator delivered an outstanding result, but H2 2020 earnings are expected to be much weaker due to lower rates. Dry Operator navigated well through severe market headwinds and is expected to generate substantial value in H2 2020. NORDEN raises its guidance for 2020 to USD 40-80 million.”

CEO Jan Rindbo

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



KEY FIGURES AND RATIOS FOR NORDEN

USD million	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Income statement					
Revenue	615.7	624.6	1,230.3	1,278.1	2,583.9
Contribution margin	106.3	53.0	217.1	124.9	295.0
EBITDA	85.8	35.3	175.0	87.7	217.5
Profit/loss from sale of vessels etc.	0.0	3.4	0.0	-8.9	-3.6
Profit/loss from sale of vessels in JV	0.0	0.0	-1.5	0.0	0.0
Depreciation, amortisation and impairment losses	-50.0	-37.7	-97.8	-72.5	-156.9
EBIT	36.5	1.1	73.5	7.0	56.8
Financial items, net	-6.1	-7.8	-13.3	-16.8	-32.7
Profit/loss for the period	29.0	-8.4	56.7	-13.7	19.2
Adjusted Result for the period ¹⁾	29.0	-11.8	58.2	-4.8	22.8
Statement of financial position					
Total assets	1,830.6	1,684.7	1,830.6	1,684.7	1,742.4
Equity	917.3	825.1	917.3	825.1	859.0
Liabilities	913.3	859.6	913.3	859.6	883.4
Invested capital	1,348.6	1,273.5	1,348.6	1,273.5	1,283.5
Net interest-bearing debt	-431.3	-448.4	-431.3	-448.4	-424.5
Cash and securities	257.3	187.6	257.3	187.6	209.3
Cash flows					
From operating activities	134.1	30.7	169.1	104.4	280.5
From investing activities	56.0	34.7	-5.8	-1.4	-90.9
- hereof investments in property, equipment and vessels	-4.5	-8.9	-4.0	-9.9	-102.7
From financing activities	-108.9	-81.2	-114.9	-118.6	-211.2
Environmental and social figures					
EEOI (gCO ₂ /tonnes-mile) ⁵⁾	9.56	8.18	9.10	8.41	8.70
LTIF (million working hours) ⁶⁾	0.00	1.70	0.90	1.38	1.45

USD million	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Share related key figures					
Number of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	42,200,000	42,200,000	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	38,990,633	39,659,033	38,990,633	39,659,033	39,311,533
Number of treasury shares	3,209,367	2,540,967	3,209,367	2,540,967	2,888,467
Earnings per share (EPS)	0.74	-0.21	1.45	-0.35	0.48
Earnings per share (EPS) (DKK)	5.04	-1.39	9.84	-2.29	3.20
Diluted earnings per share (diluted EPS)	0.75	-0.21	1.46	-0.35	0.48
Diluted earnings per share (diluted EPS) (DKK)	5.05	-1.39	9.86	-2.29	3.20
Book value per share (excluding treasury shares) ²⁾	23.5	20.8	23.5	20.8	21.9
Book value per share (excluding treasury shares) (DKK) ²⁾	157.0	136.0	157.0	136.0	146.0
Share price at end of period (DKK)	89.1	94.4	89.1	94.4	106.7
Price/book value (DKK) ²⁾	0.57	0.69	0.57	0.69	0.73
Other key figures and financial ratios					
EBITDA ratio ³⁾	13.9%	5.6%	14.2%	6.9%	8.4%
ROIC ⁴⁾	11.1%	0.3%	11.2%	1.2%	5.0%
ROE ⁴⁾	12.5%	-4.0%	12.4%	-3.3%	2.3%
Equity ratio	50.1%	49.0%	50.1%	49.0%	49.3%
Total no. of ship days for the Group	36,613	34,683	70,168	68,277	138,327
USD/DKK rate at end of the period	665.53	655.85	665.53	655.85	667.59
Average USD/DKK rate	677.30	664.30	677.53	660.53	667.03

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

²⁾ Converted at the USD/DKK rate at end of period.

³⁾ 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 for 2019. The figures are adjusted for the Company's holding of treasury shares.

⁴⁾ Figures are annualised

⁵⁾ 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.

⁶⁾ Lost Time Injury Frequency (LTIF) is the frequency a seafarer is unable to work for more than 24 hours per 1 million working hours



COMMENTS ON THE DEVELOPMENT OF THE SECOND QUARTER AND FIRST HALF-YEAR 2020

Results

The profit for the second quarter of 2020 amounted to USD 29 million (USD -8 million), which was achieved in very volatile market conditions. For the first half-year of 2020, the profit for the period was USD 57 million (USD -14 million). The Adjusted Result for the second quarter and first half-year of 2020 amounted to USD 29 million and USD 58 million, respectively. The result was mainly driven by strong Tanker Operator performance, but Asset Management also contributed with a positive result, and Dry Operator delivered a break-even result for the first half-year despite unprecedented market disruption due to COVID-19 and a price war in oil markets.

EBITDA amounted to USD 86 million for the second quarter of 2020 (USD 35 million), an increase of 143%. For the first half-year of 2020, EBITDA doubled to USD 175 million (USD 88 million).

Depreciations increased both for the second quarter and for the first half-year of 2020, mainly due to recognition of more right-of-use assets in Asset Management and Tanker Operator compared to last year.

EBIT amounted to USD 37 million in the second quarter of 2020 (USD 1 million) and USD 74 million (USD 7 million) for the first half-year.

Net financial items amounted to a net cost of USD 6 million (USD 8 million) in the second quarter and USD 13 million (USD 17 million) in the first half-year. Both decreased by 21% mainly due to lower interest expenses resulting from lower effective interest rates.

Technical management of tanker fleet in new joint venture

In line with the strategy to focus more on trading of assets and being a more agile owner, NORDEN has established a joint venture with Synergy Marine Group, which will take over the responsibility for the technical management of NORDEN's entire tanker fleet, as of 20 August 2020. The joint venture will be headquartered in Copenhagen, supported by a 100% owned subsidiary in India.

In addition to the added flexibility and access to Synergy's industry leading digital solutions for vessel management, the new structure is expected to result in significant cost savings, which in combination with expected savings from the streamlining of certain finance functions earlier in

the year, will amount to USD 7-8 million on an annual basis.

NORDEN will transfer 116 employees to the 50/50 owned joint venture, including seafarers currently employed directly through NORDEN, and 15 employees will be offered employment in new roles. However, as a consequence of the restructuring, NORDEN will unfortunately part ways with 25 colleagues in Copenhagen, Manila and Mumbai.

Share buy-back programme

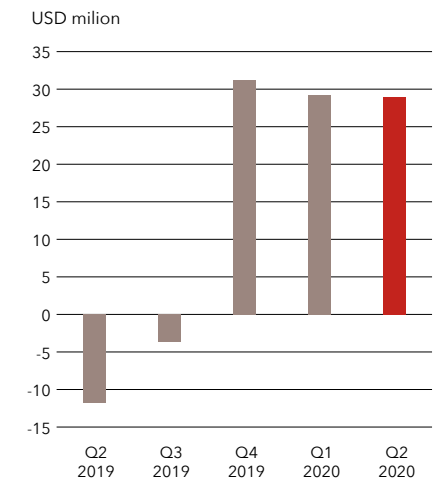
The Board of Directors has decided to initiate a share buy-back programme of up to USD 10 million, which will be announced separately.

