

ANNOUNCEMENT NO. 157 - 18 August 2022

INTERIM REPORT SECOND QUARTER AND FIRST HALF-YEAR 2022

KEY POINTS

SECOND QUARTER 2022

Results

- Profit for the period: USD 179 million (Q2 2021: USD 32 million).
- Profit/loss for the period per business unit*:
 - Assets & Logistics: USD 26 million (USD 2 million).
 - Freight Services & Trading: USD 153 million (USD 30 million).
- Profit for H1: USD 296 million (H1 2021: USD 17 million), corresponding to earnings per share of DKK 57.
- Return on equity: 52% in Q2 (15%), 47% in H1 (4%).

* Q2 2021 comparison based on Asset Management and combined Dry Operator and Tanker Operator profit/loss for the period, respectively.

Business highlights

- Trading focus adding value - significant shift in market exposure from dry cargo to product tankers across both business units.
- Net asset value (NAV) of Assets & Logistics (including NORDEN's cash position) increased DKK 100 per share during Q2.
- Positive development in Assets & Logistics driven by higher tanker values and a fully covered dry cargo position until end of 2023 at profitable rates.
- In addition, substantial market value has been built up also in Freight Services & Trading, which is expected to benefit earnings in H2 2022 and 2023.
- Record margins in Freight Services & Trading due to high exposure towards surging MR tanker rates and a short position in dry cargo, benefitting from falling rates.

Guidance

- NORDEN expects profit for the year in the range of USD 560-640 million, in line with announced guidance in the beginning of August.
- Based on the strong cash flows and favourable earnings outlook, the Board has decided to pay out an interim dividend for 2022 of DKK 30 per share to be distributed to shareholders at end of August. The interim dividend will count as part of the dividend policy of paying out minimum 50% of the net full-year result.
- In addition, NORDEN will initiate a share buyback programme of USD 40 million, which will run until the beginning of November.

“Fantastic second quarter result based on a significant shift in market exposure from dry cargo to product tankers. This has enabled NORDEN to capitalise on the exceptional product tanker rates, while also generating value in a weakening dry cargo market from an extensive cargo and cover portfolio. This highlights our trading ability and proactive risk management, which enables us to create value in both rising and falling markets”.

CEO Jan Rindbo

KEY FIGURES AND RATIOS FOR NORDEN

Amount in USD million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Income statement					
Revenue	1,420.1	854.7	2,508.0	1,458.6	3,551.8
Contribution margin	372.1	129.3	619.8	204.6	649.6
EBITDA	313.9	105.4	525.1	163.7	532.2
Profit/loss from sale of vessels etc.	-0.2	-	28.2	-9.2	7.7
Profit/loss from sale of vessels in JV	-	-	-	-	-0.9
Depreciation, amortisation and impairment losses	-120.0	-65.0	-227.8	-122.0	-295.5
EBIT	195.0	40.1	326.5	32.5	245.5
Financial items, net	-14.6	-6.4	-27.2	-13.0	-34.8
Profit for the period	178.7	31.8	295.8	16.9	204.5
Statement of financial position					
Total assets	2,823.9	2,060.7	2,823.9	2,060.7	2,453.5
Equity	1,248.5	690.6	1,248.5	690.6	993.3
Liabilities	1,575.4	1,370.1	1,575.4	1,370.1	1,460.2
Invested capital	1,699.1	1,424.7	1,699.1	1,424.7	1,631.0
Net interest-bearing debt	-450.6	-734.1	-450.6	-734.1	-637.7
Cash and securities	566.5	297.3	566.5	297.3	410.7
Cash flows					
From operating activities	349.9	-13.4	502.0	-65.1	433.9
From investing activities	-36.9	-13.6	46.3	38.6	2.6
- hereof investments in property, plant and equipment	-0.2	0.4	-61.0	-1.1	-92.1
From financing activities	-165.1	89.3	-434.5	67.5	-261.9
Environmental and social figures					
EEOI (gCO ₂ /tonnes-mile) ¹⁾	9.3	9.5	9.4	9.5	8.6
LTIF (days per million working hours) ²⁾	-	-	0.4	0.6	0.8

	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Share-related key figures and financial ratios					
No. of shares of DKK 1 each (including treasury shares)	37,000,000	39,200,000	37,000,000	39,200,000	39,200,000
No. of shares of DKK 1 each (excluding treasury shares)	35,487,010	37,660,561	35,487,010	37,660,561	36,763,061
Number of treasury shares	1,512,990	1,539,439	1,512,990	1,539,439	2,436,939
Earnings per share (EPS), DKK ³⁾	36	5	57	3	34
Diluted earnings per share (diluted EPS), DKK ³⁾	36	5	56	3	34
Book value per share (excluding treasury shares) (DKK) ³⁾	252	115	252	115	170
Share price at end of period, DKK	246	200	246	200	166
Other key figures and financial ratios⁴⁾					
EBITDA ratio	22.1%	12.3%	20.9%	11.2%	15.0%
ROIC ⁵⁾	46.8%	12.0%	39.2%	4.9%	17.1%
ROE ⁵⁾	51.5%	15.1%	46.6%	4.2%	21.6%
Equity ratio	44.2%	33.5%	44.2%	33.5%	40.5%
Total no. of vessel days for the Group	44,391	41,982	86,355	82,435	170,270
USD/DKK rate at end of the period	716.20	625.73	716.20	625.73	656.12
Average USD/DKK rate	699.15	616.72	680.45	617.05	629.18

¹⁾ 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. The calculation of EEOI has changed as of FY2021 onwards, and now also includes vessels and voyages on T/C-out to third parties. Previously, only own voyages were included.

