ANNUAL REPORT 2022

CVR NUMBER 67758919

NORDEN

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2022 in five minutes

CEO Jan Rindbo presents NORDEN's annual results in a brief video

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Remuneration Report 2022

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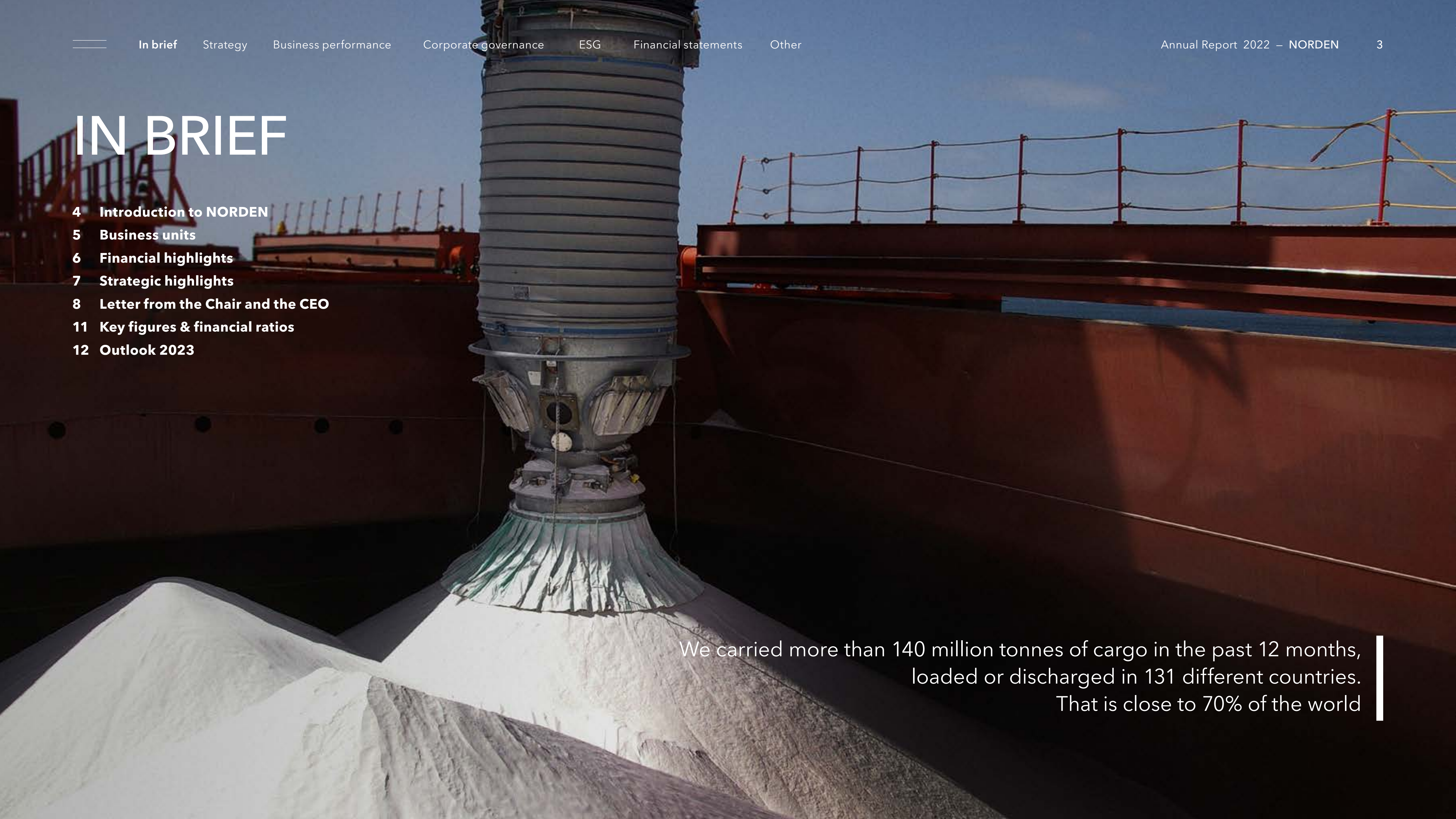
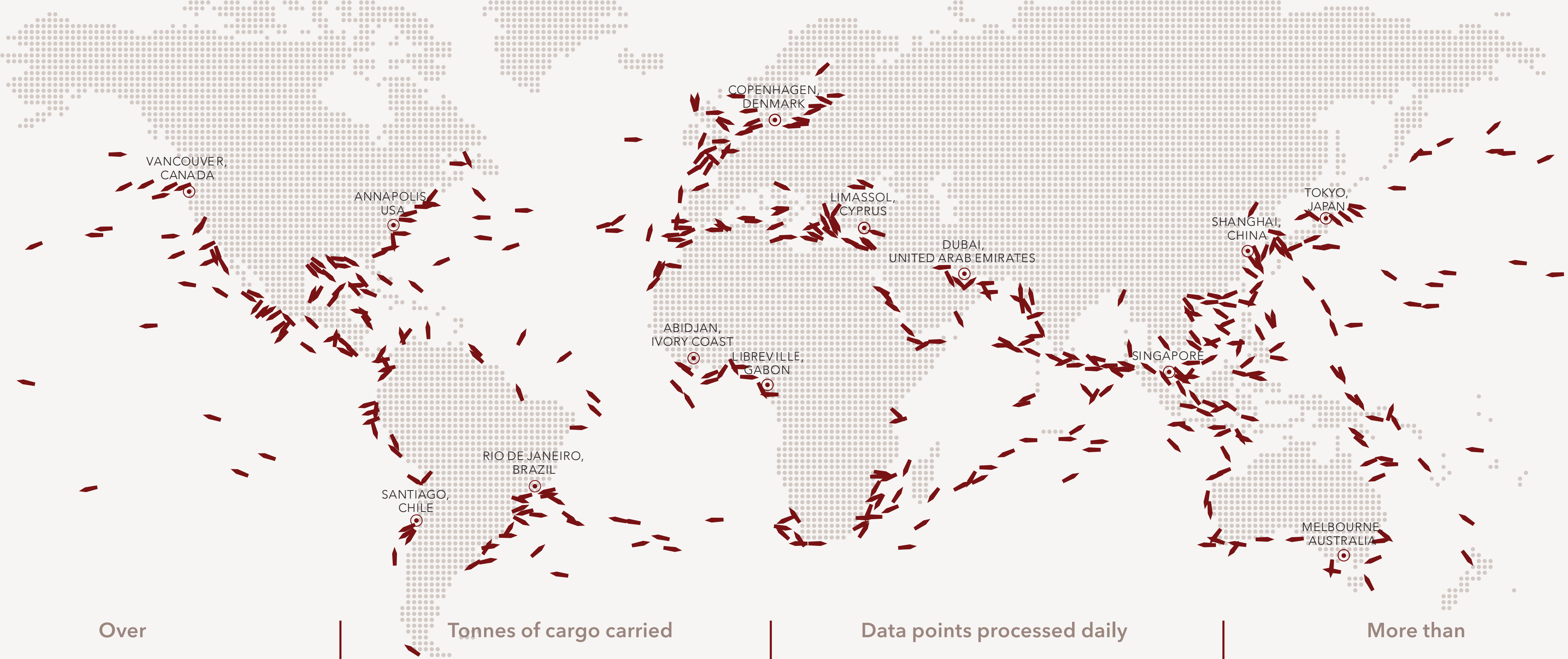


IN BRIEF

We carried more than 140 million tonnes of cargo in the past 12 months, loaded or discharged in 131 different countries. That is close to 70% of the world

NORDEN

WE ENABLE SMARTER GLOBAL TRADE



Over	Tonnes of cargo carried	Data points processed daily	More than
425	**140m**	**9.4bn**	**450**
employees	in the last 12 months	to support decisions	vessels operated

BUSINESS UNITS

ASSETS & LOGISTICS

Asset Management

Dry cargo vessels

Product tanker vessels

- Asset trading of owned vessels
- Leased vessels with significant optionality upside
- High contract cover with visible and recurring earnings

Logistics & Climate solutions

Port logistics & decarbonisation

- Integrated port logistics and freight services
- Optimising customer supply chains

FREIGHT SERVICES & TRADING

Asset-Light Freight Services

Construction

Foods & oils

Energy

Industrial

- Scalable platform highly responsive to customer needs and market changes
- Recurring earnings with protection against market downside and exceptional upside potential in strong markets
- Multiple trading and arbitrage strategies based on timing, geographies and vessel types

Foundation

People & Culture

Data & Advanced analytics

NORDEN Brand

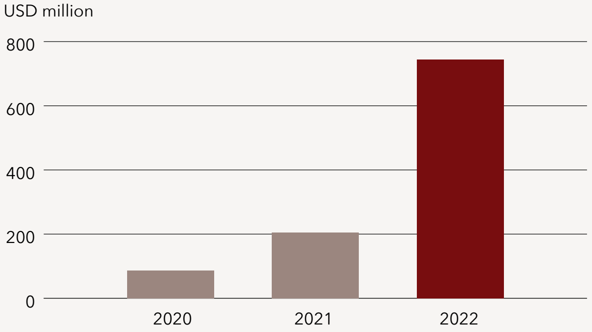
Customer relevance

Governance & Risk management

FINANCIAL HIGHLIGHTS

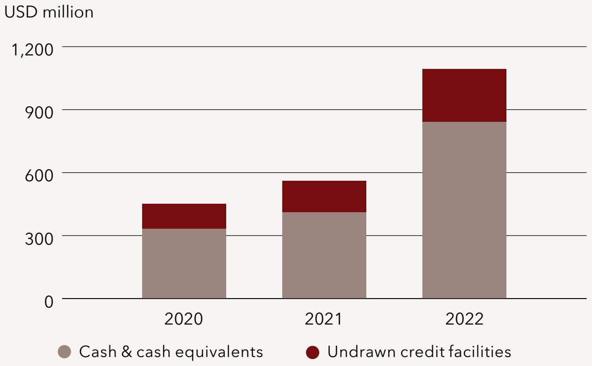
Profit/loss

USD 744 million



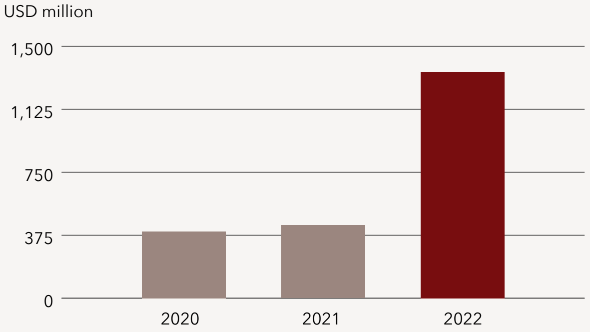
Available liquidity

USD 1,092 million



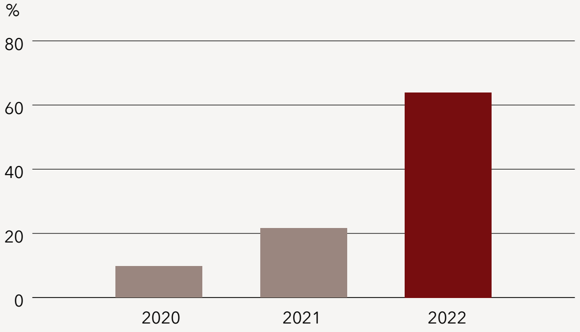
Cash flow from operations

USD 1,343 million



Return on equity

64%



BUSINESS UNITS

Profit/loss

Assets & Logistics

USD 193 million

(2021: USD 5 million)

Freight Services & Trading

USD 550 million

(2021: USD 199 million)

STRATEGIC HIGHLIGHTS

Validating our business model

The volatility of 2022 put NORDEN's business model to the test – and we achieved an outstanding result. Based on our trading ability and proactive risk approach, we generated value in both a rising tanker market and a weakening dry cargo market across our business units.

Strengthening employee collaboration

In NORDEN, our most valuable asset is our people. This is why we in 2022 relaunched the internal development programme, Soulship. By strengthening the collaboration across NORDEN, we can tap into the many talents to remain innovative and move the boundaries of what is possible, when it comes to enabling smarter global trade.

Moving into port logistics

In 2022, we expanded into port logistics to help our customers overcome logistical bottlenecks. By offering tailor-made logistics solutions, we can help strengthen our customers' supply chains by enabling transport of cargoes on larger vessels, reducing their freight costs and lowering total carbon emissions.

LETTER FROM THE CHAIR AND THE CEO

With record earnings, 2022 was a year which truly proved the power of our business model. In highly volatile markets, NORDEN made strong earnings in both a declining dry cargo market and a surging tanker market. It was the culmination of everything we have worked on for the past couple of years, achieving the best result in our 151-year history. Thank you to all NORDEN employees for making these achievements possible.

Delivering smarter global trade

High volatility and rapidly changing market dynamics throughout 2022 created a high degree of uncertainty and added complexity. Navigating in unpredictable markets is key to keeping global trade operating. As an industry, shipping is responsible for some 90% of world trade and therefore instrumental in facilitating global development.

On the back of a significant transformation, NORDEN today stands as a trading-oriented, data-driven company, with a business model well-suited to embrace this uncertainty - and even thrive on it. Our ability to continuously adapt to market developments and quickly capitalise on the most attractive opportunities in the market, while tightly managing risks, are key factors enabling a return on equity of 64% and the best results in our history.