COVID-19

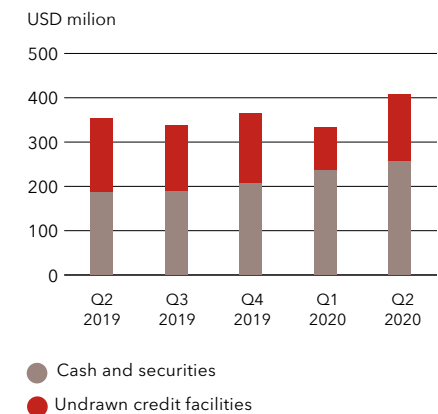
The first six months of 2020 has been impacted by the COVID-19 pandemic. Global demand for oil and dry cargo commodities has been negatively impacted. Dry cargo spot rates have decreased while tanker spot rates have been supported by demand for floating storage. Due to the extraordinary nature of the situation, the market outlook remains uncertain due to the possibility of a second wave.

Crew changes remain a challenge, and as a result, our seafarers experience long

Adjusted Result for the period



Available liquidity





COMMENTS ON THE DEVELOPMENT OF THE SECOND QUARTER AND FIRST HALF-YEAR 2020 CONTINUED

periods at sea and difficult working conditions. We would like to thank NORDEN's seafarers and onshore employees for their extraordinary efforts in this unprecedented situation.

Cash flows

Cash flow from operating activities for the first half-year was USD 169 million (USD 104 million), positively impacted by the increase in EBITDA but negatively impacted by development in net working capital of USD -12 million.

Available liquidity

NORDEN maintains a strong liquidity position. At the end of the second quarter, NORDEN had available liquidity of USD 407 million, which consists of USD 257 million in cash supplemented by USD 150 million in undrawn credit facilities.

As of 30 June 2020, NORDEN had CAPEX commitments of USD 151 million mainly related to the outstanding newbuildings.

Dividend

The ordinary dividend of DKK 2.50 per share declared at the annual general meeting on 12 June 2020 was paid out on 17 June 2020.

Equity

As at 30 June 2020, total equity amounted to USD 917 million (USD 825 million). The development in equity was mainly affected by the profit for the period, fair value adjustment on cash flow hedges, distribution of dividends and share buybacks.

Impairment assessment

NORDEN has carried out a routine assessment of indicators of impairment. Management has concluded that no impairment test had to be performed for the cash generating units Dry Cargo and Tankers. It is Management's assessment that at the end of the second quarter of 2020, there is no need for impairment of vessels, right-of-use assets and newbuildings or reversal of previous impairment.

EEOI

EEOI measures carbon emissions relative to transport volumes and is used to track carbon efficiency; the lower the number, the higher the efficiency (see page 4 for definition and development).

NORDEN performs better than industry average, but in the first 2 quarters of 2020, NORDEN's EEOI increased by 8%. Three factors contributed to the decline in efficiency; higher average speed and increased waiting times in Tankers and a

fleet mix effect in Dry Cargo as the smaller, and thus less efficient, Handysize vessels made up a larger share of NORDEN's operations.

NORDEN is actively involved in identifying new technological solutions as this is the only means to significantly increase efficiency and reach our goal of 40% relative reduction in 2030 compared to 2008, and ultimately become carbon neutral by 2050.

LTIF

LTIF is an indication of the level of safety on board. The higher the rate; the higher the number of accidents where a crew member was unable to return to work for 24 hours (see page 4 for definition and development).

NORDEN operates by the principle that no injury or environmental incident is acceptable, and all employees must return home from work safely.

The second quarter passed without a Lost Time Incident and reflects our continuous efforts towards safe working practices during all aspects of the operations.



SELECTED SEGMENT FIGURES

SECOND QUARTER 2020

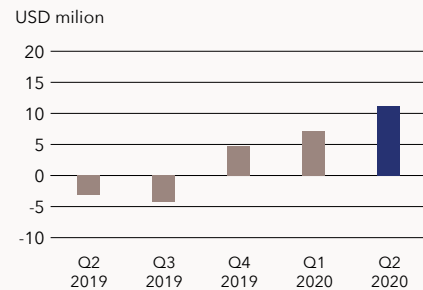
USD million	Asset Management	Dry Operator	Tanker Operator	Total
Contribution margin	59.6	10.2	36.5	106.3
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	54.6	1.3	29.9	85.8
Profit/loss from operations (EBIT)	17.2	-3.0	22.3	36.5
Profit/loss for the period	11.2	-4.0	21.8	29.0
Profit/loss from the sale of vessels	0.0	0.0	0.0	0.0
Adjusted Results for the period	11.2	-4.0	21.8	29.0

Adjusted Result for the period

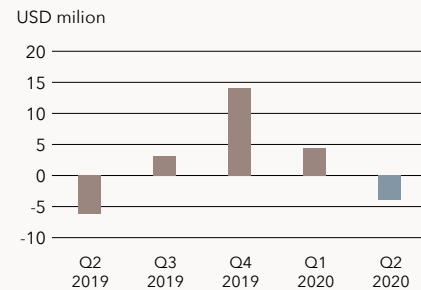
USD 29
million

Adjusted Result for the last 5 quarters

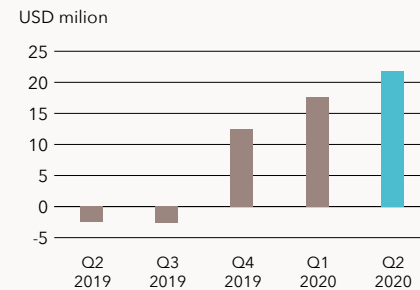
Asset Management



Dry Operator



Tanker Operator



For further information on the segments see note 2.

EBITDA for the period

USD 86
million

Change in value of NORDEN's
owned vessels and newbuildings

-5%



ASSET MANAGEMENT

INVESTMENTS IN LOW-PRICED DRY CARGO ASSETS

- Adjusted Result Q2: USD 11 million
- Well protected against spot weakness in Tankers
- Capitalising on lower asset prices in dry cargo

Results for the second quarter of 2020

Asset Management delivered an Adjusted Result of USD 11 million (USD -3 million) corresponding to an EBIT of USD 17 million. During the quarter, the business unit benefitted significantly from the many actions taken during the last 2 years where exposure was significantly increased in Tankers and lowered in Dry Cargo.

Dry cargo opportunities

Newbuilding prices and asset values in dry cargo have decreased during recent quarters, and NORDEN has utilised the attractive price levels to pursue asset ac-

quisitions. During the quarter, NORDEN has entered into a contract to acquire 4 Supramax vessels with delivery in 2022. After the quarter, additional 2 contracts for similar vessels have been signed, and a secondhand Supramax vessel has also been purchased. This asset activity is very much in line with the Company's strategy of agile asset trading and active management of NORDEN's cyclical market exposure, and 2 of the newbuildings have thus already been resold and taken back on time charter with considerable optionality.