²⁾ Lost Time Injury Frequency (LTIF) is the frequency a seafarer is unable to work for more than 24 hours per 1 million working hours. NORDEN has worked closely together with technical management partner Synergy Marine Group to ensure safety onboard our vessels and makes continuous efforts towards safe working practices during all aspects of the operations.

³⁾ Converted at the USD/DKK rate at end of period.

⁴⁾ 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 2021. The figures are adjusted for the Company's holding of treasury shares.

⁵⁾ Figures are annualised.

COMMENTS ON THE DEVELOPMENT OF THE SECOND QUARTER AND FIRST HALF-YEAR 2022

Results

The profit for the second quarter of 2022 amounted to USD 179 million (USD 32 million).

For the first half of 2022, profit amounted to USD 296 million (USD 17 million) of which profit from vessel sales amounted to USD 28 million (USD -9 million).

Both depreciations and financial expenses increased significantly compared to 2021, which is mainly due to IFRS 16 lease accounting as more timecharter vessels are being recognised as right-of-use assets and lease liabilities respectively.

Cash flows & liquidity

Cash flow from operating activities for the second quarter of 2022 was USD 350 million (USD -13 million) driven by the strong profitability and a positive change in working capital, which was mainly due to settlement of positive fair value adjustments on cash flow hedges. For the first half of 2022, cash flow from operating activities was USD 502 million (USD -65 million).

As of 30 June 2022, NORDEN had available liquidity of USD 717 million, which consisted of USD 567 million in cash and cash equivalents supplemented by USD 150 million in undrawn credit facilities.

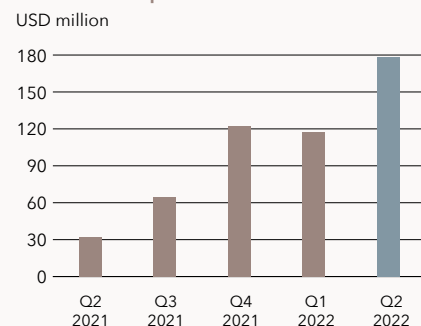
Equity and capital allocation

Equity amounted to USD 1,249 million as of 30 June 2022 compared to USD 993 million at the end of 2021. The development is mainly due to the result for the period and positive fair value adjustments of cash flow hedges offset by dividends paid and acquisition of treasury shares.

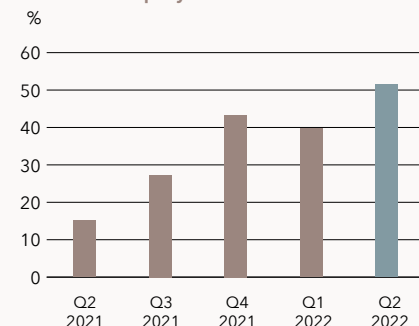
The strong profit for the period increased the annualised return on equity to 52% for Q2 2022 (15%). For the first half of 2022 the annualised return on equity was 47% (4%).

The Board of Directors has decided to pay out an interim dividend for 2022 of DKK 30 per share. The interim dividend will be paid on 23 August 2022 and will count as part of the dividend policy of paying out minimum 50% of the net full-year result. The ex-dividend date for the interim dividend will be 19 August 2022. In addition, NORDEN will initiate a share buyback programme of USD 40 million, which will run until the beginning of November.

Profit for the period

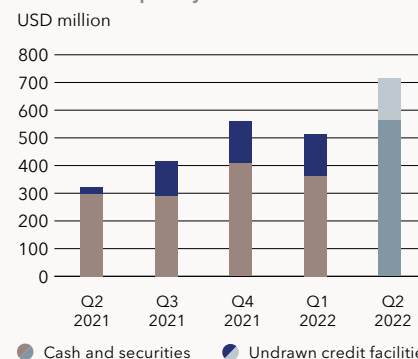


Return on Equity

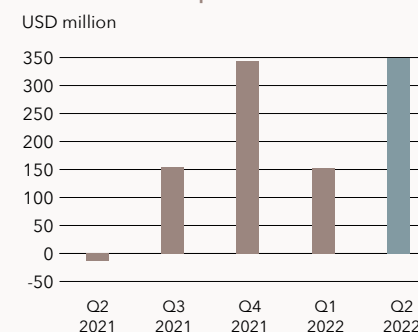


Note: Quarterly figures are annualised

Available liquidity



Cash flow from operations



MARKET DEVELOPMENTS

Dry cargo market

- **Market development and spot rates**

During the first half of Q2, rate levels held out across Handysize, Supramax and Panamax segments despite altered trading patterns following sanctions on Russia and less Chinese activity. As anticipated, spot rates across all vessel segments started to gradually decline in line with lowered demand and lower congestion levels starting to show in China. Meanwhile, coal trade has risen to elevated levels following high European and Indian demand. Despite spot rates declining at the end of Q2, average Supramax spot rates increased by 15% from USD 25,150 in Q1 to USD 28,900 per day in Q2.

- **Period rates and asset prices**

The 1-year T/C rates for Supramax vessels decreased by 9% from USD 27,875 to USD 25,250 per day in line with a lowered forward curve. Asset prices for 5-year old Supramax vessels remained stable at USD 31.6 million at end Q2.