Demonstrating the value of our business model

NORDEN generated very strong earnings both in dry cargo, where the market declined, and in product tankers, where rates surged. This was made possible by a decision early in the year to change the entire group exposure across almost 500 operated vessels, from mostly dry cargo at the beginning of the year to mostly product tankers in the second half of the year. This operational flexibility to rapidly change position across two markets is unique in our industry, and enables us to create value in both rising and falling markets.

Assets & Logistics, which manages our portfolio of owned and leased vessels, generated net results of USD 193 million, based on profitable dry cargo cover contracts and aggressive sale of dry cargo assets to capitalise on the peak in vessel values. The shift in exposure significantly benefitted the portfolio value of the business unit. The net asset value of the Assets & Logistics portfolio (including NORDEN's net cash position) increased to DKK 422 per share, benefitting from higher tanker values, whereas the decline in dry cargo asset values was mostly avoided through the sale of vessels and extended contract cover.

The business unit conducted 54 asset trades, which reduced the owned dry cargo fleet to seven vessels at year end, of which three have been agreed sold for future delivery. The strong performance will extend into 2023, as we have fully covered dry cargo capacity ahead of the falling freight rates, while locking in tanker coverage at increased rates.

Freight Services & Trading, which operates close to 500 chartered vessels and offers global freight services to customers combined with freight trading, generated net results of USD 550 million and a margin of USD 3,297 per vessel day. The unit generated strong earnings from both good market positioning and from solid operating performance, based on optimisation of fuel efficiency, voyage scheduling, port operations and customer service.

Advanced analytics and risk management as competitive differentiators

We believe in the power of data and advanced analytics to build competitive edge. We use data to empower our people and support them in predicting the market, identifying opportunities, optimising vessel operations and automating onshore operations. Our data, combined with an extensive risk management framework, enables decentralised and fast decision-making and a precise monitoring of risks on each voyage.

Managing risks across our fleet also means taking firm decisions in markets that are impacted by global complexity. As the war in Ukraine broke out in February, it was important for us to act swiftly and we therefore decided to self-sanction within a matter of days. NORDEN made the decision not to take in any new Russian business nor call Russian ports, and would phase out existing engagements as soon as possible.

Helping our customers decarbonise their supply chains

We are firmly committed to helping our customers decarbonise their supply chains and contribute to innovative solutions within the shipping industry. In the short term, we apply data analytics, hull and propeller cleaning as well as high-quality paint to enhance the operational performance and fuel efficiency of our fleet. As we operate within a constantly changing supply chain, changes in our exposure may influence the type of vessels we employ and the speed they sail by. In 2022, this meant that the average energy efficiency of our activities slightly worsened. As such, we need to work in tandem with our customers to achieve substantial leaps forward in reducing emissions.

In line with our six climate commitments, we introduced automated voyage emissions reporting, providing full transparency on the climate impact of each voyage. Additionally, our logistics project in Gabon, launched in early 2022, enables our customer to reduce emissions and costs by shipping large volumes of manganese ore on larger vessels throughout the ten-year project. By partnering with customers, developing innovative solutions and engaging in industry-wide partnerships, our aim is to help customers decarbonise their supply chains over time.

Returning capital to shareholders

In line with good quarterly results, cash flows and a strong balance sheet, NORDEN's Board of Directors decided during 2022 to pay interim dividends of combined DKK 60 per share, to reward shareholders and optimise our capital structure. In addition, four share buy-back programmes were initiated during the year, with a combined value of USD 130 million. Combining the dividends paid in 2022 with the increase in share price during the year, this amounts to a total shareholder return of 199% - significantly above our shipping peer group. Since 2020, we have returned more than USD 750 million in dividends and share buy-backs.

Following a great annual results, NORDEN's Board of Directors proposes a dividend of DKK 30 per share, which - combined with the interim dividends paid - amounts to a full-year dividend of DKK 90. This is equal to 57% of the profit for the year, in line with our dividend policy.

Looking into 2023, we expect once again to deliver good returns based on active management of the volatility and opportunities expected in the dry cargo and product tanker markets. We expect a profit for the year in the range of USD 330 to 430 million, and will continue to deliver value to customers, employees and shareholders. In Assets & Logistics, we have ensured a fully covered dry cargo fleet at profitable rates combined with tanker cover contracts at considerably higher rates than in 2022. In Freight Services & Trading, while margins are expected to be lower than the record-high levels in 2022, we still expect attractive margins in this business unit.

Enabling smarter global trade

In essence, 2022 saw Freight Services & Trading deliver very strong operational performance across both dry cargo and tankers, while Assets & Logistics continued to deliver significant value through asset trading. Amid markets, which were turned on their heads, we proved our trading ability to quickly adapt to changing markets and the ability to shift exposure between dry cargo and tankers. We implemented our first ever logistics project, unlocking high value for our customer and we accelerated our ambitions within the green transition.

2022 marked the end of one strategy period – and 2023 the beginning of another. As we prepare to turn the spotlight even harder on our customers, on being a high-performing organisation, on sizing our trading positions and on our ESG priorities, we are ready to move on the many opportunities that lie ahead.

Operating at the heart of world trade, we enable smarter global trade – every single day. Our purpose remains just as relevant as we head into 2023 and our renewed strategy reconfirms our strategic direction as a trading-oriented shipping operator, catering to the significant growth and value opportunities that lie ahead.

Klaus Nyborg (left)
Chair of the
Board of Directors

Jan Rindbo (right)
CEO

KEY FIGURES & FINANCIAL RATIOS

Amounts in USD million	2022	2021	2020	2019	2018
Income statement					
Revenue	5,312.4	3,551.8	2,597.8	2,583.9	2,451.4
Contribution margin	1,365.9	649.6	435.6	295.0	132.3
EBITDA	1,159.1	532.2	342.5	217.5	72.5
Profit/loss from sale of vessels etc.	79.4	7.7	-18.2	-3.6	8.8
Depreciation, amortisation and impairment losses	-449.7	-295.5	-201.9	-156.9	-44.3
EBIT	791.6	245.5	119.4	56.8	39.4
Financial items, net	-39.7	-34.8	-26.7	-32.7	-6.9
Profit for the year	743.5	204.5	86.0	19.2	28.8
Statement of financial position					
Total assets	2,755.4	2,453.5	1,824.8	1,742.4	1,464.4
Equity	1,330.7	993.3	902.5	859.0	826.8
Liabilities	1,424.7	1,460.2	922.3	883.4	637.6
Invested capital	1,303.2	1,631.0	1,246.3	1,283.5	970.2
Net interest-bearing debt	27.5	-637.7	-343.8	-424.5	-143.4
Cash and securities	842.3	410.7	331.6	209.3	188.6
Statement of cash flows					
Cash flow from operating activities	1,342.9	433.9	396.0	280.5	-15.8
Cash flow from investing activities	57.9	2.6	-45.1	-90.9	-78.4
- hereof investments in property, plant and equipment	-205.5	-92.1	-27.1	-102.7	-202.7
Cash flow from financing activities	-1,151.7	-261.9	-228.2	-211.2	95.4
Environmental and social figures					
Average number of employees (FTEs)	425	385	391	395	361
EEOI (gCO_2/tonnes-mile)	9.9	9.7 [1]	8.8	8.7	8.6
LTIR (days per million working hours)	0.8	0.8	0.6	1.5	0.3

	2022	2021	2020	2019	2018
Share-related key figures and financial ratios					
No. of shares of DKK 1 each (incl. treasury shares)	37,000,000	39,200,000	40,700,000	42,200,000	42,200,000
No. of shares of DKK 1 each (excl. treasury shares)	33,751,988	36,763,061	37,805,533	39,311,533	39,923,933
Number of treasury shares	3,248,012	2,436,939	2,894,467	2,888,467	2,276,067
Earnings per share (EPS), DKK [2]	150	34	14	3	4
Diluted earnings per share (diluted EPS), DKK [2]	149	34	14	3	4
Dividend per share, DKK	90.0	18.0	9.0	2.5	2.0
Book value per share, DKK [2]	275	170	145	146	135
Share price at year end	418.3	166.4	109.6	106.7	92.4
Other key figures and financial ratios					
EBITDA ratio	21.8%	15.0%	13.2%	8.4%	3.0%
ROIC	54.0%	17.1%	9.4%	5.0%	4.4%
ROE	64.0%	21.6%	9.8%	2.3%	3.5%
Payout ratio	57.1%	49.1%	65.3%	76.6%	41.7%
Equity ratio	48.3%	40.5%	49.5%	49.3%	56.5%
Price/book value	1.5	1.0	0.8	0.7	0.7
Total no. of vessel days	171,932	170,270	153,195	138,327	122,852
USD/DKK rate at year end	697.22	656.12	605.76	667.59	651.94
USD/DKK average rate for the year	708.30	629.18	653.43	667.03	631.74

Please see definitions in the "Definitions of key figures and financial ratios" section within this report.
Key figures for 2018 are not restated to reflect IFRS 16.

1) Restated from disclosed figures in 2021 Annual Report, due to changed methodology. See ESG accounting policies for further details.

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

OUTLOOK 2023

NORDEN expects profit for the year in the range of USD 330-430 million. Driven primarily by attractive cover and vessel sales gains in Assets & Logistics, combined with expected strong tanker earnings in Freight Services & Trading

Assets & Logistics

The Assets & Logistics business unit expects slightly improved earnings compared to 2022, based on high coverage of the tanker fleet at considerably improved rates, and a fully covered dry cargo fleet at profitable rates. Furthermore, vessel sales gains are expected to contribute positively during the year.

Freight Services & Trading

Coming from a very strong performance in 2022, the Freight Services & Trading business unit expects a result that is significantly lower. The expectation is based on a margin per vessel day lower than the four-year average margin per vessel day (see page 26) and activity levels in line with 2022. The business unit is well positioned to capture value in a highly volatile tanker market that is expected to stay at elevated levels, while still generating a positive contribution from dry cargo activities in a weaker market with less trading opportunities. The expectation is based on a very weak dry cargo market, which is not expected to improve noticeably until the second half of the year.

Seasonality and uncertainty

Given the war in Ukraine, full effect of sanctions on Russia, remaining COVID-19 disruption and macroeconomic uncertainties in general, the freight market uncertainty and volatility is expected to remain high in 2023. With an agile business model and strong operating platform, NORDEN is well-equipped to manage this uncertainty and adjust exposure accordingly.

At the beginning of February 2023, NORDEN had a total of 9,209 open MR tanker vessel days across both business units.

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 Annual Report, and which materially affect the assessment of the Company's and Group's results of operations or financial position.

Financial calendar 2023

10 February	Annual report 2022
9 March	Annual General Meeting
3 May	Interim report – first quarter
10 August	Interim report – second quarter and first half-year
2 November	Interim report – third quarter

Further information

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Forward-looking statements

This Annual Report contains certain forward-looking statements reflecting Management's present judgement of future events and financial results. Statements relating to 2023 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 Annual 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.

STRATEGY

We sailed 24 million nautical miles in 2022. That is equal to sailing three times around the globe every day

Macrotrends affecting shipping

- Geopolitical complexity
- Market volatility
- Digitalisation
- Decarbonisation

NORDEN strategy

- Delivering smarter global trade for our customers and partners
- High-performing organisation in a value-based culture
- Tradable positions and focus on optionality
- Data, analytics and risk management integrated into all decisions
- Decarbonise our customers' supply chains

NORDEN STRATEGY 2023-2025

On the back of a significant transformation, NORDEN today stands as a trading-oriented, data-driven company, with a business model well-suited to embrace and adapt to market developments and quickly capitalise on the most attractive oppertunities in the market.

With 2022 marking the end of one strategy period and 2023 the beginning of another, we are reconfirming our strategic direction as a trading-oriented shipping operator, catering to the significant growth and value opportunities that lie ahead.

Multiple macrotrends will impact global trade, and thereby the markets we navigate. Amid continued volatility, geopolitical complexity and decarbonisation pressure, opportunities arise and NORDEN's strategy, based on an asset-light and trading-oriented business model, is shaped to adapt to market unpredictability – and thrive on it.

Pursuing our purpose of enabling smarter global trade, our strategy remains centered on adding value for our customers while managing a portfolio of tradable positions based on a high-performing organisation and extensive use of data and analytics to support our decision-making.

With this strategy, we have for 2023-2025 identified four main focus areas where we see additional potential for value creation:

The customer

Customer focus for us is the curiosity to understand our customers' needs, being the trusted advisor and providing solutions to issues our customers may not even know they have. It's a deep-rooted collaboration with our freight customers, pool partners, shipowners and brokers. It's about remaining first choice for our customers.

High-performing organisation

To remain our customers' preferred choice, we must be at our very best. We will take our leadership skills to the next level, creating a solid foundation for innovation and developing our people – to ensure we continue to both retain and attract talent.

Trading up

With increased confidence in our business model - and the maturity to use our capabilities to trade our market views even harder - we are ready to take both larger positions in our current vessel segments and widen our scope to become active across all dry cargo segments, including Capesize.

ESG

And to support our development, we are sharpening and future-proofing our ESG profile. With an obligation to reduce our own emissions, and the opportunity to play a vital role in supporting our customers in their decarbonisation efforts, we need to be innovative at developing low-emissions freight solutions and integrating our decarbonisation ambitions into every decision we make.