Asset Management fleet

In the Dry Cargo segment, NORDEN has taken delivery of 4 time-chartered newbuildings (2 Kamsarmax and 2 Ultramax vessels).

At the end of the quarter, the Asset Management fleet counted 111 vessels of which 42 were owned and 69 were leased. Split by vessel type, the Asset Management fleet consisted of 51 product tanker vessels and 60 dry cargo vessels.

The current portfolio of leased vessels comes with significant optionality through 63 purchase options and a total of 54,209 optional days.

Asset Management fleet value

Based on the average of 2 independent broker valuations, the market value of NORDEN's owned fleet including newbuilding orders was estimated at USD 837 million at the end of the second quarter. This is a decrease of 5% compared to the end of the first quarter for the vessels owned throughout the period.

Update on scrubbers

At the end of the second quarter, 17 out of 20 exhaust gas cleaning systems have been installed on the owned fleet, and the Company has taken delivery of 9 out of 15 scrubber-fitted newbuildings on long-term leases. While the gap between low- and high-sulphur fuel oil increased significantly during the start of the year, the collapse in oil demand following COVID-19 has resulted in this spread narrowing to less

Asset Management key figures

USD million	2020 Q2	2019 Q2	Last 4 Quarters
Contribution margin	59.6	43.7	208.0
O/A costs	-5.0	-4.7	-21.7
EBIT	17.2	8.4	48.2
Adjusted Result	11.2	-3.1	18.8

Asset Management fleet

	Dry Cargo	Tankers	Total
Active fleet			
Owned vessels*	12	24	36
Leased vessels*	39	17	56
Total active	51	41	92
For delivery			
Owned vessels*	6	0	6
Leased vessels*	3	10	13
Total for delivery	9	10	19
Purchase options	39	24	63
Period option days	38,372	15,837	54,209

* incl. J/Vs

Asset Management fleet values

USD million	Dry cargo	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	380	457	837
Broker estimated value of certain charter parties attached to owned vessels	13	9	22
Carrying amount / costs	417	539	956
Market value vs. book value	-24	-73	-97
Theoretical value of purchase and extension options	26	32	58

Asset Management fleet

111



ASSET MANAGEMENT

INVESTMENTS IN LOW-PRICED DRY CARGO ASSETS

than USD 50 per tonne, reducing the economic benefit of the systems. A total of 10 scrubber-fitted vessels are chartered out to third parties at a significant premium to the standard charter rate, mitigating the impact of the lower fuel spread. NORDEN expects the fuel spread to widen again once oil demand starts to recover, and thus, the return on the scrubber investment is still expected to be satisfactory.

Dry cargo asset and period market

After a period with very weak rates, there have been clear improvements towards the end of the quarter, with both spot and FFA rates for the coming quarters increasing. Asset markets have been slightly slower to react, and generally, values are slightly lower at the end of the second quarter than at the end of the first quarter.

The price of a 5-year-old Supramax fell by 5%, while the 1-year T/C market increased by USD 500 to USD 9,850 per day over the period.

Liquidity in the asset markets continued to be very low due to both market uncertainty and transactional challenges, however, it is expected that liquidity will return during the second half-year with increased clarity around the extent of the COVID-19 outbreak and as restrictions on travelling are eased.

Looking ahead, it is expected that both time charter rates and asset values will continue to recover, driven by increased exports to China and slowly recovering activity in other regions. While supply growth will be fairly high at around 3% in 2020, the orderbook for the subsequent years is quite limited which creates a foundation for continued improvements through 2021 and beyond.

Tanker asset and period market

During the second quarter, the demand destruction resulting from the COVID-19 induced lockdowns resulted in an oil and products supply overhang, which in turn led to restocking and demand for floating storage. While this initially caused a major spike in product tanker spot rates, market activity and rates have since decreased significantly.

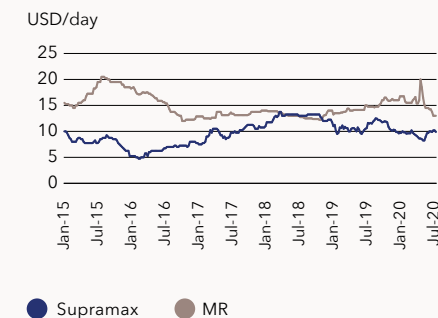
Despite a strong spot market, the widespread lockdowns, travel restrictions and a bleak economic outlook caused a near standstill in liquidity in the second-hand market for both segments operated by NORDEN. Indicative asset prices and period rates ended the quarter at a weak level, with the price of a 5-year-old MR decreasing by 11%, and the 1-year T/C market decreasing by USD 2,000 to USD 14,250 per day over the period.

For the remainder of the year, and continuing into 2021, NORDEN expects the tanker asset prices and period rates to remain at low levels as demand for sea-borne transport will be limited by the drawdown of the significant oil stocks built during Q2.

Asset Management TCE, USD per day

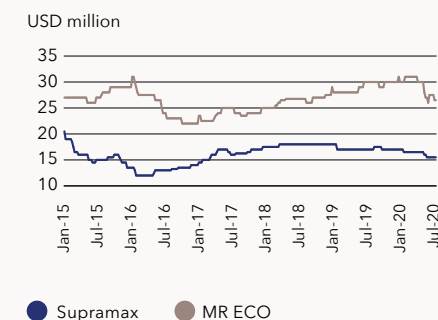
	Q2 2020		H1 2020	
	Days	TCE	Days	TCE
Tankers				
Handysize	908	13,850	1,818	13,655
MR	2,558	16,852	5,114	16,325
LR1	181	19,014	359	18,953
Tanker total	3,647	16,212	7,291	15,789
Dry Cargo				
Handysize	525	10,735	1,041	10,511
Supramax	2,276	10,464	4,431	10,687
Panamax	1,640	12,243	3,290	12,493
Dry Cargo total	4,441	11,153	8,762	11,344

1-year T/C rate (USD/day)



Source: Clarksons

Asset values 5-year old (USD million)



Source: Baltic Exchange



DRY OPERATOR

BUILDING VALUE FOR H2

- Adjusted Result Q2: USD -4 million
- Adjusted Result last 4 quarters: USD 18 million
- Satisfactory result in an extremely weak market with low volatility

In a second quarter which was dominated by very weak spot rates and low volatility, Dry Operator proved the resilience of its business model and realised an Adjusted Result for the quarter of USD -4 million (Q2 2019: USD -6 million) corresponding to an EBIT of USD -3 million (Q2 2019: USD -5 million). For the first half-year, Dry Operator has realised a small profit of USD 0.4 million despite significant market turmoil and disruption in the wake of COVID-19.

In anticipation of a weak market, Dry Operator entered Q2 with high cargo coverage which protected earnings in the period. However, the value of this positioning could not be fully realised due to more waiting days and general operational disruptions. Dry Operator was still able to capture value from good arbitrage and short-term activity focusing on the immediate needs of its clients.