- **Market outlook**

Very low visibility ahead in the dry cargo market, yet overall projections indicate a gradual lowering of market rates for the remainder of 2022. This is in line with an expected reduction in global demand and risk of an economic recession. While China is expected to increase activity, the announced stimulus is likely insufficient to fully offset the negative global developments. However, the low orderbook on newbuildings combined with high coal volumes provide cushioning to any severe and enduring rate declines.

Product tanker market

- **Market development and spot rates**

An extraordinary market increase has benefitted all product tanker vessel types, with average MR spot rates more than tripling from USD 12,600 to USD 41,500 per day. Low inventory levels created a tight product tanker market, which was further exacerbated by sanctions on Russia. This resulted in longer distances as well as significant increases and volatility in product tanker rates across Atlantic and Pacific basins. While commodity demand levels are at normal levels, the volume of refined oil products transported on water is high and refineries are operating at high capacity.

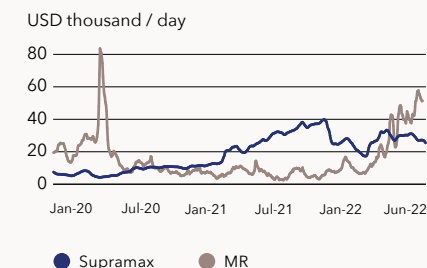
- **Period rates and asset prices**

The 1-year T/C rate for MR Eco vessels increased by 48% to USD 23,000 per day at the end of Q2. Similarly, asset prices for 5-year MR vessels increased by 15% to almost USD 36 million at the end of Q2.

- **Market outlook**

The extraordinarily high rate climate for product tankers is expected to hold up for the rest of 2022, as sanctions continue to create longer distances and inefficiencies. Refinery output levels are projected to stay strong for the remainder of the year. While any premature phase-out of sanctions and an economic recession present potential downsides to the elevated rates, the full effect of current sanctions may only show itself when enforced at the end of 2022, further supporting high rates.

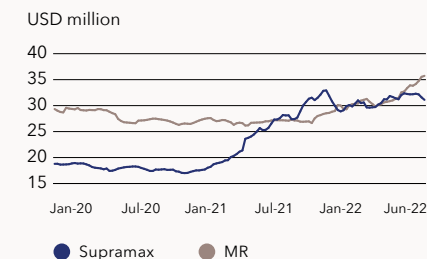
Spot rates



Source: Baltic Exchange

Asset values

5-year old vessels



Source: VesselsValue

ASSETS & LOGISTICS

SIGNIFICANT INCREASE IN VALUE OF PORTFOLIO

Results

- Assets & Logistics generated a profit of USD 26 million for the quarter (USD 2 million).
- Significant increase in the net asset value (NAV) of the business unit portfolio (including NORDEN's net cash position) to USD 1,868 million or DKK 377 per share. This represents an increase of USD 383 million or DKK 100 per share driven primarily by higher tanker values.
- Market value of both owned and leased vessels at USD 1,390 million at the end of Q2. The market value of owned vessels exceeded book values by USD 182 million.

Net asset value of Assets & Logistics¹⁾

Amount in USD million	Dry Cargo	Tankers	Total
Market value of owned vessels	451	504	955
Estimated market value of T/C & Cover portfolio ²⁾	336	99	435
Total Assets & Logistics portfolio value	787	603	1,390
Net cash position			243
Newbuilding instalments			-71
Other net assets (book values)			306
Total business unit NAV			1,868
Business unit NAV per share, DKK			377
Market value of owned vessels vs. carrying amounts	127	55	182

¹⁾ including NORDEN's net cash position ²⁾ including estimated market value of optionality

Owned vessels in portfolio values and portfolio overview are excl. owned vessels from financial leasing transactions. NAV per share based on USD/DKK rate and share count as of balance sheet at end Q2, excluding treasury shares held by NORDEN.

Business highlights

- Realised dry cargo gains and secured downside protection:
 - Fully covered dry cargo portfolio for 2022 and 2023 at profitable rates.
 - 3 dry cargo vessels sold at 10-year high price levels with profits to benefit results in H2.
 - 7 extension options declared on dry cargo leases.
- Optimising tanker portfolio:
 - Adding 1 tanker vessel on lease with purchase option.
 - Entered into 3 long-term timecharter out contracts on MR tankers at profitable rates.
- Upward trend in product tanker period rates and asset values providing significant upside value on extension and purchase options.
- Current portfolio of leased vessels includes a total of 61,614 extension option days. In addition comes 78 purchase options.

Assets & Logistics key figures

Amount in USD million	2022 Q2	2021 Q2	Last 4 Quarters
Contribution margin	83.8	54.3	256.0
O/A costs	-4.5	-3.2	-14.5
EBIT	33.5	8.5	108.7
Profit/Loss from sale of vessels	-0.2	-	44.2
Profit/loss for the period	25.6	2.1	77.2

Portfolio overview

	Dry Cargo	Tankers	Total
Active fleet			
Owned vessels ¹⁾	12	16	28
Leased vessels ¹⁾²⁾	53	19	72
Total active	65	35	100
For delivery			
Owned vessels ¹⁾	-	2	2
Leased vessels ¹⁾²⁾	5	5	10
Total for delivery	5	7	12
Total	70	42	112
Purchase options	55	23	78
Extension option days	44,817	16,797	61,614

¹⁾ Incl. sold vessels for future delivery

²⁾ Minimum lease period in excess of 2 years

FREIGHT SERVICES & TRADING

RECORD MARGINS IN STRONG TRADING ENVIRONMENT

Results

- Profit of USD 153 million in Q2 2022 (USD 30 million).
- Result per vessel day at USD 3,560 in Q2, increasing average margin per vessel day since 2019 to USD 994.
- Year-on-year activity growth of 2% compared to Q2 2021.