NORDEN STRATEGY 2023-2025
STRATEGIC FOCUS AREAS

FOCUS AREAS

THE CUSTOMER

- Structured approach to large customers
- Securing the next projects in Logistics & Climate Solutions
- Expanding the NORDEN Tanker Pool

HIGH-PERFORMING ORGANISATION

- Next-level leadership and development of our people
- Improve feedback culture
- Data and analytics integrated in all decision-making processes

TRADING UP

- Sophisticate our trading discipline and strategies
- Explore market opportunities for large deals
- Enter Capesize vessel segment in both business units

ESG

- Introduction of low-emission freight products
- Reduction in emissions per tonne-miles
- Increased focus on diversity, equity & inclusion

RISK MANAGEMENT

- Disciplined and agile capital allocation
- Transparent and data-driven risk management
- Robust risk governance

Active and disciplined risk management plays a key role in ensuring NORDEN's ability to deliver superior shareholder returns over time.

Disciplined and agile capital allocation

A disciplined and agile capital allocation process ensures that our risk profile is aligned with our strategy. Clear risk limits allow Management to allocate risk capital to where the risk/reward is perceived to be most attractive, and enable responsibilities to be cascaded throughout the organisation.

The capital allocation process has two purposes:

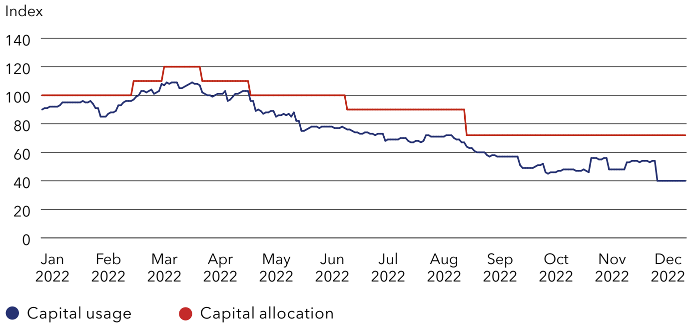
- **Allocation on Group level** to ensure continued operation in the unlikely event that risk capital is required to absorb losses from risks taken
- **Allocation on business unit and profit centre level** to ensure the capital is deployed where the expected risk/reward is deemed most attractive

The capital allocation process starts with an annual assessment of NORDEN's capital base, opportunities in the market and our risk appetite based on input from Management and the business units. After the Board has approved the capital allocation, the CEO will, within ranges defined by the Board, allocate risk capital to the business units. The risk capital allocation is adjusted during the year based on regular tactical meetings with the business units. An example is shown below, where the risk capital allocated to the dry owner part of Assets & Logistics was initially increased in the first months of the year. As the dry cargo market outlook gradually deflated, and greater risk/reward was perceived in the surging product tanker market, the allocated risk capital was lowered.

Transparent and data-driven risk management

The internally developed risk system ensures that risks are monitored and reported with appropriate frequency. This system is connected to our operating systems, providing our organisation with a variety of risk metrics, including an up-to-date overview of our position, value-at-risk and a wide range of stress tests based on various market scenarios.

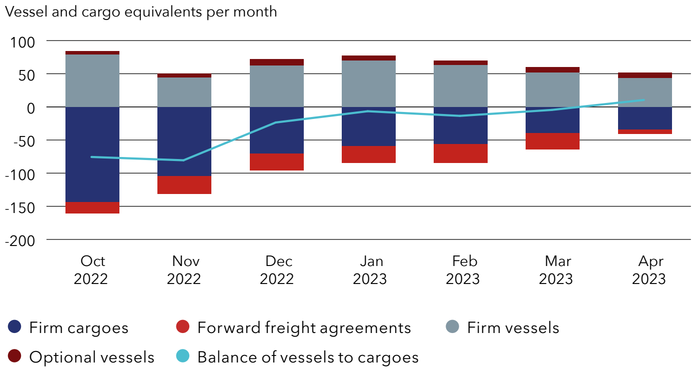
Indexed Risk Capital - Dry Owner part of Assets & Logistics



Full transparency of risks combined with a strong risk culture in the organisation enables NORDEN to delegate decision authorities to our freight and asset traders. This allows them to act quickly when opportunities appear in the volatile shipping markets. This is exemplified in the balance of booked dry cargo vessels and cargo contracts in Freight Services & Trading, which is continuously adjusted ahead of time in line with market opportunities and risks. As dry cargo spot and forward markets gradually weakened from Q2 onwards, the business unit benefitted from actively taking a short position (more cargoes than tonnage) in the three months ahead - outlined in the chart below.

Case example - Balance of vessels and cargoes:

The chart shows the net balance of vessels and cargoes booked for future months at the end of September in Freight Services & Trading. This balance is continuously adjusted ahead of time.



Robust risk governance

The Board has established a Risk Committee, consisting of three board members, which have the responsibility to assist the Board in its oversight of NORDEN's management of market, credit and liquidity risks.

A separate Risk Management team operates as an integrated part of NORDEN's day-to-day business. This allows the team to provide business units with regular analysis and advise on risk-taking. In addition, it helps foster a risk culture among the freight and asset trading teams and throughout the entire organisation. The Risk Management team consists of people with backgrounds ranging from mathematics, physics and finance to shipping.

Key risks*

Credit risk

Credit risk is the risk of losses due to counterparties being unable to honour their commitments to NORDEN. We have moderate risk appetite for credit risk in front months, as this is when we can extract suitable margins by servicing customers with lower credit ratings. Risk appetite for credit risk beyond the front months is very low, as contracts in this time horizon are considered the starting point of the future position around which NORDEN will be trading. We do internal credit ratings on both new and existing counterpars and operate within strict risk limits defined by the Board, where risk use is calculated based on the internal credit assesmens and the size of our relationship with the customer.

Liquidity risk

Liquidity risk is the risk of losses due to NORDEN having insufficient funds available to settle its commitments. NORDEN has very low risk appetite for liquidity risk, operating within a strict liquidity risk framework to handle volatility in our cash flows.

The liquidity risk framework includes two lines of defence:

- Ensuring sufficient liquidity available to cover significant short-term volatility in cash flows.
- Ensuring an available capital base that is convertible into free cash within a short time period.

Market risk

Market risk is the risk to freight and asset values as well as earnings based on changes in market prices. NORDEN has moderate risk appetite towards freight and asset markets, but operates within strict risk limits defined by the Board. These risk limits are allocated to the different business units to provide the best risk-adjusted return. Other market risks such as bunker fuel, foreign exchange and interest rates are mitigated through hedging programmes

Sanctions risk

Sanctions risk is the risk of losses originating from a breach of sanctions. To ensure the sanctions risk is eliminated to the extent possible, NORDEN has a dedicated sanctions team and a sanctions compliance programme. These cover everything from automated screening of counterparties and vessels to behavioural risk investigations. An annual training course introduces employees to NORDEN's policy on sanctions and trading restrictions, and how to react to business dilemmas related hereto.

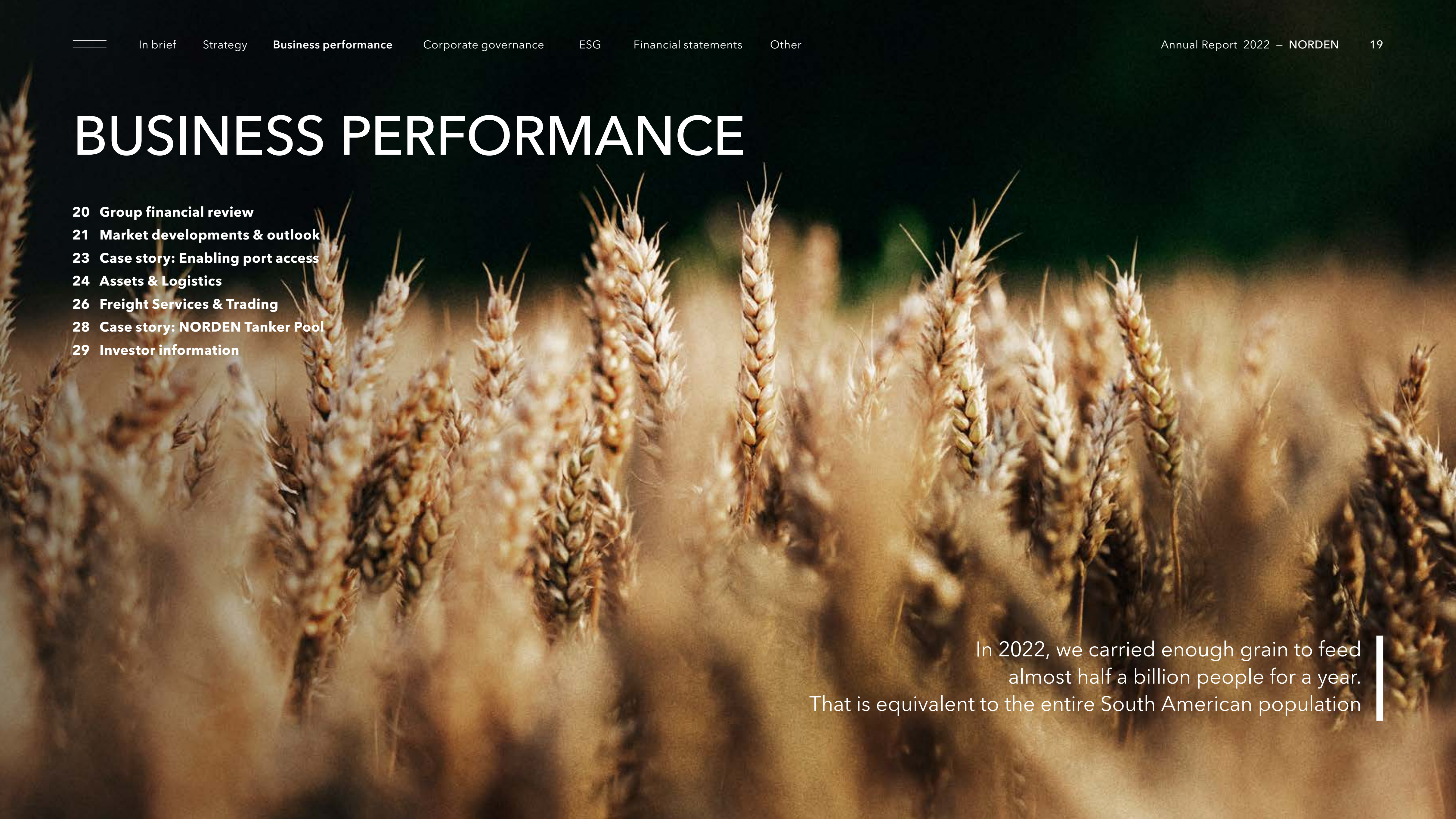
Cyber security risk

To ensure that the cyber security risk is mitigated to the extent possible, NORDEN has implemented and tested robust procedures for backup/recovery, vulnerability patching as well as business continuity procedures and disaster recovery plans. We have also established multiple data locations, with emergency capacity for the IT environment and data backups allowing for mirrored critical systems.

Oil spill risk

To ensure the risk of oil spills is eliminated to the extent possible, NORDEN operates a well-maintained vessel fleet, and uses respectable vessel managers that are responsible for ensuring robust safety performance. This is ensured through comprehensive procedures and a well-educated and trained third-party crew. Potential financial impacts are covered via agreements with recognised international insurance providers.

* Risks that relate specifically to environmental, social and governance issues are outlined in the ESG section of this Annual Report.



BUSINESS PERFORMANCE

In 2022, we carried enough grain to feed almost half a billion people for a year.
That is equivalent to the entire South American population

GROUP FINANCIAL REVIEW

Financial highlights

The Group delivered its best financial performance ever with a net profit of USD 744 million (USD 205 million) corresponding to a return on equity of 64.0% (21.6%). The results are in line with the updated expectations announced on 23 December 2022 of profit for the year between USD 730-780 million.

For Q4 2022, the Group realised a net profit of USD 205 million (Q4 2021: USD 123 million). The full-year profit for Assets & Logistics amounted to USD 193 million (USD 5 million). Freight Services & Trading generated a full-year profit of USD 550 million (USD 199 million), equal to USD 3,297 in profit margin per vessel day.

Financial position

Total assets increased to USD 2,755 million (USD 2,454 million) mostly driven by an increased cash position offset by vessel sales. Total equity increased to USD 1,331 million (USD 993 million), mainly due to the strong profits generated, less ordinary and interim dividends of USD 376 million and share buy-backs of USD 130 million. The equity ratio increased to 48.3% (40.5%).

Cash flows and liquidity

The strong earnings and modest working capital built up, resulted in an exceptional cash flow from operating activities of USD 1,343 million in 2022 compared to USD 434 million in 2021.

Cash flow from investing activities was positive by USD 58 million (USD 3 million), as investments in vessels were more than offset by proceeds from sale of vessels. Excluding movements in cash deposits with a duration of more than three months (reported as investing cash flow), cash flow from investing activities was USD 241 million (USD -91 million).

Cash flow from financing activities was USD -1,152 million (USD -262 million), mainly due to distribution of USD 506 million to shareholders through dividends and share buy-backs, instalments on lease liabilities of USD 466 million and net repayment of loans and bonds of USD 145 million.