Dry Operator has actively invested in its position for the second half-year by taking a lot of short period vessels and executing backhaul cargoes. These actions have impacted Q2 results negatively, but are expected to add substantial value in the second half-year.

Following a deliberate reduction in the operated fleet ahead of IMO 2020 transition, Dry Operator has rebuilt its operated fleet to an average of 300 vessels in June, which is an increase of 31% from January. On average, Dry Operator managed a total of 24,806 vessels days in Q2, corresponding to an average fleet size of 273 vessels.

In the last 4 quarters, Dry Operator has generated an Adjusted Result of USD 18 million. The result is the outcome of a total of 97,139 vessel days handled by Dry Operator in this period with an average Adjusted Result per vessel day of USD 183.

Rates picking up

The dry cargo spot market was very weak in the second quarter with average Supramax and Panamax rates being close to OPEX cost and 34% lower than in the same period the year before. In the last few weeks of the quarter, both forward rates and spot rates started to improve, mainly driven by strong Capesize demand

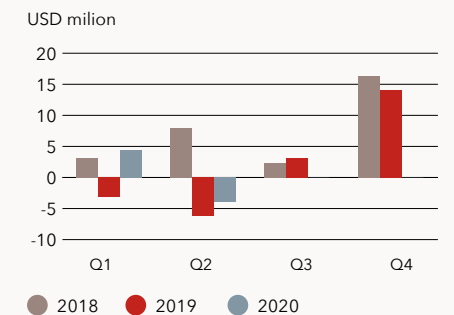
as a result of increasing Chinese imports of iron ore and coal. Import volumes in the rest of the world remain much lower than last year levels.

Based on an expectation of a gradually improving macroeconomic environment as the COVID-19 restrictions are eased, rates are expected to be better in the second half of the year compared to the first half. As rates move to higher levels, volatility is expected to come back providing a better trading environment for Dry Operator. Dry Operator is well positioned to take advantage of these expected market improvements in the second half-year.

Dry Operator key figures

USD million	2020 Q2	2019 Q2	Last 4 Quarters
Contribution margin	10.2	7.5	80.3
O/A costs	-8.9	-8.8	-38.9
EBIT	-3.0	-4.8	23.2
Adjusted Result	-4.0	-6.2	17.8
Vessel days	24,806	25,709	97,139
Adj. result per vessel day (USD/day)	-161	-241	183

Dry Operator Adjusted Result by quarter



Average number of vessels operated in the second quarter

273



TANKER OPERATOR CAPTURED FULL VALUE IN Q2

- Adjusted Result Q2: USD 22 million
- Adjusted Result last 4 quarters: USD 49 million
- Historically high tanker rate volatility

Tanker Operator was established as a separate business unit from the beginning of 2020, to provide efficient global transport solutions and active management of short-term market exposure in the product tanker market. Following a good start in Q1, Tanker Operator realised another outstanding result in Q2 and generated an Adjusted Result of USD 22 million (Q2 2019: USD -3 million) in a very volatile market. The Adjusted Result corresponds to an EBIT of USD 22 million (Q2 2019: USD -3 million).

The result is generated by a combination of strong spot rates and active management of the position. In anticipation of a strong market, Tanker Operator had built up a significant position of time-chartered tonnage with good optionality. This tonnage benefited greatly from a significant spike in rates in April and May, following the oil price war between OPEC and Russia. While the spike lasted only briefly, the rate environment was relatively firm until early June.

Having significantly increased capacity through time-chartered tonnage in the previous quarters, Tanker Operator utilised the strong Q2 rate environment to reduce forward market exposure through time-charter cover at attractive rates in anticipation of a weaker market environment in the second half of 2020

The Company's Handysize tankers generated average daily earnings of USD 17,635 per day while the earnings in the MR fleet amounted to USD 20,515 per day. In the last 4 quarters, Tanker Operator has generated an Adjusted Result of USD 49 million. The result is the outcome of a total of 38,762 vessel days handled by the business unit in the period with an average Adjusted Result per vessel day of USD 1,272.

The business unit operated 10,796 vessel days, corresponding to an average fleet size of 119 vessels in Q2. The Tanker Operator fleet was on average 54 vessels, while the remaining 65 vessels were in commercial management. Tanker Operator generated USD 3 million related to management fees booked under Other Operating Income.

Tanker Operator TCE, USD per day

	Q2 2020		H1 2020	
	Days	TCE	Days	TCE
Handysize	1,417	17,635	2,665	18,255
MR	3,495	20,515	7,083	20,138
Total	4,912*	19,684	9,748	19,624

* Excl. pool vessels

One of the largest product tanker operators in the world

In mid-June, NORDEN announced a new strategic partnership with Diamond S, a publicly listed owner and operator of crude and product tankers. Diamond S and NORDEN will operate their product tanker fleets jointly in the Norient Product Pool (NPP). Diamond S will initially contribute 28 MR product tankers, and following this addition, NPP will in total manage approximately 140-150 tankers, making it one of the largest operators of MR product tankers in the world. This gives NPP and NORDEN a substantial presence in the spot market and even more flexibility to optimise the regional exposure of the fleet.

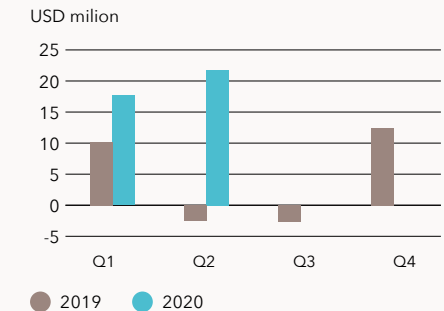
Rates plummeting after spike

As expected in our guidance in the Q1 report, the spike in spot rates lasted only a short while, and the release of floating storage and reality of weak underlying oil demand has resulted in rates quickly decreasing to much weaker levels around USD 8-12,000 per day. The second half of 2020 is therefore expected to be challenging.

Tanker Operator key figures

USD million	2020 Q2	2019 Q2	Last 4 Quarters
Contribution margin	36.5	1.8	98.9
O/A costs	-6.6	-4.2	-21.7
EBIT	22.3	-2.5	52.0
Adjusted Result	21.8	-2.5	49.3
Vessel days incl. pool vessels	10,796	8,476	38,762
Adj. result per vessel day (USD/day)	2,019	-295	1,272

Tanker Operator Adjusted Result by quarter



Average number of vessels operated in the second quarter

119



OUTLOOK FOR 2020

NORDEN raises guidance

NORDEN raises its expectations for the full-year Adjusted Result to USD 40-80 million (previously USD 30-80 million).

Asset Management

Asset Management still expects significant improvement in earnings for 2020 compared to 2019. Results in the second half of the year are, however, expected to be weaker than in the first half, primarily as a result of lower earnings from scrubbers due to tight fuel spreads. The expectations exclude any potential impairments of vessels or right of use assets.