Business highlights

- Significant shift in exposure from dry cargo to product tankers.
- Very strong earnings from utilising high and volatile MR rates:
 - Benefitted from increased exposure ahead of exceptionally strong product tanker rates.
 - Utilised regional arbitrage opportunities to capture rate volatility between Atlantic and Pacific basins.
 - Declared several extension options on vessels added in 2021, ensuring forward capacity at low rates.
- Well positioned to utilise weakening dry cargo market:
 - Adjusted short-term exposure to a short position (more cargoes than tonnage) to benefit from falling freight rates.
 - Utilised strong customer relations to enter into forward cargo contracts for the rest of the year at attractive rates.
- Substantial market value built up, which is expected to benefit earnings in H2 2022 and 2023.

Freight Services & Trading key figures

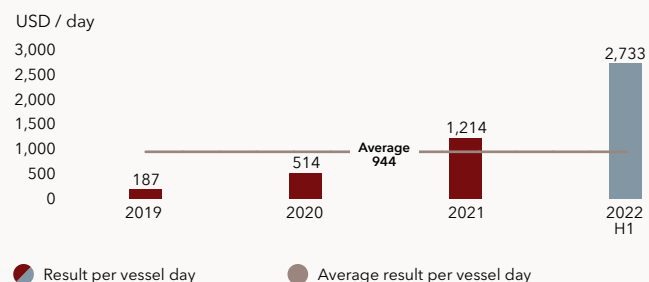
Amount in USD million	2022 Q2	2021 Q2	Last 4 Quarters
Contribution margin	288.3	75.0	808.8
O/A costs	-53.7	-20.7	-156.7
Profit/loss for period	153.1	29.7	406.2
Vessel days	43,008	42,012	166,109
Result per vessel day (USD/day)	3,560	707	2,445

Historical performance

	Avg. since 2019	FY 2021
Result per vessel day (USD)	994	1,214
Vessel days	152,420	164,189
Annual activity growth	10.6%*	10%

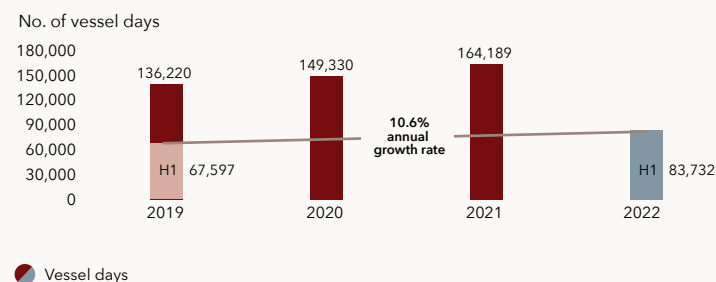
* Based on 12-month rolling average compared to same period 2 years prior.

Result per vessel day



2022 figures based on year-to-date profit and number of vessel days.

Activity levels



Average no. of operated vessels

Dry cargo vessels:

345

Product tanker vessels:

127

OUTLOOK FOR 2022

Guidance

In line with the guidance announcement in August, NORDEN expects profit for the year in the range of USD 560-640 million. This is based on high exposure towards substantially increased product tanker market rates, good short-term positioning towards a weakening dry cargo market, high long-term dry cargo cover at profitable rates and active asset trading.

Assets & Logistics

The Assets & Logistics business unit expects much better earnings in 2022 based on high coverage at attractive rates on the dry cargo fleet.

In addition, dry cargo vessel sale gains are expected to contribute positively.

Freight Services & Trading

The Freight Services & Trading business unit expects a net result significantly above the combined result for the two operators in 2021. The expectation is based on a margin per vessel day above the record level from 2021 (see table on page 7). The business unit remains well positioned to capitalise on a significantly improved tanker market, while having ensured downside protection and actively adjusted exposure to benefit from a weakening dry cargo market.

Seasonality and uncertainty

Given the war in Ukraine, sanctions on Russia, remaining COVID-19 disruption and macroeconomic uncertainties in general, the freight market uncertainty and volatility is expected to remain high. With an agile business model and strong operating platform, NORDEN is well-equipped to manage this uncertainty and adjust exposure accordingly.

Events after the reporting date

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

“NORDEN expects profit for the year in the range of USD 560-640 million”

Further information

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Forward-looking statements

This interim report contains certain forward-looking statements reflecting Management's present judgement of future events and financial results. Statements relating to 2022 and the years ahead are inherently subject to uncertainty, and NORDEN's realised results may therefore differ from projections. Factors that may cause NORDEN's realised results to differ from the projections in this report include, but are not limited to: Changes to macroeconomic and political conditions – particularly in the Group's principal markets; changes to NORDEN's rate assumptions and budgeted operating expenses; volatility in freight rates and tonnage prices; regulatory changes; counterparty risks; any disruptions to 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 2022 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 2021.

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 2022 as well as the result of

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

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, relative to the disclosures in the Annual Report for 2021.