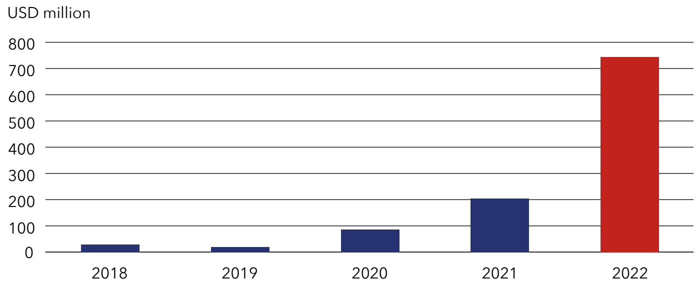
Total cash and cash equivalents increased by USD 431 million to USD 842 million (USD 411 million), which compares to total interest-bearing debt excluding lease liabilities of USD 295 million (USD 441 million). As of 31 December 2022, NORDEN had undrawn committed credit facilities of USD 250 million of which USD 197 million were directly accessible.

Impairment assessment

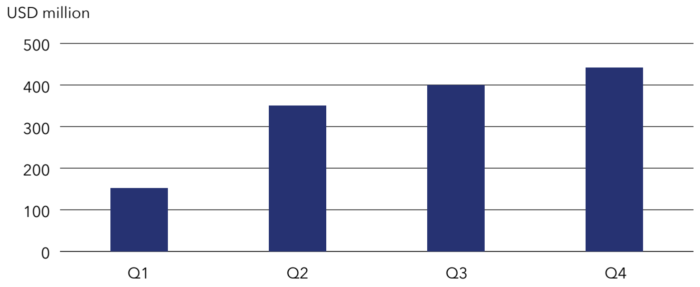
At year end 2022, NORDEN performed impairment assessments for the Dry Cargo and Tankers CGUs and based on these, Management has assessed that there are no indications of a need for impairment for the Dry Cargo CGU. Based on the strong tanker markets, previously recognised impairments of USD 4.9 million in the Tanker CGU have been reversed. For a more detailed description, refer to note 3.1 "Tangible assets" in the Consolidated Financial Statements.

Result per quarter 2022

Result past 5 years



Cash flow from operations 2022



MARKET DEVELOPMENTS & OUTLOOK

Dry cargo market dragged down by lower congestion
During the first half of 2022, dry cargo spot rates were strong, supported by market inefficiencies built up in the previous year. However, the dry cargo market gradually deflated during 2022, reversing the market tightness. Average Supramax spot rates decreased by 14% compared to 2021. Meanwhile, the decline in rates during the second half of the year was much more pronounced.

The 1-year time charter (T/C) rate for Supramax vessels decreased 45% from USD 24,100 per day at the end of 2021 to USD 13,300 per day at the end of 2022. Asset prices for 5-year old Supramax vessels declined by 10% from the end of 2021 to USD 27 million at the end of 2022.

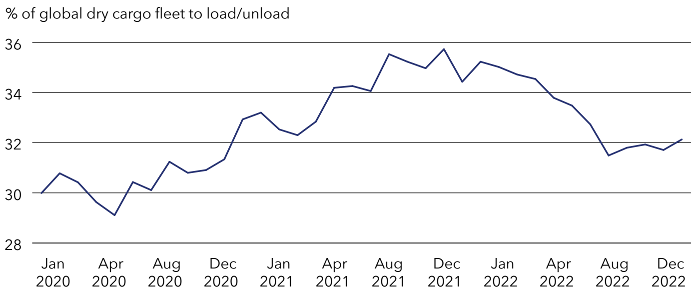
Comparing fleet growth with tonne-mile demand, supply growth of 2.6% slightly outweighed demand growth of 0.6%. On the demand side, coal was the main growth factor, due to high electricity and gas prices leading to increased European and Indian demand. On the other hand, Chinese iron ore imports were weak due to a declining property market.

The war in Ukraine had a limited overall impact on the dry cargo market. Coal, grain and fertiliser volumes were lost due to closed ports in Ukraine and sanctions against Russia. This was offset, however, by longer distances as new trade routes emerged to make up for lost volumes. In total, volumes transported slightly decreased by 0.4%, while longer distances added 1%.

The main reason behind the market decline was the unravelling of inefficiencies built up during the post COVID-19 rebound in 2021. The most important factor was congestion, which had grown consistently through 2021 to reach a peak around year end and declined almost uninterrupted during 2022. In addition, the market saw less support from container cargoes migrating to dry cargo vessels, which had benefitted the dry cargo market in the previous two years.

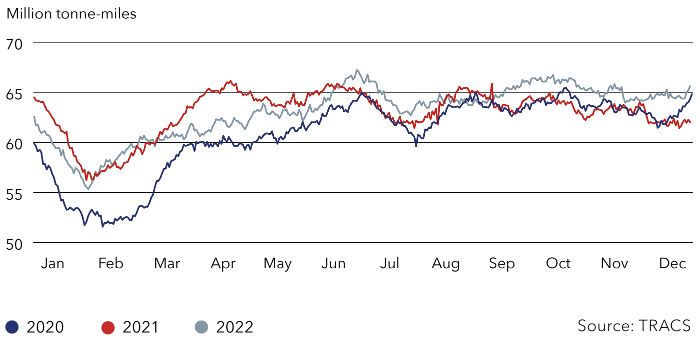
Further dry cargo headwinds in 2023
The dry cargo market is expected to face further headwinds in the first half of 2023, in line with a slowdown in the world economy and corresponding low growth in global commodity volumes.

Global congestion - dry cargo (30-days moving average)



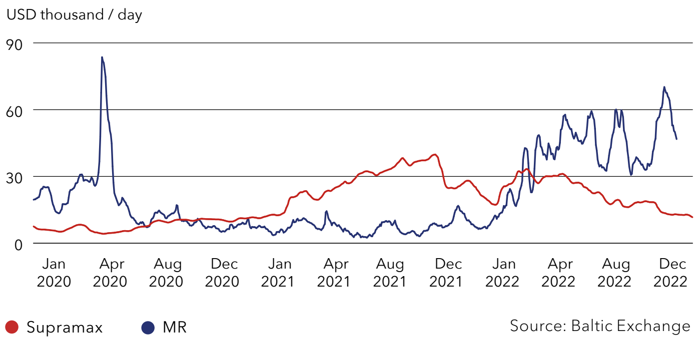
Source: IHS Markit

Global dry cargo volumes transported (30-days moving average)



Source: TRACS

Spot rates



Source: Baltic Exchange

A low newbuilding orderbook of 7% will help avoid a potentially deep and prolonged downturn.

Market improvements may start in the second half of 2023. This would depend on the global economy bottoming out and Chinese imports rebounding, if the economy recovers from the current wave of COVID-19 infections. However, Chinese imports will most likely still be subdued, as the Chinese building sector is facing the lowest level of activity in over a decade.

Soaring and volatile product tanker rates

Product tanker spot rates surged during 2022. Average MR spot rates increased significantly compared to 2021, reaching USD 34,200 per day in 2022. At peak points, spot rates exceeded USD 60,000 per day.

The improved forward projections for the product tanker market were reflected in the 1-year T/C rate for MR Eco vessels, which increased by more than 100% to USD 32,500 per day at the end of 2022. Asset prices for 5-year MR vessels soared by 43% from USD 30 million to USD 43 million at the end of 2022.

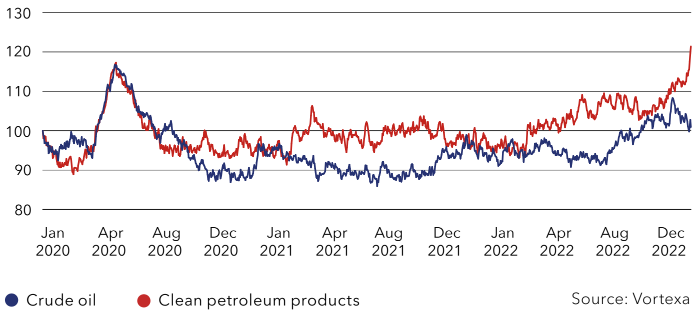
The extreme market tightness was mainly the result of severe bottlenecks in global oil trading, following the outbreak of the war in Ukraine and subsequent sanctions on Russia. Some Russian export volumes, which would normally go to Europe, found new markets further away, but mostly it was longer voyage durations due to waiting days and rerouting of cargoes, causing a surge in products on water. This led to soaring freight rates and high volatility, first witnessed in product tanker rates and subsequently in crude rates.

In addition, the effect of the new trading patterns was exacerbated by global stock levels at historical lows, a low newbuilding orderbook and an already tight refining sector.

The volume of refined oil products transported on water in 2022 returned to pre COVID-19 levels. This was in part due to the refineries working at full capacity, earning very high margins between the price of crude and refined oil, and sending large quantities of refined oil on the market. These dynamics added to the altered trading patterns and high volatility across regions.

Clean products and crude oil in transit

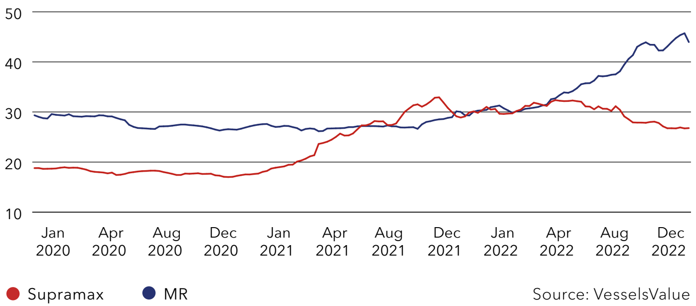
Amount of barrels in transit compared to January 2020 in %



Source: Vortexa

5-year asset values

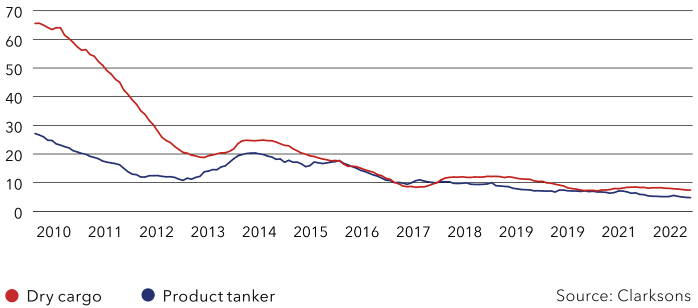
USD million



Source: VesselsValue

Orderbooks in % of global fleet

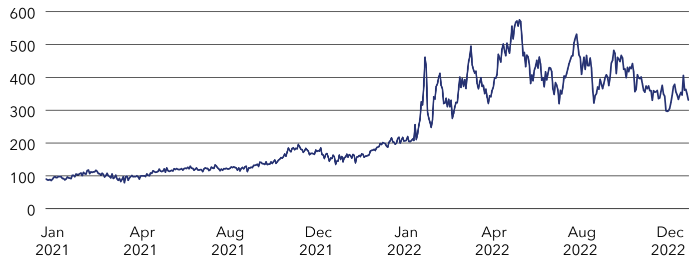
%



Source: Clarksons

Difference in crude oil and diesel market prices (Europe)

USD / tonne



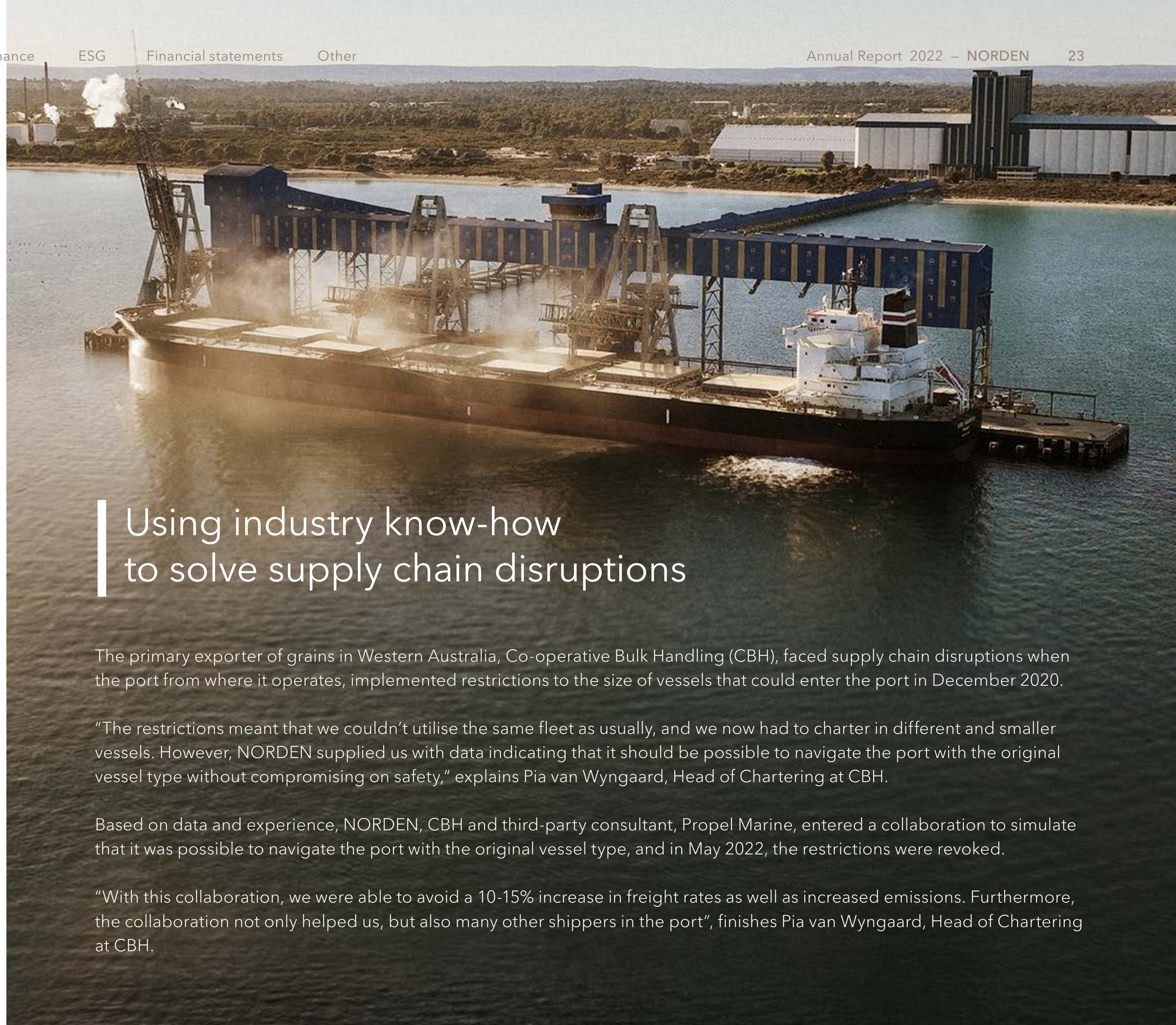
Source: ICE Data Services

Strong base case for product tankers in 2023

Our base case for the product tanker market is that it will remain strong and volatile in 2023. Embargoes and price caps directed against Russian exports of crude and refined oil products are expected to support the high and volatile rates. A stronger crude market will support product tanker rates through switching effects for larger vessels, such as LR tankers moving out of the product tanker market. In addition, increased and sustained Chinese import demand could add to the base case.