Dry Operator

Dry Operator still expects an Adjusted Result above that for 2019. The expectations are based on a net margin per vessel day in line with the average over the last 4 quarters and an activity level similar to or slightly above 2019. The distribution of earnings per quarter is expected to continue to be subject to significant volatility.

Tanker Operator

Tanker Operator still expects an Adjusted Result which is higher than in 2019. After a strong first half-year, tanker spot rates

have decreased significantly, and results for the business unit in the second half-year are expected to be much weaker than in the first half of 2020.

Risk and uncertainties

COVID-19 and the related global lockdown has had a significant and negative impact on global growth and demand for both oil and dry cargo commodities. The above expectations are subject to uncertainty related to the return to normal commercial activity levels as well as a potential second wave.

All business units are furthermore sensitive to counterparty risks as well as operational risks.

Events after the reporting date

No significant events have occurred between the reporting date and the publication of this half-year report that have not already been included and adequately disclosed in the half-year report and that materially affect the assessment of the Company's and Group's results of operations or financial position.

“NORDEN raises its guidance for an Adjusted Result for 2020 to USD 40-80 million”

Financial calendar for 2020

4 November Interim report - third quarter 2020

Forward-looking statements

This report includes forward-looking statements reflecting management's current perception of future trends and financial performance. The statements for the rest of 2020 and the years to come naturally carry some uncertainty, and NORDEN's actual results may therefore differ from expectations. Factors that may cause the results achieved to differ from the expectations are, among other things, but not exclusively, changes in the macroeconomic and political conditions - especially in the Group's key markets - changes in NORDEN's assumptions of rate development and operating costs, volatility in rates and vessel prices, changes in legislation, possible interruptions in traffic and operations as a result of external events, etc.



STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today reviewed and approved the Interim Report for the period 1 January to 30 June 2020 of Dampskibsselskabet NORDEN A/S.

The interim consolidated financial statements of Dampskibsselskabet NORDEN A/S have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim consolidated financial statements have not been subject to audit or review by the Independent Auditors of Dampskibsselskabet NORDEN A/S.

We consider the accounting policies applied to be appropriate and the accounting estimates made to be adequate. Furthermore, we find the overall presentation of the Interim Report to present a true and fair view.

Besides what has been disclosed in the Interim Report, no other significant changes in the Group's risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2019.

In our opinion, the interim consolidated financial statements give a true and fair view of Dampskibsselskabet NORDEN A/S' consolidated assets, equity and liabilities and the financial position at 30 June 2020 as well as the result of Dampskibsselskabet

NORDEN A/S' consolidated activities and cash flows for the period 1 January to 30 June 2020.

Furthermore, in our opinion the Management Review gives a fair representation of the Group's activities and financial position as well as a description of the material risks and uncertainties which the Group is facing.

Hellerup, 19 August 2020

Executive Management

Jan Rindbo
Chief Executive Officer

Martin Badsted
Chief Financial Officer

Board of Directors

Klaus Nyborg
Chairman

Johanne Riegels Østergård
Vice Chairman

Karsten Knudsen

Thomas Intrator

Stephen John Kunzer

Helle Østergaard Kristiansen

Susanne Fauerskov
(employee-elected)

Jesper Svenstrup
(employee-elected)

Lars Enkegaard Biilmann
(employee-elected)



CONSOLIDATED INCOME STATEMENT

USD million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Revenue	2	615.7	624.6	1,230.3	1,278.1	2,583.9
Other operating income		3.4	3.9	9.7	7.9	16.3
Vessel operation costs	3	-512.8	-575.5	-1,022.9	-1,161.1	-2,305.2
Contribution margin		106.3	53.0	217.1	124.9	295.0
Overhead and administration costs	3	-20.5	-17.7	-42.1	-37.2	-77.5
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)		85.8	35.3	175.0	87.7	217.5
Profit/loss from sale of vessels etc.		0.0	3.4	0.0	-8.9	-3.6
Depreciation, amortisation and impairment losses	4	-50.0	-37.7	-97.8	-72.5	-156.9
Share of profit/loss of joint ventures	5	0.7	0.1	-3.7	0.7	-0.2
Profit/loss from operations (EBIT)		36.5	1.1	73.5	7.0	56.8
Financial income	6	1.6	1.6	2.5	3.3	5.1
Financial expenses	6	-7.7	-9.4	-15.8	-20.1	-37.8
Profit/loss before tax		30.4	-6.7	60.2	-9.8	24.1
Tax		-1.4	-1.7	-3.5	-3.9	-4.9
Profit/loss for the period		29.0	-8.4	56.7	-13.7	19.2
Attributable to:						
Shareholders of NORDEN		29.0	-8.4	56.7	-13.7	19.2
Earnings per share (EPS), USD		0.74	-0.21	1.45	-0.35	0.48
Diluted earnings per share, USD		0.75	-0.21	1.46	-0.35	0.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Profit/loss for the period		29.0	-8.4	56.7	-13.7	19.2
Other comprehensive income to be reclassified to the income statement:						
Fair value adjustment for the period, cash flow hedges	7	-6.1	-6.7	20.7	27.7	33.7
Fair value adjustment for the period, securities		0.0	0.0	0.0	0.1	-0.3
Exchange differences on translation of foreign subsidiary		0.1	-0.1	-0.1	-0.1	0.0
Other comprehensive income, total after tax		-6.0	-6.8	20.6	27.7	33.4
Total comprehensive income for the period, after tax		23.0	-15.2	77.3	14.0	52.6
Attributable to:						
Shareholders of NORDEN		23.0	-15.2	77.3	14.0	52.6



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	Note	30/6 2020	30/6 2019	31/12 2019
Assets				
Vessels	8	783.5	765.0	803.4
Right-of-use assets	9	316.1	274.8	271.0
Property and equipment		48.7	49.3	49.0
Prepayments on vessels and newbuildings	10	19.2	10.8	16.1
Total Tangible assets		1,167.5	1,099.9	1,139.5
Investments in joint ventures		10.8	12.3	11.9
Receivables from subleasing		18.6	23.4	19.2
Total Financial assets		29.4	35.7	31.1
Total Non-current assets		1,196.9	1,135.6	1,170.6
Inventories		63.6	82.4	80.5
Receivables from subleasing		14.3	15.0	11.3
Freight receivables		166.2	164.2	164.0
Receivables from joint ventures		6.5	6.6	5.8
Tax receivables		0.0	0.0	0.9
Other receivables		48.1	18.9	31.6
Prepayments		77.7	74.4	68.4
Cash and cash equivalents		257.3	187.6	209.3
		633.7	549.1	571.8
Vessels held for sale		0.0	0.0	0.0
Total Current assets		633.7	549.1	571.8
Total Assets		1,830.6	1,684.7	1,742.4