Hellerup, 18 August 2022

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

Stephen John Kunzer

Helle Østergaard Kristiansen

Robert Hvide Macleod

Henrik Røjel
(employee-elected)

Christina Lerchedahl Christensen
(employee-elected)

Stine Gøttrup
(employee-elected)

CONSOLIDATED INCOME STATEMENT

Amount in USD million	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	2	1,420.1	854.7	2,508.0	1,458.6	3,551.8
Other operating income		9.4	2.5	18.2	4.0	6.7
Vessel operation costs	3	-1,057.4	-727.9	-1,906.4	-1,258.0	-2,908.9
Contribution margin		372.1	129.3	619.8	204.6	649.6
Overhead and administration costs		-58.2	-23.9	-94.7	-40.9	-117.4
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)		313.9	105.4	525.1	163.7	532.2
Profit/loss from sale of vessels etc.		-0.2	-	28.2	-9.2	7.7
Depreciation, amortisation and impairment losses	4	-120.0	-65.0	-227.8	-122.0	-295.5
Share of profit/loss of joint ventures	5	1.3	-0.3	1.0	-	1.1
Profit/loss from operations (EBIT)		195.0	40.1	326.5	32.5	245.5
Financial income	6	1.0	1.6	1.3	1.9	0.3
Financial expenses	6	-15.6	-8.0	-28.5	-14.9	-35.1
Profit/loss before tax		180.4	33.7	299.3	19.5	210.7
Tax		-1.7	-1.9	-3.5	-2.6	-6.2
Profit/loss for the period		178.7	31.8	295.8	16.9	204.5
Attributable to:						
Shareholders of NORDEN		178.7	31.8	295.8	16.9	204.5
Earnings per share (EPS)						
Earnings per share (USD)		5.13	0.85	8.32	0.45	5.5
Earnings per share, diluted (USD)		5.11	0.84	8.28	0.45	5.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in USD million	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit/loss for the period		178.7	31.8	295.8	16.9	204.5
Other comprehensive income to be reclassified to the income statement:						
Fair value adjustment for the period, cash flow hedges	7	70.7	-131.4	99.0	-171.4	-35.3
Other comprehensive income, total after tax		70.7	-131.4	99.0	-171.3	-35.3
Total comprehensive income for the period, after tax		249.4	-99.6	394.8	-154.4	169.2
Attributable to:						
Shareholders of NORDEN		249.4	-99.6	394.8	-154.4	169.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in USD million	Note	30/6 2022	30/6 2021	31/12 2021
Assets				
Vessels	8	672.9	733.2	703.0
Right-of-use assets	9	569.2	416.0	556.5
Property and equipment		49.7	48.6	49.7
Prepayments on vessels and newbuildings	10	25.2	37.3	11.3
Total Tangible assets		1,317.0	1,235.1	1,320.5
Investments in joint ventures		-	10.7	10.0
Receivables from subleasing		12.9	7.4	9.1
Total Financial assets		12.9	18.1	19.1
Total Non-current assets		1,329.9	1,253.2	1,339.6
Inventories		193.5	103.5	117.1
Receivables from subleasing		41.0	11.5	23.7
Freight receivables		406.7	234.5	255.7
Receivables from joint ventures		2.3	13.4	1.0
Other receivables		27.2	11.9	18.9
Prepayments		164.8	101.5	136.0
Cash and cash equivalents		566.5	297.3	410.7
		1,402.0	773.6	963.1
Vessels held for sale		92.0	33.9	150.8
Total Current assets		1,494.0	807.5	1,113.9
Total Assets		2,823.9	2,060.7	2,453.5

Amount in USD million	Note	30/6 2022	30/6 2021	31/12 2021
Equity and liabilities				
Share capital		5.9	6.2	6.2
Reserve for hedges		67.8	-167.2	-31.2
Retained earnings		1,174.8	851.6	1,018.3
Total Equity		1,248.5	690.6	993.3
Loans		281.3	371.3	302.1
Lease liabilities	9	266.0	256.9	269.9
Bonds		73.5	98.6	98.7
Total Non-current liabilities		620.8	726.8	670.7
Loans		38.3	97.1	39.9
Lease liabilities	9	358.0	207.5	337.8
Trade payables		307.3	198.3	226.1
Debt to joint ventures		-	-	13.9
Tax payables		2.2	3.2	-
Other payables		111.8	46.7	73.0
Deferred income		116.7	90.5	89.4
		934.3	643.3	780.1
Liabilities relating to vessels held for sale		20.3	-	9.4
Total Current liabilities		954.6	643.3	789.5
Total Liabilities		1,575.4	1,370.1	1,460.2
Total Equity and liabilities		2,823.9	2,060.7	2,453.5

CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in USD million	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit/loss for the period		178.7	31.8	295.8	16.9	204.5
Reversal of items from the income statement		118.5	72.8	210.6	146.3	308.6
Change in working capital		41.2	-121.5	-23.8	-236.4	-96.4
Instalments on sublease receivables		11.6	3.7	20.7	8.9	24.8
Income tax, paid		-0.1	-0.2	-1.3	-0.8	-7.6
Cash flows from operating activities		349.9	-13.4	502.0	-65.1	433.9
Investments in vessels and vessels held for sale and other tangible assets	8	-0.2	0.4	-61.0	-1.1	-92.1
Additions in prepayments on newbuildings	10	-9.7	-57.8	-104.7	-69.6	-155.8
Investment in Joints Ventures		9.0	-	9.0	-	-2.4
Proceeds from sale of vessels and newbuildings		20.1	17.4	247.7	34.5	159.8
Change in cash and cash equivalents with rate agreements of more than 3 months, etc.		-56.1	26.4	-44.7	74.8	93.1
Cash flows from investing activities		-36.9	-13.6	46.3	38.6	2.6
Dividend paid to shareholders		-	-	-96.7	-53.0	-53.0
Acquisition of treasury shares		-17.3	-2.9	-47.5	-11.3	-33.1
Proceeds from share options		1.8	6.2	3.9	6.2	6.6
Proceeds from issue of bonds		-	-	-	-	98.7
Proceeds from loans		-	365.3	23.5	474.9	417.1
Repayment of bonds		-	-	-25.5	-	-
Repayment of loans		-18.0	-212.9	-45.6	-227.8	-395.1
Instalments on lease liabilities	9	-119.3	-58.6	-223.2	-107.0	-268.4
Interest, received		0.8	0.1	1.1	0.3	0.3
Interest, paid		-13.1	-7.9	-24.5	-14.8	-35.0
Cash flows from financing activities		-165.1	89.3	-434.5	67.5	-261.9
Cash flow from operating, investing and financing activities		147.9	62.3	113.8	41.0	174.6

Amount in USD million	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Liquidity at beginning of the period		354.8	195.7	389.3	217.1	217.1
Exchange rate adjustments		-2.3	-0.4	-2.7	-0.5	-2.4
Change in liquidity for the period		147.9	62.3	113.8	41.0	174.6
Liquidity at end period		500.4	257.6	500.4	257.6	389.3
Cash and cash equivalents with rate agreements of more than 3 months, etc.		66.1	39.7	66.1	39.7	21.4
Cash and cash equivalents at end period acc. to the statement of financial position		566.5	297.3	566.5	297.3	410.7

Amount in USD million	Note	30/6 2022	30/6 2021	31/12 2021
Which can be explained as follows				
Demand deposits and cash balance		383.7	182.5	200.1
Money market investment		100.5	69.6	154.1
Other cash and cash equivalents		82.3	45.2	56.5
		566.5	297.3	410.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in USD million	Shareholders of NORDEN			
	Share capital	Reserve for hedges	Retained earnings	Total equity
Equity at 1 January 2022	6.2	-31.2	1,018.3	993.3
Total comprehensive income for the period	-	99.0	295.8	394.8
Capital reduction	-0.3	-	0.3	-
Acquisition of treasury shares	-	-	-47.5	-47.5
Exercise of share options	-	-	3.9	3.9
Share-based payment	-	-	0.7	0.7
Dividends paid	-	-	-105.4	-105.4
Dividends related to treasury shares	-	-	8.7	8.7
Changes in equity	-0.3	99.0	156.5	255.2
Equity at 30 June 2022	5.9	67.8	1,174.8	1,248.5

Amount in USD million	Shareholders of NORDEN			
	Share capital	Reserve for hedges	Retained earnings	Total equity
Equity at 1 January 2021	6.5	4.1	891.9	902.5
Total comprehensive income for the period	-	-171.3	16.9	-154.4
Capital reduction	-0.3	-	0.3	-
Acquisition of treasury shares	-	-	-11.3	-11.3
Exercise of share options	-	-	6.2	6.2
Share-based payment	-	-	0.6	0.6
Dividends paid	-	-	-57.8	-57.8
Dividends related to treasury shares	-	-	4.8	4.8
Changes in equity	-0.3	-171.3	-40.3	-211.9
Equity at 30 June 2021	6.2	-167.2	851.6	690.6

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 6 months ended 30 June 2022 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 2021.

The accounting policies, judgements and estimates are consistent with those applied in the consolidated annual report for 2021, 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 2022. 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 amendments and interpretations to existing standards effective as of 1 January 2022. None of these interpretations or amendments have had any significant effect on the accounting policies applied by NORDEN.

For a complete description of accounting policies, see the notes to the consolidated financial statements for 2021, pages 76-114 in the consolidated annual report for 2021.

Standards not yet in force

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New and amended financial reporting standards are either irrelevant or insignificant to NORDEN.

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 2021.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Segment information