However, risks to the strong base case remain high. Ongoing political uncertainty, including any dilution or phase-out of sanctions, as well as a weakening economic outlook present potential downsides to the base case. Furthermore, a lower gas price could impact the switching from gas to refined oil products as an energy source, which would consequently lower diesel demand in Europe.

In either scenario, the low orderbook of 5% at the end of 2022 lends support to freight rates and asset values, as only limited demand growth is required to maintain the market balance.



Using industry know-how to solve supply chain disruptions

The primary exporter of grains in Western Australia, Co-operative Bulk Handling (CBH), faced supply chain disruptions when the port from where it operates, implemented restrictions to the size of vessels that could enter the port in December 2020.

"The restrictions meant that we couldn't utilise the same fleet as usually, and we now had to charter in different and smaller vessels. However, NORDEN supplied us with data indicating that it should be possible to navigate the port with the original vessel type without compromising on safety," explains Pia van Wyngaard, Head of Chartering at CBH.

Based on data and experience, NORDEN, CBH and third-party consultant, Propel Marine, entered a collaboration to simulate that it was possible to navigate the port with the original vessel type, and in May 2022, the restrictions were revoked.

"With this collaboration, we were able to avoid a 10-15% increase in freight rates as well as increased emissions. Furthermore, the collaboration not only helped us, but also many other shippers in the port", finishes Pia van Wyngaard, Head of Chartering at CBH.

ASSETS & LOGISTICS

- Business unit NAV increased to DKK 422 per share
- Captured high dry cargo values by reducing position ahead of market decline
- Benefitted from shifting exposure to tankers on soaring market
- Significant dry cargo and tanker cover earnings for 2023 already secured

Exposure shift significantly benefitting portfolio value

Assets & Logistics realised a profit for the year of USD 193 million (USD 5 million). The majority of earnings came from dry cargo activities. The strong tanker market experienced in 2022 will mainly benefit earnings in future years.

At year end 2022, the net asset value (NAV) of the business unit portfolio (including NORDEN's net cash position) had increased to USD 2 billion or DKK 422 per share. This is an increase of DKK 160 per share since the end of 2021.

The NAV increased as a result of active allocation of exposure away from dry cargo and towards tankers. Higher tanker values pushed the NAV upwards, whereas the decline in dry cargo asset values was mostly avoided through sale of vessels and contract cover.

The market value of both owned and leased vessels was USD 1,302 million at year end, with owned vessel values exceeding book values by USD 199 million. The value of the leased tanker portfolio alone more than quadrupled to USD 291 million.

The clear shift in exposure from dry cargo to tankers is illustrated in the graph below and is an example of how NORDEN's agile business model can capture opportunities in a rapidly changing market.

As part of its asset trading and exposure adjustment, the business unit sold 14 dry cargo vessels, converting market values to cash at peak asset price levels. Six of these sales came from declaring purchase options on leased vessels, where the exercise prices were attractive compared to market prices. The remaining eight sales were on owned vessels. Dry cargo contract cover was extended further out into 2024 to take advantage of the strong market conditions in the first half of 2022, and mitigating the effect of an expected decline in dry cargo rates.

As product tanker period rates and asset prices soared in 2022, the value of the owned and leased tanker fleet increased significantly.

Key figures and financial ratios

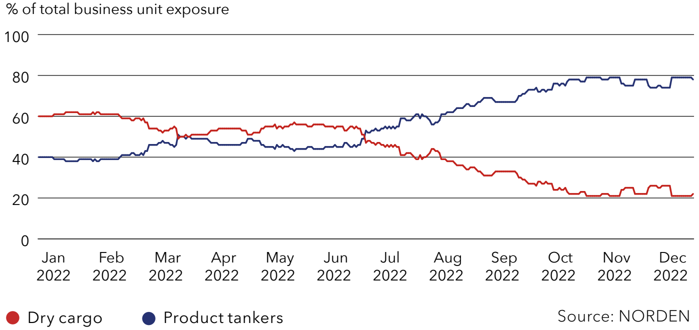
USD million	2021 Total	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 Total
Contribution margin	204.1	71.3	83.8	86.9	97.8	339.8
Overhead and administration costs	-11.4	-4.2	-4.5	-4.3	-9.4	-22.4
EBIT	33.2	48.9	33.5	59.7	77.2	219.3
Profit/loss from sale of vessels	7.7	28.4	-0.2	19.5	31.8	79.5
Proft/loss for the period	5.1	41.5	25.6	52.8	73.2	193.1

Net asset value of Assets & Logistics[1]

USD million	Dry cargo	Tankers	Total
Market value of owned vessels	255	527	782
Estimated market value of leased vessels & cover portfolio[2]	229	291	520
Total Assets & Logistics portfolio value	484	818	1,302
Net cash position			653
Newbuilding instalments			-27
Other net assets			115
Total business unit NAV			2,043
Business unit NAV per share, DKK			422
Market value of owned vessels vs. carrying amounts	35	164	199

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

Relative segment exposure



Source: NORDEN

While our high exposure to the tanker market benefitted portfolio values in 2022, the business unit has started to reduce risks through asset sales and cover. Increased cover levels on tanker vessels at considerably higher rates will secure strong earnings in 2023. At year end, tanker coverage levels for 2023 reached 70%

Well-timed asset trading and use of purchase options

The business unit was very active in asset trading during 2022 with nine purchases and 20 sales. Particularly dry cargo asset trades became a key value driver, as seven of the purchases were dry cargo vessels, all of which were acquired by declaring purchase options, and subsequently six of these vessels were sold. These sales reduced the owned dry cargo fleet to seven vessels by year end, of which three have been agreed sold for future delivery.

Asset trading activity generated USD 79 million in sales gains in 2022, of which USD 14 million were earned by declaring dry cargo purchase options.

At the end of 2022, the combined portfolio of leased dry cargo and tanker vessels included 77 purchase options. 60 of these purchase options were callable before the end of 2025. NORDEN had a total of 59,730 extension option days at the end of 2022. This optionality is expected to provide attractive opportunities for NORDEN in 2023 and coming years.

First logistics project successfully implemented

In 2022, NORDEN entered into port logistics as a new business area. The ambition is to help customers overcome port infrastructure bottlenecks and help decarbonise their supply chains. The first project which commenced in early 2022, is based on a ten-year agreement to set up and operate a transhipment solution in Gabon, Central Africa. During the year, approximately three million tonnes of manganese ore was shipped through our transhipment operation onto large vessels, providing our customers with significant cost and emission savings.

Capacity & cover levels and rates

End of 2022	2023	2024	2025
Dry cargo			
Cover levels	116%	81%	53%
Average cover rate per day	14,994	13,045	11,636
Tankers			
Cover levels	70%	31%	23%
Average cover rate per day	20,232	21,638	20,847

Assets & Logistics fleet overview

	Dry cargo	Tankers	Total
Active fleet			
Owned vessels	7	14	21
Leased vessels [1]	53	22	75
Total active	60	36	96
Contracted future changes			
Owned vessels (net entries & exits)	-3	-1	-4
Leased vessels [1] (entries only)	6	4	10
Total future changes	3	3	6
Total vessels	63	39	102
Purchase options	50	27	77
Extension option days	39,521	20,209	59,730

Logistics assets	Floating transfer station	Tugboats	Barges
Project-based assets (active)	1	6	3
Contracted future changes (entries)	1	-	-
Total	2	6	3

[1] Minimum lease period in excess of years

FREIGHT SERVICES & TRADING

- Daily margins more than doubled, capturing substantial value in both markets
- Significant dry cargo earnings in both firm and weak market conditions
- Shifting exposure to product tankers, benefitting from soaring and volatile rates

Record margins in two volatile markets

Freight Services & Trading generated a full-year profit of USD 550 million. This is equivalent to USD 3,297 in profit margin for each vessel day. This margin has increased by 172% compared to 2021. The four-year average margin per vessel day since 2019 increased to USD 1,381. For the same period, the annual number of vessel days grew by 7% p.a., in markets which only grew around 3% annually.

Strong daily operations providing base income

The Freight Services & Trading business unit makes its margins from two sources:

1. Base earnings from freight services, arbitrage, optimisation and pool management fees
2. Positioning earnings from directional market positions (long/short positions)

Optimisation of voyages provides a base level of income, which is less dependent on market developments. This is achieved through a constant focus on voyage scheduling and speed setting, improved fuel efficiency, minimised ballast and enhanced port logistics among other areas. NORDEN is able to draw upon in-house data and advanced analytics, which can be utilised in daily operations, achieving a wide range of efficiencies across the business. As part of this income, the business unit conducts clip deals, which generate income on single voyages performed on third-party vessels with a minimum of market risk.

On top of this base, the business unit generates earnings from freight trading and market timing. These enable the business unit to adapt exposure and market positions through more than 50 active strategies across market segments, vessel types and world regions.

Benefitting from declining dry cargo rates and surging tanker rates

The Freight Services & Trading business unit produced substantial earnings from both its dry cargo and tanker activities.

During Q1, when the dry cargo market was strong and the tanker market still weak, the business unit aggressively changed its exposure from dry cargo to tankers. High dry cargo rates were used to take a lot of cargo contracts at attractive prices and establish a short position (more cargoes than tonnage), which would benefit from declining rates. At the same time, the weak tanker market allowed the team to charter in vessels with attractive optionality. With this strategy, the business unit simultaneously captured significant value in the second half of the year from a declining dry cargo market and a surging product tanker market. This significant shift in relative exposure meant that the business unit went from 75% dry cargo exposure at the beginning of 2022, to 75% product tanker exposure at the end of the year (see graph 'Relative segment exposure' on next page).

In Tankers, additional earnings were created from actively trading between Atlantic and Pacific basins, capitalising on pronounced regional rate volatility.

Key figures and financial ratios

USD million	2021 Total	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 Total
Contribution margin	445.5	176.4	288.3	322.7	238.7	1,026.1
Overhead and administration costs	-106.0	-32.3	-53.7	-57.5	-40.9	-184.4
Proft/loss for the period	199.4	75.6	153.1	190.3	131.4	550.4
Vessel days	164,189	40,724	43,008	41,525	41,677	166,934
Result per vessel day (USD/day)	1,214	1,856	3,560	4,583	3,153	3,297

Historical performance

	Avg. since 2019
Result per vessel day (USD/day)	1,381
Vessel days	154,168
Annual activity growth	7%

Average no. of operated vessels

Dry cargo vessels	Product tanker vessels
329	128

The business unit declared extension options on vessel capacity added in 2021, ensuring forward capacity at low rates in the soaring market. With this, substantial market value has been built up, which is expected to benefit earnings in 2023.

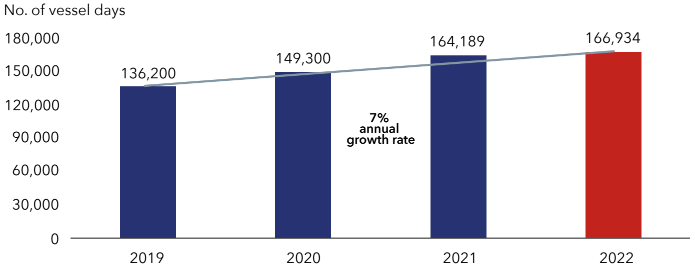
Relaunched tanker pool

The pool activities formerly based in the Norient Product Pool were relaunched as part of a new NORDEN Tanker Pool. The new setup offers customers added member services, attractive pool earnings and an intelligent use of data. The enhanced pool services have been tailored around the values and competitive edges of NORDEN, delivering strong returns to partners, solid support and a focus on the decarbonisation agenda. During the year, ten new members were added to the pool, bringing more than 20 additional vessels to the operated vessel portfolio.