USD million	Note	30/6 2020	30/6 2019	31/12 2019
Equity and liabilities				
Share capital		6.7	6.7	6.7
Reserves		29.5	3.2	8.9
Retained earnings		881.1	815.2	843.4
Total Equity		917.3	825.1	859.0
Loans		272.8	207.2	268.4
Lease liabilities	9	231.7	235.4	198.7
Total Non-current liabilities		504.5	442.6	467.1
Loans		35.0	92.0	34.9
Lease liabilities	9	149.1	101.4	131.8
Provisions		0.0	2.8	0.0
Trade payables		119.3	124.9	117.6
Tax payables		5.2	3.8	0.0
Other payables		46.4	19.7	58.5
Deferred income		53.8	72.4	73.5
		408.8	417.0	416.3
Liabilities relating to vessels held for sale		0.0	0.0	0.0
Total Current liabilities		408.8	417.0	416.3
Total Liabilities		913.3	859.6	883.4
Total Equity and liabilities		1,830.6	1,684.7	1,742.4



CONSOLIDATED STATEMENT OF CASH FLOWS

USD million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Profit/loss for the period		29.0	-8.4	56.7	-13.7	19.2
Reversal of items from the income statement		58.2	58.1	115.8	92.9	206.7
Change in working capital		41.5	-18.3	-11.6	24.3	50.5
Instalments on sublease receivables		4.6	2.0	8.6	3.7	11.7
Income tax, paid		0.8	-2.7	-0.4	-2.8	-7.6
Cash flows from operating activities		134.1	30.7	169.1	104.4	280.5
Investments in vessels and vessels held for sale and other tangible assets	8	-4.5	-8.9	-4.0	-9.9	-102.7
Additions in prepayments on newbuildings	10	-3.1	-1.4	-3.1	-37.9	-43.2
Investments in joint ventures		0.0	-1.0	0.0	-1.0	-1.0
Proceeds from sale of vessels and newbuildings		0.2	61.3	0.0	61.3	98.3
Investment in subsidiaries including acquired cash		0.0	-0.2	0.0	0.0	0.0
Sale of securities		0.0	4.9	0.0	4.9	4.9
Change in cash and cash equivalents with rate agreements of more than 3 months, etc.		63.4	-20.0	1.3	-18.8	-47.2
Cash flows from investing activities		56.0	34.7	-5.8	-1.4	-90.9
Dividend paid to shareholders		-14.7	-12.0	-14.7	-12.0	-12.0
Acquisition of treasury shares		0.0	0.0	-4.8	-4.2	-9.4
Proceeds from loans		0.0	156.8	62.0	206.8	219.1
Repayment of loans		-43.3	-187.1	-57.5	-237.7	-245.9
Instalments on lease liabilities	9	-43.2	-29.6	-84.5	-52.9	-124.8
Interest, received		0.0	0.0	0.4	1.5	1.5
Interest, paid		-7.7	-9.3	-15.8	-20.1	-39.7
Cash flows from financing activities		-108.9	-81.2	-114.9	-118.6	-211.2
Cash flow from operating, investing and financing activities		81.2	-15.8	48.4	-15.6	-21.6

USD million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Liquidity at beginning of the period		60.1	114.7	92.9	115.2	115.2
Exchange rate adjustments		0.9	0.7	0.9	0.0	-0.7
Change in liquidity for the period		81.2	-15.8	48.4	-15.6	-21.6
Liquidity at end period		142.2	99.6	142.2	99.6	92.9
Cash and cash equivalents with rate agreements of more than 3 months, etc.		115.1	88.0	115.1	88.0	116.4
Cash and cash equivalents at end period acc. to the statement of financial position		257.3	187.6	257.3	187.6	209.3

USD million	Note	30/6 2020	30/6 2019	31/12 2019
<i>Which can be explained as follows</i>				
Demand deposits and cash balance		64.5	80.2	28.3
Money market investment		170.6	99.3	163.6
Other cash and cash equivalents		22.2	8.1	17.4
		257.3	187.6	209.3



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD million	Shareholders of NORDEN			
	Share capital	Reserves	Retained earnings	Total equity
Equity at 1 January 2020	6.7	8.9	843.4	859.0
Total comprehensive income for the period	0.0	20.6	56.7	77.3
Acquisition of treasury shares	0.0	0.0	-4.8	-4.8
Share-based payment	0.0	0.0	0.5	0.5
Dividends paid	0.0	0.0	-15.9	-15.9
Dividends related to treasury shares	0.0	0.0	1.2	1.2
Changes in equity	0.0	20.6	37.7	58.3
Equity at 30 June 2020	6.7	29.5	881.1	917.3
Equity at 1 January 2019	6.7	-24.5	844.6	826.8
Total comprehensive income for the period	0.0	27.7	-13.7	14.0
Acquisition of treasury shares	0.0	0.0	-4.2	-4.2
Share-based payment	0.0	0.0	0.5	0.5
Dividends paid	0.0	0.0	-12.8	-12.8
Dividends related to treasury shares	0.0	0.0	0.8	0.8
Changes in equity	0.0	27.7	-29.4	-1.7
Equity at 30 June 2019	6.7	3.2	815.2	825.1



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and changes to NORDEN's accounting policies

1.1 Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the EU and additional Danish disclosure requirements for the interim financial reporting of listed companies.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The accounting policies, judgements and estimates are consistent with those applied in the consolidated annual report for 2019, apart from changes described below.

1.2 Changes in accounting policies and disclosures

The Group has adopted standards and interpretations effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

Adoption of new or amended IFRSs

NORDEN has implemented the following amendments and interpretations to existing standards:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Materiality

None of these interpretations or amendments have had any effect on the accounting policies applied by NORDEN.

For a complete description of accounting policies, see the notes to the consolidated financial statements for 2019, pages 79-120 in the consolidated annual report for 2019.

Standards not yet in force at the end of July 2020

IASB has issued the following standards and amendments to existing standards which are either irrelevant or insignificant to NORDEN.

Non-EU endorsed:

- Amendments to IAS 1: Classification of current and non-current financial liabilities.
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020)

Significant accounting estimates and judgements

The accounting estimates and judgements, which Management deems to be significant to the preparation of the consolidated financial statements, are impairment test and non-lease component for leases under IFRS 16 Leases. Reference is made to note 1.4 "Significant accounting estimates and judgements" on page 79 for a further description in the consolidated annual report for 2019.