Amount in USD million	Q2 2022				Q2 2021			
	Assets & Logistics	Freight Services & Trading	Eliminations	Total	Assets & Logistics	Freight Services & Trading	Eliminations	Total
Revenue - services rendered, external	60.1	1,359.5	-	1,419.6	14.5	839.9	-	854.4
Revenue - services rendered, internal	91.5	-	-91.5	-	88.8	-	-88.8	-
Revenue - sublease financial income	0.3	0.2	-	0.5	0.3	-	-	0.3
Voyage costs	-9.7	-437.8	3.8	-443.7	-4.1	-330.4	-3.4	-337.9
T/C equivalent revenue	142.2	921.9	-87.7	976.4	99.5	509.5	-92.2	516.8
Other operating income	-0.1	9.3	0.2	9.4	0.0	2.8	-0.6	2.2
Charter hire and OPEX element	-37.2	-642.9	87.5	-592.6	-27.1	-437.3	92.8	-371.6
Operating costs owned vessels	-21.1	-	-	-21.1	-18.1	-	-	-18.1
Contribution margin	83.8	288.3	-	372.1	54.3	75.0	-	129.3
Overhead and administration costs	-4.5	-53.7	-	-58.2	-3.2	-20.7	-	-23.9
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	79.3	234.6	-	313.9	51.1	54.3	-	105.4
Profit/loss from sale of vessels, etc.	-0.2	-	-	-0.2	-	-	-	-
Depreciation, amortisation and impairment losses	-46.9	-73.1	-	-120.0	-42.3	-22.7	-	-65.0
Share of profit/loss of joint ventures	1.3	-	-	1.3	-0.3	-	-	-0.3
Profit/loss from operations (EBIT)	33.5	161.5	-	195.0	8.5	31.6	-	40.1
Financial income	0.4	0.6	-	1.0	0.1	1.5	-	1.6
Financial expenses	-8.3	-7.3	-	-15.6	-6.3	-1.7	-	-8.0
Profit/loss before tax	25.6	154.8	-	180.4	2.3	31.4	-	33.7
Tax	-	-1.7	-	-1.7	-0.2	-1.7	-	-1.9
Profit/loss for the period	25.6	153.1	-	178.7	2.1	29.7	-	31.8
Adjusted for:								
Profit/loss from sale of vessels, etc.	0.2	-	-	0.2	-	-	-	-
Adjusted Results for the period*	25.8	153.1	-	178.9	2.1	29.7	-	31.8

* 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

2. Segment information - continued

Amount in USD million	H1 2022				H1 2021			
	Assets & Logistics	Freight Services & Trading	Eliminations	Total	Assets & Logistics	Freight Services & Trading	Eliminations	Total
Revenue - services rendered, external	98.3	2,408.8	-	2,507.1	33.9	1,424.1	-	1,458.0
Revenue - services rendered, internal	183.2	-	-183.2	-	167.3	-	-167.3	-
Revenue - sublease financial income	0.6	0.3	-	0.9	0.6	-	-	0.6
Voyage costs	-16.7	-788.3	7.7	-797.3	-8.1	-572.3	-	-580.4
T/C equivalent revenue	265.4	1,620.8	-175.5	1,710.7	193.7	851.8	-167.3	878.2
Other operating income	-0.1	18.3	-	18.2	-0.3	4.9	-0.6	4.0
Charter hire and OPEX element	-72.7	-1,174.4	175.5	-1,071.6	-54.4	-755.3	167.9	-641.8
Operating costs owned vessels	-37.5	-	-	-37.5	-35.8	-	-	-35.8
Contribution margin	155.1	464.7	-	619.8	103.2	101.4	-	204.6
Overhead and administration costs	-8.7	-86.0	-	-94.7	-5.6	-35.3	-	-40.9
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	146.4	378.7	-	525.1	97.6	66.1	-	163.7
Profit/loss from sale of vessels, etc.	28.2	-	-	28.2	-9.2	-	-	-9.2
Depreciation, amortisation and impairment losses	-93.2	-134.6	-	-227.8	-81.5	-40.5	-	-122.0
Share of profit/loss of joint ventures	1.0	-	-	1.0	-	-	-	-
Profit/loss from operations (EBIT)	82.4	244.1	-	326.5	6.9	25.6	-	32.5
Financial income	0.5	0.8	-	1.3	0.6	1.3	-	1.9
Financial expenses	-15.6	-12.9	-	-28.5	-12.2	-2.7	-	-14.9
Profit/loss before tax	67.3	232.0	-	299.3	-4.7	24.2	-	19.5
Tax	-0.2	-3.3	-	-3.5	-0.3	-2.3	-	-2.6
Profit/loss for the period	67.1	228.7	-	295.8	-5.0	21.9	-	16.9
Adjusted for:								
Profit/loss from sale of vessels, etc.	-28.2	-	-	-28.2	9.2	-	-	9.2
Adjusted Results for the period*	38.9	228.7	-	267.6	4.2	21.9	-	26.1

* 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

3. Expenses by nature

Amount in USD million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Vessel operating costs	1,057.4	727.9	1,906.4	1,258.0	2,908.9
Overhead and administration costs	58.2	23.9	94.7	40.9	117.4
Total	1,115.6	751.8	2,001.1	1,298.9	3,026.3
These costs can be split by nature:					
Voyage costs excluding bunker oil	188.7	157.0	358.6	275.6	609.6
Bunker oil	255.0	171.9	438.7	295.8	659.0
Expenses related to the service component of right-of-use assets	71.1	48.6	137.3	91.6	205.9
Expenses related to short-term leases	521.5	332.3	934.3	559.2	1,361.1
Operating costs owned vessels*	21.3	12.0	37.6	20.8	73.3
Other external costs	7.1	5.5	12.4	9.3	20.4
Staff costs	50.9	24.5	82.2	46.6	97.0
Total	1,115.6	751.8	2,001.1	1,298.9	3,026.3

* Technical management services (inclusive of cost related to seafarers) is included in operating costs owned vessels.