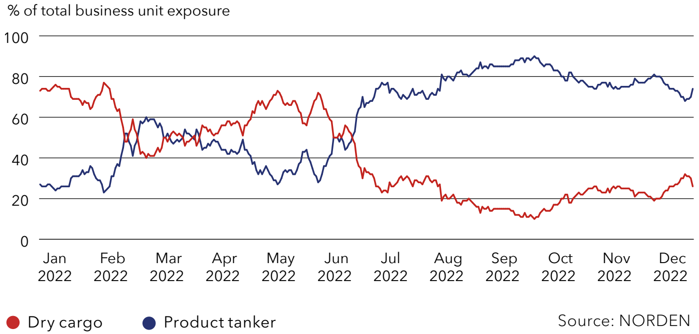
New office in Japan

Following our increased dry cargo activities in Japan, NORDEN announced the opening of an office in Tokyo, effective 1 October 2022, which primarily will service our Japanese cargo customers. NORDEN has enjoyed strong relationships with dry cargo partners in Japan for more than 50 years, and with the opening of the Tokyo office, NORDEN has the opportunity to further strengthen ties and services with partners and customers. This is also a strengthening of NORDEN's global network, now comprising 13 offices across six continents.

Activity levels

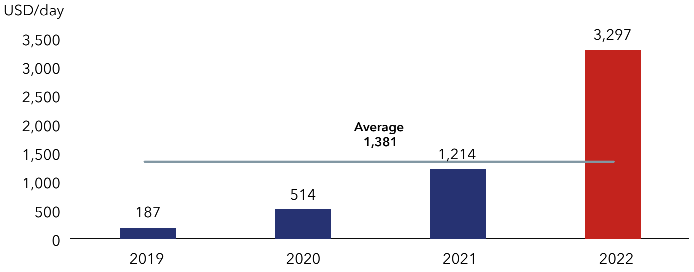


Relative segment exposure



Source: NORDEN

Result per vessel day



Delivering member value through the NORDEN Tanker Pool

Tanker manager, World Tankers UK Ltd., joined the NORDEN Tanker Pool four years ago, gaining access to a collective of knowledge, skills and relations, with the intention of optimising earnings and improving the company's fleet performance.

"During our time in the pool, we have been through both good times and bad. And it is particularly in the bad times that we have seen the strength of our relationship and the ability for NORDEN Tanker Pool to come up with creative commercial solutions to problems," explains David Rowlands, NORDEN Tanker Pool member and Chartering Manager at World Tankers (UK) Ltd.

He continues: "As a smaller owner, having access to market and commercial intelligence is going to be what sets you apart."

By acting as a hub for the latest industry knowledge, best practises and worldwide market coverage, the NORDEN Tanker Pool has helped pool members optimise vessel performance to generate superior bottom line value.

INVESTOR INFORMATION

The NORDEN share offers an attractive risk/reward profile for the long-term investor. Based on data-driven decision-making and a business model which thrives on freight rate volatility, NORDEN aims to deliver superior returns to shareholders across freight market cycles.

Shareholder return of 199%

During the year, shareholders received both DKK 78 per share in dividends and a share price increase from DKK 166.4 to DKK 418.0. Strong financial performance, active management of the portfolio and a positive outlook for the tanker market all contributed to the development. In total, a shareholder who held the share throughout the year received a return of 199% measured in USD.

NORDEN aspires not only to benchmark its total shareholder returns against relevant shipping peers, but also share indices that reflect the global transportation sector. Comparing total shareholder returns since 2015 when we shifted our strategic focus, the NORDEN share has performed significantly above the peer group of dry cargo and product tanker companies. In the same period, the NORDEN share has performed above the MSCI World Transportation Index. Following a substantial increase in share price, the NORDEN share advanced from the NASDAQ Mid Cap to the Large Cap segment as of 1 January 2023. This is based on NORDEN's market capitalisation surpassing EUR 1 billion in value.

Returning capital through dividends and buy-back programmes

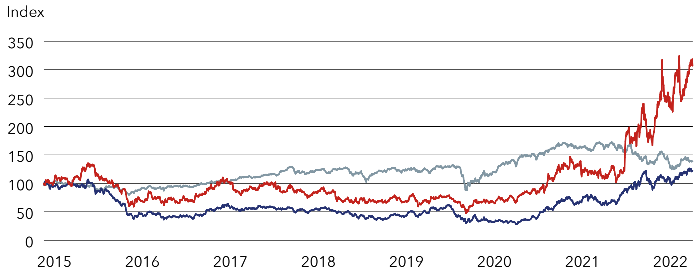
With a strong earnings performance and the Company's asset-light strategy, NORDEN was again able to return capital to shareholders in the form of both dividends, share buy-backs and a bond buy-back.

Based on strong quarterly cash flows generated during the year, combined with favourable earnings forecasts, the Board decided to pay out interim dividends after the second and third quarterly results, respectively, totalling DKK 60 per share. The interim dividends count as part of the Company's dividend policy of paying out minimum 50% of the net full-year result. The Board of Directors recommends for approval at the annual general meeting that a final dividend of DKK 30 per share is paid to the shareholders, which comes on top of already paid interim dividends of DKK 60 during the year. When combined with interim dividends, the total dividend of DKK 90 amounts to a pay-out ratio of 57%.

In 2022, a total of 3,327,721 shares were acquired in share buy-backs at a total purchase price of USD 130 million. The shares were purchased at an average price of DKK 277. Following this, NORDEN had 3,248,012 treasury shares at the end of 2022. When combining share buy-backs, interim dividends and proposed dividends for the year, NORDEN has returned more than USD 750 million to shareholders since 2020.

At year end, the Board of Directors had a one-year authority to acquire treasury shares at market price up to a nominal value not exceeding 15% of the share capital and a standing authority to

Total shareholder returns 2015-2022

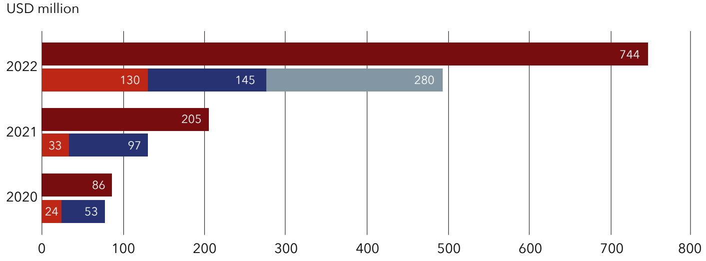


NORDEN Peers MSCI World Transportation Index

Note: The total shareholder return is measured as the total value of share price changes and dividends paid, assuming reinvestment of dividends. Expressed in USD.

The total return of the peer group is calculated based on 12 dry cargo companies and 8 product tanker companies each weighted by their market capitalisation.

Profits, dividends and share buy-backs since 2020



Share buy-backs Annual dividends Interim dividends Profit/loss

Note: Dividends are based on the same financial year as the results, not the year they are paid out. The dividend amounts outlined exclude dividends related to treasury shares held by NORDEN increase the share capital by a nominal value of share capital up to DKK 4,220,000. The latter is effective until March 2025.

Furthermore, NORDEN decided in March 2022 to buy back bonds by accepting all offers up to and including a price of 101% of par value plus accrued unpaid interest. Following the buy-back, NORDEN holds a total nominal amount of USD 25.5 million of bonds and the remaining nominal amount outstanding is USD 75 million.

Trading volume and turnover

On average, 147,290 shares were traded on a daily basis on NASDAQ Copenhagen in 2022. While this is a decrease of 3% compared to 2021, the average daily trading value (turnover) on NASDAQ Copenhagen increased by 78% from DKK 23.8 million in 2021 to DKK 42.4 million in 2022.

Investor relations

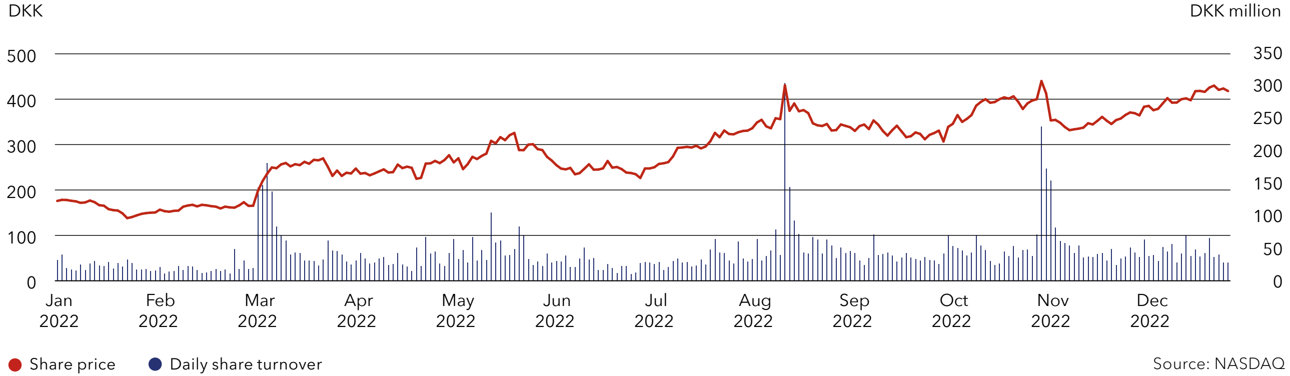
During 2022, NORDEN has conducted a wide range of investor presentations, including local events, physical meetings, bank seminars, shipping conferences, virtual roadshows as well as online live webinars to engage with retail investor audiences. The latter webinars can be streamed online. At year end 2022, NORDEN was actively covered by four equity analysts and two credit analysts.

At the end of 2022, NORDEN's share capital was held by approx. 16,700 shareholders with 60% located in Denmark. NORDEN owned 9% of the share capital in treasury shares, whereas A/S Motortramp owned 29% as the largest shareholder. Of the remaining 62% free float share capital, 35% were held by institutional investors and 14% by retail investors.

Disclosure regarding change of control

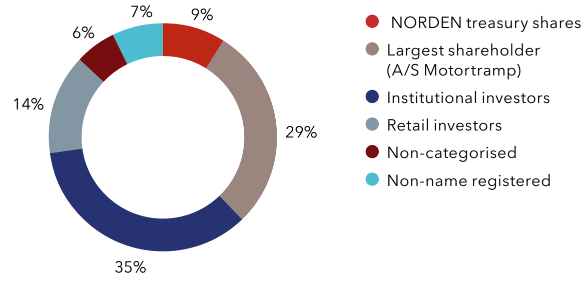
The Danish Financial Statements Act requires listed companies to disclose information in relation to change-of-control provisions. In the event of a change of control in the Company, bank agreements can be subject to renegotiation. No other important agreements are in place with business partners, which could be terminated in case of a change of control.

Share price and turnover 2022



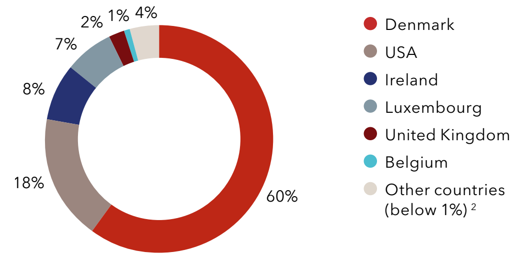
Source: NASDAQ

Shareholder composition*



* Of the total share capital at 31 December 2022

Shareholder nationality [1]



[1] Of the total share capital at 31 December 2022
[2] 'Other' includes nations below 1 per cent ownership of share capital

Master data - NORDEN share

Share capital	DKK 37 million
Total number of shares	37,000,000 of DKK 1
Treasury shares (NORDEN)	3,248,012 (at 31 December 2022)
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Master data - NORDEN bond

Current nominal amount outstanding	USD 74.5 million
Nominal amount bought back by NORDEN	USD 25.5 million
Original amount issued	USD 100 million
Maximum issue amount	USD 150 million
Duration and type	3-year senior unsecured
Coupon	LIBOR 3 months + 4.75%
Issue date	28 June 2021
Maturity date	28 June 2024
Stock exchange	NASDAQ OMX Copenhagen
Shortname	D/S NORDEN 21/24 FRN USD
ISIN code	NO0011036162