New business unit structure

For information on the new business unit structure, refer to the Annual Report 2019 page 13 and 14 and Q1 2020 interim report pages 19-21.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q2 2020					Q2 2019				
	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total
2. Segment information										
Revenue - services rendered, external	29.6	437.7	147.9	0.0	615.2	19.1	508.4	96.6	0.0	624.1
Revenue - services rendered, internal	68.4	0.0	0.0	-68.4	0.0	75.5	6.5	0.0	-82.0	0.0
Revenue - sublease financial income	0.5	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.5
Voyage costs	5.5	-234.3	-49.3	0.5	-277.6	-2.1	-233.2	-37.2	0.0	-272.5
T/C equivalent revenue	104.0	203.4	98.6	-67.9	338.1	93.0	281.7	59.4	-82.0	352.1
Other operating income	-0.1	-1.2	4.7	0.0	3.4	0.6	0.0	3.3	0.0	3.9
Charter hire and OPEX element	-26.3	-192.0	-66.8	67.9	-217.2	-30.3	-274.2	-60.9	82.0	-283.4
Operating costs owned vessels	-18.0	0.0	0.0	0.0	-18.0	-19.6	0.0	0.0	0.0	-19.6
Contribution margin	59.6	10.2	36.5	0.0	106.3	43.7	7.5	1.8	0.0	53.0
Overhead and administration costs	-5.0	-8.9	-6.6	0.0	-20.5	-4.7	-8.8	-4.2	0.0	-17.7
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	54.6	1.3	29.9	0.0	85.8	39.0	-1.3	-2.4	0.0	35.3
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	3.4	0.0	0.0	0.0	3.4
Depreciation, amortisation and impairment losses	-38.1	-4.3	-7.6	0.0	-50.0	-34.1	-3.5	-0.1	0.0	-37.7
Share of profit/loss of joint ventures	0.7	0.0	0.0	0.0	0.7	0.1	0.0	0.0	0.0	0.1
Profit/loss from operations (EBIT)	17.2	-3.0	22.3	0.0	36.5	8.4	-4.8	-2.5	0.0	1.1
Financial income	1.0	0.6	0.0	0.0	1.6	1.3	0.3	0.0	0.0	1.6
Financial expenses	-6.7	-0.6	-0.4	0.0	-7.7	-9.2	-0.2	0.0	0.0	-9.4
Profit/loss before tax	11.5	-3.0	21.9	0.0	30.4	0.5	-4.7	-2.5	0.0	-6.7
Tax	-0.3	-1.0	-0.1	0.0	-1.4	-0.2	-1.5	0.0	0.0	-1.7
Profit/loss for the period	11.2	-4.0	21.8	0.0	29.0	0.3	-6.2	-2.5	0.0	-8.4
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	-3.4	0.0	0.0	0.0	-3.4
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*	11.2	-4.0	21.8	0.0	29.0	-3.1	-6.2	-2.5	0.0	-11.8

* 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.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	H1 2020					H1 2019				
	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total
2. Segment information										
Revenue - services rendered, external	65.2	873.5	290.7	0.0	1,229.4	48.2	1,019.0	209.9	0.0	1,277.1
Revenue - services rendered, internal	139.1	0.0	0.0	-139.1	0.0	147.1	6.5	0.0	-153.6	0.0
Revenue - sublease financial income	0.9	0.0	0.0	0.0	0.9	1.0	0.0	0.0	0.0	1.0
Voyage costs	0.1	-458.9	-103.1	1.4	-560.5	-4.1	-464.8	-76.5	0.0	-545.4
T/C equivalent revenue	205.3	414.6	187.6	-137.7	669.8	192.2	560.7	133.4	-153.6	732.7
Other operating income	0.6	-1.1	10.2	0.0	9.7	1.3	0.0	6.6	0.0	7.9
Charter hire and OPEX element	-52.9	-381.7	-129.7	137.7	-426.6	-64.4	-542.3	-123.4	153.6	-576.5
Operating costs owned vessels	-35.8	0.0	0.0	0.0	-35.8	-39.2	0.0	0.0	0.0	-39.2
Contribution margin	117.2	31.8	68.1	0.0	217.1	89.9	18.4	16.6	0.0	124.9
Overhead and administration costs	-10.1	-19.2	-12.8	0.0	-42.1	-10.2	-18.8	-8.2	0.0	-37.2
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	107.1	12.6	55.3	0.0	175.0	79.7	-0.4	8.4	0.0	87.7
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	-8.9	0.0	0.0	0.0	-8.9
Depreciation, amortisation and impairment losses	-74.2	-8.9	-14.7	0.0	-97.8	-65.9	-5.9	-0.7	0.0	-72.5
Share of profit/loss of joint ventures	-3.7	0.0	0.0	0.0	-3.7	0.7	0.0	0.0	0.0	0.7
Profit/loss from operations (EBIT)	29.2	3.7	40.6	0.0	73.5	5.6	-6.3	7.7	0.0	7.0
Financial income	1.7	0.8	0.0	0.0	2.5	3.0	0.3	0.0	0.0	3.3
Financial expenses	-13.4	-1.6	-0.8	0.0	-15.8	-19.7	-0.4	0.0	0.0	-20.1
Profit/loss before tax	17.5	2.9	39.8	0.0	60.2	-11.1	-6.4	7.7	0.0	-9.8
Tax	-0.7	-2.5	-0.3	0.0	-3.5	-1.0	-2.9	0.0	0.0	-3.9
Profit/loss for the period	16.8	0.4	39.5	0.0	56.7	-12.1	-9.3	7.7	0.0	-13.7
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	8.9	0.0	0.0	0.0	8.9
Profit/loss from sale of vessels, etc in joint venture	1.5	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Adjusted Results for the period*	18.3	0.4	39.5	0.0	58.2	-3.2	-9.3	7.7	0.0	-4.8

* 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.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
3. Expenses by nature					
Vessel operating costs	512.8	575.5	1,022.9	1,161.1	2,305.2
Overhead and administration costs	20.5	17.7	42.1	37.2	77.5
Total	533.3	593.2	1,065.0	1,198.3	2,382.7
These costs can be split by nature:					
Voyage costs excluding bunker oil	136.3	126.7	258.7	250.6	493.7
Bunker oil	141.3	145.8	301.8	294.8	574.0
Expenses related to the service component of right-of-use assets	41.3	28.9	80.0	52.8	122.2
Expenses related to short-term leases	175.9	254.5	346.6	523.7	1,039.0
Operating costs owned vessels excluding seafarers	8.8	7.5	17.0	14.7	37.7
Other external costs	4.4	6.9	10.8	10.5	23.9
Staff costs inclusive seafarers	25.3	22.9	50.1	51.2	92.2
Total	533.3	593.2	1,065.0	1,198.3	2,382.7
4. Depreciation					
Vessels	11.8	11.0	23.7	22.3	44.6
Right-of-use assets	37.9	26.5	73.6	49.9	111.5
Property and equipment	0.3	0.2	0.5	0.3	0.8
Total	50.0	37.7	97.8	72.5	156.9
5. Share of profit/loss of joint ventures					
Profit/loss from shares in joint ventures	0.7	0.1	0.1	0.7	-0.2
Share of loss from sale of vessels	0.0	0.0	-1.5	0.0	0.0
Share of impairment of tangible assets	0.0	0.0	-2.3	0.0	0.0
Total	0.7	0.1	-3.7	0.7	-0.2

USD million	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
6. Financial income and expenses					
Interest income	0.1	-0.7	0.4	1.0	1.5
Fair value adjustment, cross currency swaps	0.2	0.0	0.3	0.0	0.0
Exchange rate adjustments	1.3	2.3	1.8	2.3	3.6
Total financial income	1.6	1.6	2.5	3.3	5.1
Interest costs	2.7	4.5	5.9	10.3	17.1
Fair value adjustment, cross currency swaps	0.0	-0.2	0.0	0.1	1.1
Interest expense on lease liabilities	5.0	5.1	9.9	9.7	19.6
Total	7.7	9.4	15.8	20.1	37.8

USD million	30/6 2020	30/6 2019	31/12 2019
7. Fair value adjustment - hedging Instruments			
Fair value of cash flow hedge			
Fair value adjustment at the beginning period		8.9	-24.8
Fair value adjustment at the end, net		20.7	33.7
End		29.6	8.9
Fair value adjustment for the period, cash flow hedge can be specified as follows:			
Bunker hedging		17.4	1.2
FFA hedging		8.3	0.2
Foreign currency risk hedging		3.9	1.5
End		29.6	2.9

The fair value measurement hierarchy of hedging is measured based upon significant observable inputs (level 2).