4. Depreciation

Amount in USD million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Vessels	10.0	10.8	20.4	22.2	42.6
Right-of-use assets	109.7	53.9	206.9	99.4	252.1
Property and equipment	0.3	0.3	0.5	0.4	0.8
Total	120.0	65.0	227.8	122.0	295.5

5. Share of profit/loss of joint ventures

Amount in USD million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit/loss from shares in joint ventures	1.3	-	1.0	0.3	2.3
Share of Profit/loss from sale of vessels	-	-	-	-	-0.9
Share of impairment of tangible assets	-	-0.3	-	-0.3	-0.3
Total	1.3	-0.3	1.0	-	1.1

6. Financial income and expenses

Amount in USD million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Interest income	0.8	0.1	1.1	0.3	0.3
Fair value adjustment, cross currency swaps	0.2	-	0.2	-	-
Exchange rate adjustments	-	1.5	-	1.6	-
Total financial income	1.0	1.6	1.3	1.9	0.3
Interest costs	4.4	2.4	7.8	4.5	11.1
Fair value adjustment, cross currency swaps	-	0.1	-	0.1	0.1
Interest expense on lease liabilities	8.7	5.5	16.7	10.3	23.9
Exchange rate adjustments	2.5	-	4.0	-	-
Total financial expenses	15.6	8.0	28.5	14.9	35.1

7. Fair value adjustment - hedging Instruments

Amount in USD million	30/6 2022	30/6 2021	31/12 2021
Fair value of cash flow hedge			
Fair value adjustment at the beginning period		-31.2	4.1
Fair value adjustment for the period, net		99.0	-171.4
End		67.8	-167.3
Fair value adjustment for the period, cash flow hedges can be specified as follows:			
Bunker hedging		38.0	22.7
- of which has been transferred to the income statement due to inefficiency		-	-1.8
FFA hedging		27.5	-187.7
Foreign currency risk hedging		2.3	-0.5
End		67.8	-167.3

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. Fair value adjustment - hedging Instruments - continued

Amount in USD million	30/6 2022	30/6 2021	31/12 2021
As of 30 June 2022, outstanding hedging contains:			
Bunker hedging			
Beginning, 1 January	7.4	9.2	9.2
Fair value adjustments	53.2	37.2	42.3
Realised contracts, transferred to revenue	85.4	21.9	29.4
Realised contracts, transferred to operating costs	-108.0	-47.4	-73.5
End	38.0	20.9	7.4
FFA hedging			
Beginning, 1 January	-39.0	-5.2	-5.2
Fair value adjustments	12.4	-264.8	-288.1
Realised contracts, transferred to revenue	134.6	176.6	546.5
Realised contracts, transferred to operating costs	-80.5	-94.3	-292.2
End	27.5	-187.7	-39.0
Foreign currency risk hedging			
Beginning, 1 January	0.4	0.1	0.1
Fair value adjustments	1.9	-0.6	0.3
End	2.3	-0.5	0.4

8. Vessels

Amount in USD million	30/6 2022	30/6 2021	31/12 2021
Cost at 1 January	951.3	1,079.7	1,079.7
Additions	60.2	0.7	104.1
Disposals	-	-1.3	-1.3
Transferred from prepayments on vessels and newbuildings	45.9	47.8	76.6
Transferred to tangible assets held for sale	-168.6	-93.1	-307.8
Cost	888.8	1,033.8	951.3
Depreciation at 1 January	-209.8	-249.8	-249.8
Depreciation	-20.4	-22.2	-42.6
Depreciations related to derecognised assets	-	1.3	1.3
Transferred to tangible assets held for sale	45.8	30.5	81.3
Depreciation	-184.4	-240.2	-209.8
Impairment at 1 January	-38.5	-62.5	-62.5
Impairment losses for the year	-15.8	-	-14.4
Transferred to tangible assets held for sale	22.8	2.1	38.4
Impairment	-31.5	-60.4	-38.5
Carrying amount	672.9	733.2	703.0

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. Leases - lessee

Amount in USD million	30/6 2022	30/6 2021	31/12 2021
Right-of-use assets			
Cost at 1 January	958.3	527.3	527.3
Additions	171.4	175.1	443.1
Remeasurements	48.1	42.4	67.5
Disposals related to redelivered vessels	-44.7	-35.3	-79.6
Cost	1,133.1	709.5	958.3
Depreciation at 1 January	-401.8	-228.6	-228.7
Depreciation	-206.9	-99.4	-252.1
Depreciations related to redelivered vessels	44.8	34.5	79.0
Depreciation	-563.9	-293.5	-401.8
Carrying amount	569.2	416.0	556.5
Lease Liabilities			
Lease liabilities at 1 January	607.7	355.4	355.4
Additions	191.6	175.7	454.7
Remeasurements	47.9	41.1	66.9
Instalments made	-223.2	-107.0	-268.4
Disposals related to cancelled leases	-	-0.8	-0.9
Lease liabilities at end of period	624.0	464.4	607.7

10. Prepayments on vessels and newbuildings

Amount in USD million	30/6 2022	30/6 2021	31/12 2021
Cost at 1 January	11.3	15.5	15.5
Additions	104.7	69.6	155.8
Transferred to vessels	-45.9	-47.8	-76.6
Transferred to tangible assets held for sale	-44.9	-	-83.4
Cost	25.2	37.3	11.3
Impairment	-	-	-
Carrying amount	25.2	37.3	11.3

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 2021.

12. Contingent assets and liabilities

Since the end of 2021, 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 CAPEX

Deliveries of owned vessels

Number of vessels	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Total
MR	-	2	-	-	-	-	-	2
Logistics assets	-	-	-	-	1	-	-	1

CAPEX

Amount in USD million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Total
Newbuilding payments and secondhand purchases	18	47	4	-	3	-	-	72
Other CAPEX*	1	-	-	5	-	5	5	16

Future payments to NORDEN from sold vessels: USD 145.2 million.

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

14. Events after the reporting date

See page 8 in the Management Review.