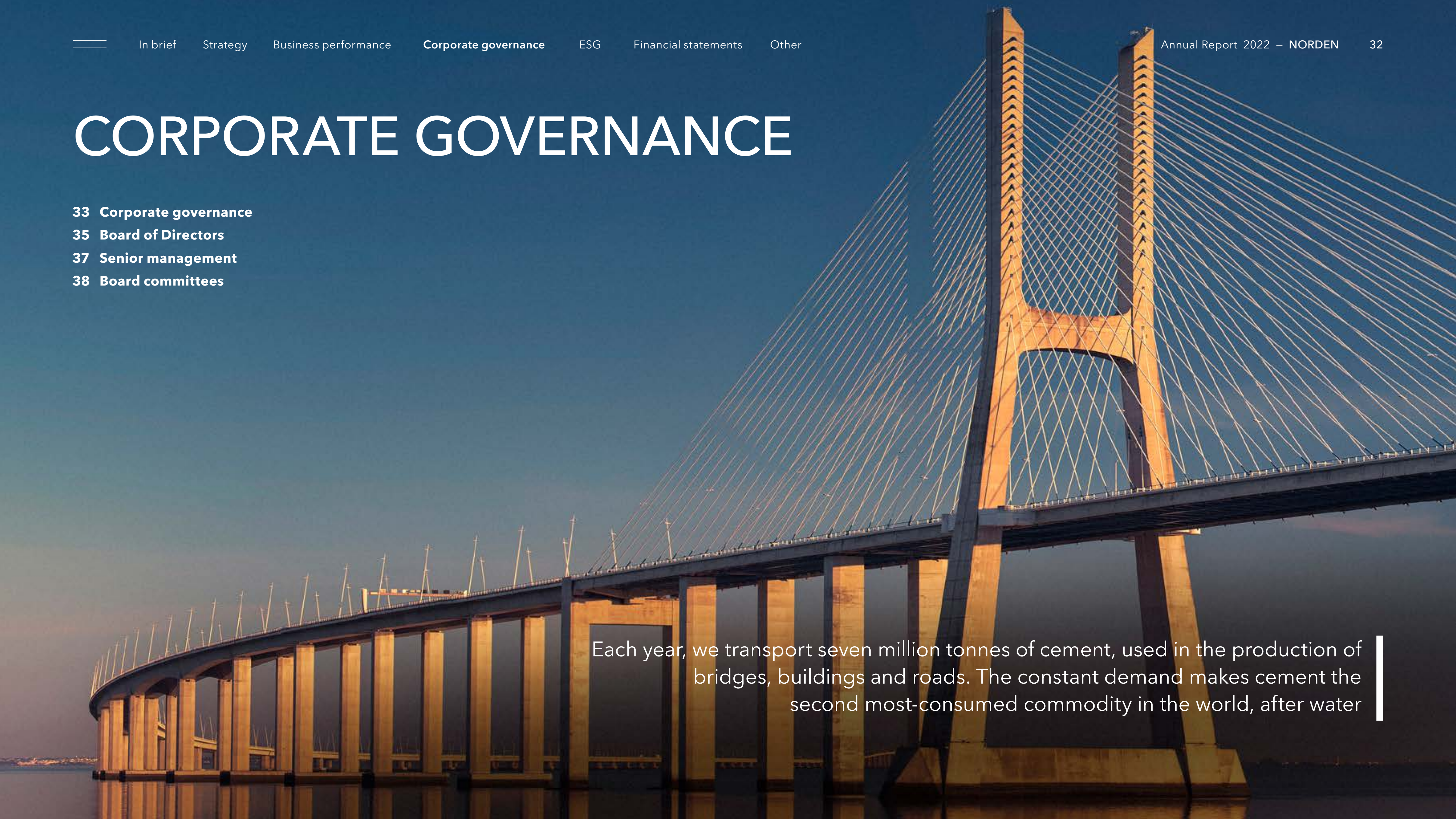
Equity Story

Trading-oriented and agile business
Asset-light business capitalising on volatile markets, continuously adapting to market and customer demands across global markets.

Superior data analytics capabilities
Advanced data analytics enabling stronger predictions and business decisions in a fragmented and analogue industry.

Sustainable supply chain solutions
Providing greener shipping solutions to help customers decarbonise their supply chains, while gradually reducing emissions towards zero.

Strong risk/reward profile
Attractive risk/reward profile with upside from vessel options in rising markets and resilience in falling markets from contract cover.



CORPORATE GOVERNANCE

Each year, we transport seven million tonnes of cement, used in the production of bridges, buildings and roads. The constant demand makes cement the second most-consumed commodity in the world, after water

CORPORATE GOVERNANCE

Ensuring responsible, long-term governance of the Company aligned with shareholder interests

NORDEN's governance principles and structure are set out to ensure alignment with long-term shareholder interests to enable prudent management of the Company in accordance with relevant national and international regulations, applicable corporate governance recommendations as well as to align with the risk framework specified by the Board of Directors.

Furthermore, the ongoing management of NORDEN is based on the underlying Company values of flexibility, reliability, empathy and ambition as well as the Company's guiding purpose of enabling smarter global trade.

Governance structure

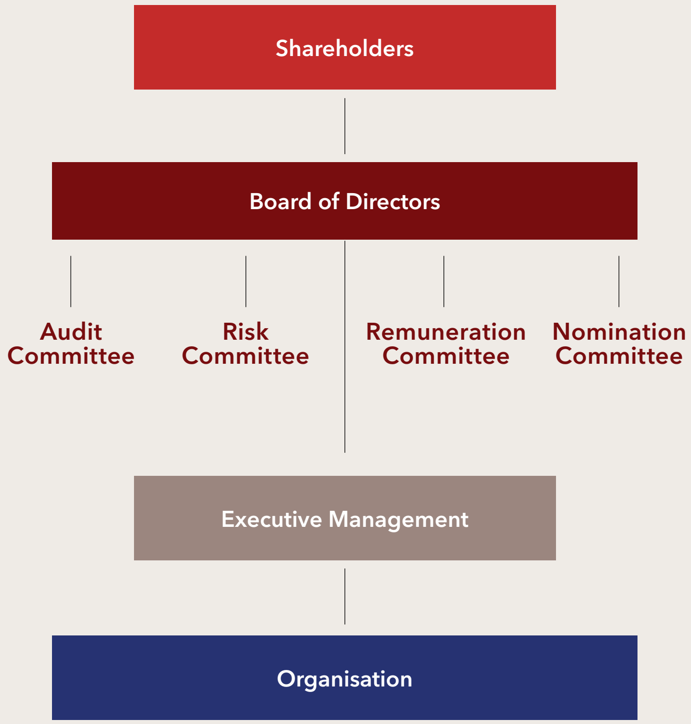
NORDEN has a two-tier governance structure consisting of a Board of Directors and an Executive Management. No individuals are part of both management bodies. The shareholders have the ultimate authority over the Company and can exercise their rights by passing resolutions at general meetings. Resolutions are adopted by simple majority of votes, unless otherwise provided by legislation or by NORDEN's articles of association.

The Board of Directors is made up of nine members. Six are elected for a term of one year by the shareholders, while three members are elected for a term of three years by the employees. The Board of Directors determines and approves strategies, policies, overall goals and budgets for the Company. In addition, it sets out the risk management framework and supervises the work, procedures, etc. carried out by the day-to-day management. The Board of Directors appoints the Executive Management and sets out its responsibilities and remuneration. To avoid conflicts of interest, there are no transactions between related parties within the Board, and the Board does not operate with any form of incentive-based remuneration.

The Executive Management comprises the CEO and CFO, who are responsible for the day-to-day management, organisation and development of NORDEN, for managing assets, liabilities and equity, for accounting and reporting, and for preparing and implementing the strategy. The day-to-day contact between the Board of Directors and the Executive Management is primarily handled by the Chair and the CEO. The Executive Management participates in board meetings and is supplemented by other managers in strategic meetings as and when relevant.

The Articles of Association can be found on the Company's website. Generally, resolutions to amend the Articles of Association require a quorum of at least two-thirds of the voting share capital represented at a general meeting and a majority of at least two-thirds of the votes cast, as well as of the voting share capital represented at the general meeting. In addition, certain resolutions on changes of the shareholders' dividend or voting rights or the transferability of shares, as set out in the Danish Companies Act, require a special supermajority of at least 9/10 of the votes and of the capital represented.

Governance structure



Board work

The Board of Directors sets out an annual work schedule to ensure that all relevant issues are discussed during the year. As part of the annual schedule, regular board meetings and strategy seminars are held to ensure focus on both short and long-term targets for the Company. In line with this focus on short and long-term activities, the Board of Directors is engaged in upholding NORDEN's purpose of enabling smarter global trade. This is, among other areas, reflected in the strategic discussions and priorities set between the Board of Directors and the Executive Management, in the regular updates provided by the Executive Management to the Board, as well as in the remuneration targets set forth for Executive Management by the Board.

In 2022, the Board of Directors held 12 board meetings. The attendance rate was 98%.

Board committees

As part of the Board of Directors' work and structure, four subcommittees have been established to ensure dedicated focus on recurring topics deemed of high importance for the governance of the Company. See overview of committees on page 38.

Board qualifications and evaluation

For the Board of Directors to be able to perform its managerial and strategic tasks and at the same time act as a sounding board to the Executive Management, the following skills are deemed particularly relevant:

- Insight into shipping and trading
- Commodity trade
- General management
- Strategic development
- Risk management
- Investment, finance and accounting
- International experience

In 2022, the Board of Directors and the Executive Management conducted a self-assessment of the composition, qualifications and dynamics of the Board of Directors. The assessment concluded that the Board of Directors possesses relevant skills and has good working relationships and dynamics. A similar assessment is planned for 2023.

Board composition and remuneration

At the annual general meeting in March 2022, Klaus Nyborg, Johanne Riegels Østergård, Karsten Knudsen, Helle Østergaard Kristiansen and Stephen John Kunzer were re-elected Board members. Robert Hvide Macleod was elected for the vacant seat after Thomas Intrator, who did not run for re-election.

During 2022, the employee representative Benedicte Hedegran Wegener ended her employment with NORDEN and therefore also resigned from the Board of Directors. Instead, Stine Maria Gøttrup took over as employee representative, joining the two remaining employee representatives Christina Lerchedahl Christensen and Henrik Røjel.

The Board of Directors has set a target of 40% female shareholder-elected board members by 2025. Currently, the percentage of female shareholder-elected board members is 33%. Further details on the diversity levels in NORDEN can be found in the ESG section within this report, while NORDEN's Diversity, Equity & Inclusion policy can be found at https://norden.com/about/governance/policies-and-charters.

Board remuneration remained unchanged at USD 0.7 million in 2022. Specific board remuneration can be found in the Remuneration Report 2022 available for ten years at https://norden.com/about/governance/remuneration. The Board of Directors proposes unchanged board fee remuneration in 2023.

Executive Management remuneration

The remuneration of the Executive Management follows the principles set out in the Company's Remuneration policy, and the specific remuneration components granted for each of the two members of the Executive Management are set out in the separate Remuneration Report 2022.

Adherence to Danish corporate governance recommendations

The Board of Directors has discussed the general recommendations for companies in Denmark as provided by the Danish Committee on Corporate Governance and has reviewed its adherence to each recommendation following a 'comply or explain' approach.

NORDEN follows all recommendations, and a systematic review of NORDEN's adherence to each of the Danish Corporate Governance recommendations can be found in the Company's Statutory Statement for Corporate Governance at https://norden.com/about/governance/governance (in accordance with section 107b of the Danish Financial Statements Act).

Planned Board activity for 2023

The Board of Directors has planned 12 board meetings for 2023. The annual general meeting will be held on 9 March 2023.

BOARD OF DIRECTORS

				
	Klaus Nyborg	**Johanne Riegels Østergård**	**Karsten Knudsen**	**Stephen John Kunzer**
Position	Chair Managing director	Vice chair Managing director	Board member Managing director	Board member Former CEO in Eastern Pacific Shipping
Other directorships	Bawat A/S (CB), Bunker Holding A/S (CB), Moscord Pte. Ltd. (CB), Uni-Tankers A/S (CB), DFDS A/S (VCB), A/S United Shipping & Trading Company (VCB), X-Press Feeders Ltd. (BM), Norchem A/S (BM), Maritime Investment Fund I and II K/S (Chairman of investment committee), Karen og Poul F. Hansens Familiefond (BM) and Returns APS (MD)	Plus Animation Film IvS (CB), A/S Motortramp (BM), D/S Orients Fond (BM), Ejendomsselskabet Amaliegade 49 A/S (BM), Lomax A/S (BM) and Lion Danmark I ApS (BM)	Vækst-Invest Nordjylland A/S (CB), Polaris IV Invest Fonden (CB), Nordsøenheden (VCB), A/S Motortramp (BM), D/S Orients Fond (BM), Obel-LFI Ejendomme A/S (BM), Velliv Pension & Livsforsikring A/S (BM), Saga I-VII GP ApS (MD), Saga VII-USD PD AIV K/S (MD), Saga VII-EUR K/S (MD), Saga VII-USD K/S (MD), Saga VIII-EUR K/S (MD) and Saga VIII-USD K/S (MD)	Braemar Shipping Services Plc. (BM)
Relevant skills	Experience with management of global, listed shipping companies, strategy, investment, sale and purchase, financial issues and risk management	General management, financial and business insight as well as detailed knowledge of NORDEN's values and history	General management and strategy, broad financial experience comprising accounting, investment banking and management of financial risks, including credit risks	Experience in management of one of the world's largest private family ship owners. Competences within international shipping, especially in the tanker segment, and experience in operating a large diverse fleet
Board member since	2012 (Chair since 2015)	2016 (Vice chair since 2017)	2008	2018
Term expires	2023	2023	2023	2023 (resigned from Board in January 2023)
Attendance 2022 [1]	100%	100%	100%	100%
Committees & attendance 2022 [1]	Audit Committee (75%), Remuneration Committee (100%), Nomination Committee (100%)	Audit Committee (100%), Nomination Committee (100%)	Audit Committee (100%), Risk Committee (100%), Remuneration Committee (100%)	Risk Committee (100%), Remuneration Committee (100%)
Independent/Not independent [2]	Independent	Not independent	Not independent	Independent
Born in	1963	1971	1953	1966
Gender	Male	Female	Male	Male
Nationality	Danish	Danish	Danish	British
No. of shares	1,700	499	2,000	3,600

Directorships do not include positions within the NORDEN Group.
CB: Chair of the Board. VCB: Vice chair of the Board. BM: Board Member. MD: Managing director.