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	30/6 2020	30/6 2019	31/12 2019
7. Fair value adjustment - hedging Instruments - continued			
As of 30 June 2020, outstanding hedging contains:			
Bunker hedging			
Beginning, 1 January	-2.6	-26.9	-26.9
Fair value adjustments	-5.5	30.3	28.1
Realised contracts, transferred to vessel operating costs	25.5	-2.2	-3.8
End	17.4	1.2	-2.6
FFA hedging			
Beginning, 1 January	10.7	1.5	1.5
Fair value adjustments	22.4	0.9	12.5
Realised contracts, transferred to revenue	-24.8	-2.2	-3.3
End	8.3	0.2	10.7
Foreign currency risk hedging			
Beginning, 1 January	0.8	0.5	0.5
Fair value adjustments	3.1	1.0	0.3
End	3.9	1.5	0.8

USD million	30/6 2020	30/6 2019	31/12 2019
8. Vessels			
Cost at 1 January	1,123.8	1,207.3	1,207.3
Additions	3.8	9.9	102.4
Disposals	-0.9	-1.3	-4.8
Transferred from prepayments on vessels and newbuildings	0.0	55.9	55.9
Transferred to tangible assets held for sale	0.0	-198.1	-237.0
Cost	1,126.7	1,073.7	1,123.8
Depreciation at 1 January	-244.7	-284.9	-284.9
Depreciation	-23.7	-22.3	-44.6
Depreciations related to derecognised assets	0.9	1.3	4.8
Transferred to tangible assets held for sale	0.0	72.9	80.0
Depreciation	-267.5	-233.0	-244.7
Impairment at 1 January	-75.7	-126.8	-126.8
Transferred from prepayments on vessels and newbuildings	0.0	-4.2	-4.2
Transferred to tangible assets held for sale	0.0	55.3	55.3
Impairment	-75.7	-75.7	-75.7
Carrying amount	783.5	765.0	803.4



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	30/6 2020	30/6 2019	31/12 2019
9. Leases - lessee			
Right-of-use assets			
Cost at 1 January	382.5	302.8	302.8
Adjustment to opening balance	0.0	-12.9	0.0
Additions	109.3	35.7	77.4
Remeasurements	11.7	5.8	9.1
Disposals related to redelivered vessels	-7.8	-6.7	-6.8
Cost	495.7	324.7	382.5
Depreciation at 1 January	-111.5	0.0	0.0
Depreciation	-73.6	-49.9	-111.5
Depreciations related to redelivered vessels	5.5	0.0	0.0
Depreciation	-179.6	-49.9	-111.5
Carrying amount	316.1	274.8	271.0
Lease Liabilities			
Lease liabilities at 1 January	330.5	360.8	360.8
Adjustment to opening balance	0.0	-10.4	0.0
Additions	120.7	33.8	87.1
Remeasurements	16.3	5.5	7.4
Instalments made	-84.5	-52.9	-124.8
Disposals related to cancelled leases	-2.2	0.0	0.0
Lease liabilities at end of period	380.8	336.8	330.5

USD million	30/6 2020	30/6 2019	31/12 2019
10. Prepayments on vessels and newbuildings			
Cost at 1 January	16.1	29.1	29.1
Additions	3.1	37.9	43.2
Transferred to vessels	0.0	-55.9	-55.9
Transferred to other items	0.0	-0.3	-0.3
Cost	19.2	10.8	16.1
Impairment at 1 January	0.0	-4.2	-4.2
Reversed impairment on vessels disposed of	0.0	0.0	0.0
Transferred to vessels	0.0	4.2	4.2
Impairment	0.0	0.0	0.0
Carrying amount	19.2	10.8	16.1

11. Related party disclosure

No significant changes have occurred to related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated annual report for 2019.

12. Contingent assets and liabilities

Since the end of 2019, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Overview of deliveries of owned vessels and fleet values

Vessel type	LR1	MR	Handysize	Total
Asset Management's Tanker fleet at 30 June 2020				
Vessels in operation				
Owned vessels	0	17	7	24
Leased vessels	2	12	3	17
Total active fleet	2	29	10	41
Vessels to be delivered				
Owned vessels	0	0	0	0
Leased vessels	0	10	0	10
Total vessels to be delivered	0	10	0	10
Total gross fleet	2	39	10	51
Asset Management's Tanker fleet values at 30 June 2020 (USD million)				
Average age of owned vessels	0	8.6	11.4	9.4
Market value of owned vessels and newbuildings*	0	369	88	457
Broker estimated value of certain charter parties attached to owned vessels	0	9	0	9
Carrying amount/cost	0	411	128	539
Market value vs. book value	0	-33	-40	-73
Value of purchase and extension options on chartered tonnage	0	25	7	32

* Charter free and including joint ventures and assets held for sale, if any.

Vessel type	Panamax	Supramax	Handysize	Total
Asset Management's Dry cargo fleet at 30 June 2020				
Vessels in operation				
Owned vessels	2	8	2	12
Leased vessels	16	19	4	39
Total active fleet	18	27	6	51
Vessels to be delivered				
Owned vessels	0	6	0	6
Leased vessels	0	1	2	3
Total vessels to be delivered	0	7	2	9
Total gross fleet	18	34	8	60
Asset Management's Dry cargo fleet values at 30 June 2020 (USD million)				
Average age of owned vessels	6.3	3.4	7.5	4.6
Market value of owned vessels and newbuildings*	31	329	20	380
Broker estimated value of certain charter parties attached to owned vessels	5	0	8	13
Carrying amount/cost	38	341	38	417
Market value vs. book value	-2	-12	-10	-24
Value of purchase and extension options on chartered tonnage	16	10	0	26

* Charter free and including joint ventures and assets held for sale, if any.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Overview of deliveries of owned vessels and fleet values (cont.)

Overview of deliveries of owned vessels and fleet values

Name	Vessel type	Delivery quarter
Hull 10887	Supramax	Q3 2020
Hull 10895	Supramax	Q4 2020
Hull NE351	Supramax	Q1 2022
Hull NE352	Supramax	Q1 2022
Hull NE353	Supramax	Q1 2022
Hull NE354	Supramax	Q1 2022

CAPEX

USD million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Total
Newbuilding payments and secondhand purchases	28	16	9	0	9	0	65	127
Other CAPEX*	7	0	0	5	8	0	4	24

Future payments to NORDEN from sold vessels: USD 0 million

* Capex includes ordinary dockings, acquisition and installation of scrubbers and ballast water treatment systems

14. Events after the reporting date

See page 12 in the Management Review.