1 Calculated as percentage of required attendance

2 In addition to the shares held personally by Johanne Riegels Østergård and Karsten Knudsen or through their related parties, both are associated with A/S Motortramp, which held 10,907,042 shares at year end. Employee-elected board members are not independent by virtue of their employment.

BOARD OF DIRECTORS

					
	Helle Østergaard Kristiansen	**Robert Hvide Macleod**	**Henrik Røjel**	**Christina Lerchedahl Christensen**	**Stine Maria Gøttrup**
Position	Board member CEO of Danske Commodities	Board member	Board member Head of Fuel Efficiency and Decarbonisation	Board member Business Applications Manager	Board Member Senior Chartering Manager
Other directorships	Aros Art Museum and Systematic A/S (BM)	HVPD (CB), Aquaship AS (BM), Green Transition Holding (BM), Soiltech AS (BM), EnergyNest (BM), GoGreen Investments Corporation (BM), Rankedin (BM)	Elected by the employees	Elected by the employees	Elected by the employees
Relevant skills	Experience as a CEO and CFO in an international energy trading house, extensive knowledge of energy, risk management, international financing, optimisation of processes and digitalisation	Experience within both trading and shipping, having leadership experience from shipowners and operators. Experience from companies with global operations, risk management and governance frameworks as well as culturally diverse settings			
Board member since	2018	2021	2021	2021	2022
Term expires	2023	2023	2024	2024	2024
Attendance 2022 [1]	100%	88%	100%	89%	100%
Committees & attendance 2022 [1]	Audit Committee (100%)	Risk Committee (75%), Remuneration Committee (100%)			
Independent/Not independent [2]	Independent	Independent	Not independent	Not independent	Not independent
Born in	1978	1979	1987	1989	1993
Gender	Female	Male	Male	Female	Female
Nationality	Danish	Norwegian	Danish	Danish	Danish
No. of shares	800	0	0	1,000	0

SENIOR MANAGEMENT

Remuneration for the Executive Management can be found in the Remuneration Report 2022, available for 10 years on NORDEN's website. https://norden.com/about/governance/remuneration


	Jan Rindbo	**Martin Badsted**
Position	CEO	CFO
Education	Trained in shipping and has completed executive training programmes at INSEAD	Holds an M.Sc. in International Business
Other directorships	Danish Shipping (BM), D/S Orients Fond (BM) and BIMCO (BM)	
Employed in	2015	2005
Born in	1974	1973
No. of shares	69,594	12,577
No. of unvested restricted shares	41,546	21,723



	Christian Vinther Christensen	**Henrik Lykkegaard Madsen**	**Heidi Nykjær Persson**
Position	Chief Operating Officer	Head of Asset Management	Head of People, Communications & Sustainability
Education	Trained in shipping and has completed executive training programmes at Duke CE	Trained in shipping, holds a graduate diploma in Marketing Economics and has completed executive training programmes at INSEAD and IMD	Trained in shipping, holds a BA in Shipping and Transportation from Shanghai University and an MA in Consulting and Coaching Change from INSEAD
Other directorships			
Employed in	2017	2010	2018
Born in	1970	1962	1968

Other directorships do not include positions within the NORDEN Group.
BM: Board member

BOARD COMMITTEES

The four subcommittees have been established to ensure dedicated focus on recurring topics deemed of high importance for the governance of NORDEN.

Audit Committee
The Audit Committee consists of:

- Helle Østergaard Kristiansen (Chair)
- Karsten Knudsen
- Klaus Nyborg
- Johanne Riegels Østergård (observer)

The committee supervises financial reporting, transactions with closely related parties, auditing, etc. The terms of reference are published on NORDEN's website, where a statement of control and risk management in connection with financial reporting can also be found (in accordance with section 107b of the Danish Financial Statements Act). During the year, the committee held four meetings.

Risk Committee
The Risk Committee consists of:

- Karsten Knudsen (Chair)
- Stephen John Kunzer
- Robert Hvide Macleod

The purpose of the committee is to assist the Board of Directors in its oversight of the NORDEN's overall risk-taking tolerance and management of market, credit and liquidity risks. The committee's terms of reference are available on NORDEN's website. During the year, the committee held four meetings.

Remuneration Committee
The Remuneration Committee consists of:

- Klaus Nyborg (Chair)
- Stephen John Kunzer
- Karsten Knudsen
- Robert Hvide Macleod

The committee is responsible for supervising the implementation of NORDEN's remuneration policy, which specifies the remuneration of the Board of Directors and Executive Management. The remuneration policy as well as the committee's terms of reference are available on NORDEN's website. In 2022, the committee held two meetings.

Nomination Committee
The Nomination Committee consists of:

- Klaus Nyborg (Chair)
- Johanne Riegels Østergård

The committee is responsible for describing the qualifications required in the Board of Directors and the Executive Management. The committee is also in charge of an annual assessment of the competences, knowledge and experience present in the two management bodies. The committee's terms of reference are available on NORDEN's website. In 2022, the committee held five meetings.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Cleaning a ship hull saves on average 2,500 tonnes of CO_2 in a normal operating year.
Every year, we clean more than 300 vessels

ESG IN NORDEN

Operating at the heart of global trade, NORDEN is committed to helping customers decarbonise their supply chains, setting high standards within diversity, equity and inclusion, as well as health & safety. All while also ensuring strong governance and taking a firm stance against any form of corruption.

Environmental, social and governance (ESG)-related activities are incorporated into NORDEN's overall business strategy, as they support our purpose of enabling smarter global trade.

As a whole, the ESG efforts and ambitions outlined in this report enable NORDEN to take a leading role in moving the ESG agenda forward within the shipping industry. While we direct our efforts across all aspects of ESG, NORDEN's main focus is on environmental matters. We emphasise this focus area, as the world faces an urgent carbon problem. With 3% of global carbon emissions originating from shipping, our industry has a responsibility for taking action on reducing our climate impact.

In the short term, NORDEN can contribute to reducing the environmental impact through gradual improvements in our shipping solutions, providing our customers more options and transparency on their emissions output. In the long term, we have put forward a series of climate commitments that will require investments in new vessels in order to harness climate mitigation technology and reach our net zero emissions target in 2050.

Reporting standards

For this report, NORDEN has adopted the Sustainability Account Standards Board (SASB) Marine Transportation reporting standard, recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and to a limited extent principles and metrics from the Global Reporting Initiative (GRI) standard.

These have been applied in the evaluation of NORDEN's sustainability risks, impacts and opportunities, which form the basis of the ESG section. NORDEN regards this expansion in reporting as a natural step towards the future European Sustainability Reporting Standard (ESRS) requirement, with effect from the reporting year 2025.

Even though NORDEN is not required to report on the EU Taxonomy, we have decided to do so, as we consider the transparency in activities valuable for NORDEN's stakeholders. The expansion of the ESG reporting framework has been followed by an expansion in assurance scope from auditors, as reliable and transparent ESG figures are regarded material to external stakeholders.

Double materiality assessment

During the reporting year, NORDEN has performed a double materiality assessment adhering to recommendations outlined in GRI and SASB reporting standards. The double materiality assessment allows NORDEN to identify topics, which are considered material from an ESG and financial perspective. Inspired by the issues listed in the SASB, NORDEN has identified 14 issues, which are considered relevant. Our ranking of these issues, based on the double materiality assessment, indicates four issues that are considered material:

SASB material issues:
- Green House Gas Emissions
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Business Ethics

Other relevant issues:
Ecological Impact, Air Quality, Waste & Hazardous Materials Management, Data Security, Water & Waste Management, Product Design & Lifecycle Management, Business Model Resilience, Supply Chain Management, Physical Impacts of Climate Change and Critical Incident Risk Management.

Based on the selected generic material topics outlined in the SASB, NORDEN has articulated six material topics, which form our main focus areas and which enable us to deliver on our overall ESG priorities. The six topics outlined in the table on the following page present material impacts, risks and opportunities for NORDEN. By articulating clear targets, providing transparency on our achievements and highlighting alignment to our business strategy, we intend for our stakeholders to have a strong basis for monitoring and evaluating NORDEN's ESG performance.

NORDEN's ESG materiality matrix

ESG priorities	Material topics	Metric	Performance 2022 [1]	Performance 2021	Ambitions
ENVIRONMENTAL Enabling our customers to decarbonise their supply chains	**Efficient operation of our vessels**	TTW EEOI on all assets	9.9	9.7 [1;2]	2% decrease in 2023, relative to 2022 baseline and net zero by 2050
	Decreasing value chain emissions	Total CO_2e emissions from scopes 1 & 2 ('000 tonnes)	4,579	4,819 [1;2]	Reduce scope 1 & 2 emissions to net zero by 2050
		Total CO_2e emissions from scope 3 ('000 tonnes)	4,402	4,360 [2]	Reduce scope 3 emissions to net zero by 2050
SOCIAL Offering an inclusive, engaging, equal and safe working environment	**Health & safety**	Lost time incident rate (LTIR)	0.8	0.8 [1]	<0.8 in 2023
	Culture	Overall engagement score	83	85	> Index 80
		Diversity (share of underrepresented gender)	40%	39%	Minimum 40% share of underrepresented gender
		Retention / turnover rate	94% / 9%	89% / 15%	>90% retention rate
GOVERNMENTAL Galvanising sustainable business conduct	**Sustainable procurement**	Suppliers screened for ESG	N/A	N/A	30% strategic suppliers by 2023
	Anti-corruption	Staff-passed e-learning courses	99%	N/A	100% e-learning passed
		Confirmed bribery cases	-	-	0 all time

[1] KPI in scope of limited assurance.
[2] Restated from disclosed figures in 2021 Annual Report, due to changed methodology.

EU TAXONOMY

NORDEN has decided to report on the EU Taxonomy, which is intended to provide transparency on what is considered eligible and aligned environmentally sustainable activities.

Taxonomy eligibility and alignment are expressed through three KPIs: turnover, capital expenditures (CapEx) and operating expenditure (OpEx). NORDEN has taxonomy-eligible activities within the 'Sea and Coastal Freight Water Transport, Vessels For Port Operations, and Auxiliary Activities' category, based on the Company's turnover, CapEx and OpEx. NORDEN has aligned activities within turnover, but not in the remaining KPIs in the EU Taxonomy. The EU Taxonomy tables for all KPIs are located on page 61. Please refer to the ESG Accounting policies on the EU Taxonomy for the methodology behind our alignment assessment.

Turnover

NORDEN's revenue-generating activities are generally considered eligible. Revenue from time chartered-out vessels (TCO) and subleases as well as income earned from the administration of pool arrangements are not considered eligible. The latter is reported as part of 'Other operating income' in the Consolidated Financial Statements. Taxonomy-eligible revenue is estimated to be 81% for 2022, while Taxonomy-aligned revenue is estimated to be 1% for 2022

Capital expenditures

CapEx as defined in the Taxonomy are considered equivalent to the 'additions to vessels' and 'prepayment on vessels and newbuildings', as set out in note 3.1 in the Consolidated Financial Statements, and additions to 'Right-of-use assets' as set out in note 4.7 in the Consolidated Financial Statements. CapEx incurred is generally considered eligible, except if CapEx is incurred directly relating to chartering out vessels. Taxonomy-eligible CapEx is estimated to be 99% for 2022, while Taxonomy-aligned CapEx is estimated to be 0% for 2022. NORDEN does not have any technically aligned CapEx plan, but this is to be considered within the coming years.

Operating expenditures

OpEx as defined in the Taxonomy covers expenditures directly related to chartering, maintaining and operating vessels, and is equivalent to 'Vessel operating costs' as presented in the "Income statement" in the Consolidated Financial Statements less operating costs for owned vessels and daily running costs for leased vessels (note 4.7). OpEx incurred is generally considered to be eligible under the Taxonomy, except if relating to owned vessel OpEx or vessels chartered out. Taxonomy-eligible OpEx is estimated to be 75% for 2022, while Taxonomy-aligned OpEx is estimated to be 0% for 2022.

UN GLOBAL COMPACT

NORDEN remains committed to upholding the principles of the UN Global Compact, and reports annually to the UN Global Compact (UNGC). This Annual Report functions as a way to communicate our progress on implementing the UNGP's ten principles for the financial year 2022. Furthermore, the UN Sustainable Development Goals (SDGs) are mapped to each of the E, S and G-related activities that we consider relevant to our core business and are outlined below.

NORDEN's CEO, Jan Rindbo, comments: "*NORDEN remains committed to the UN Global Compact and its ten principles, and this report serves as the basis for our 2022 Communication on Progress to the UN Global Compact, which in line with new requirements will be submitted in March 2023.*"

NORDEN adheres to the following UN SDGs:

Environment

- 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

Social

- 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- 5.C: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
- 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
- 8.8: Protect labour rights and promote safe and secure working environments for all workers.
- 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Governance

- 16.5: Substantially reduce corruption and bribery in all their forms.

SELECTED ESG COLLABORATIONS AND CERTIFICATIONS

Collaborations are vital in the shipping industry and especially in the dry bulk and product tanker markets, which are highly fragmented. These markets involve a multitude of smaller market participants, as compared to other more consolidated markets. In addition, collaborations are important for ensuring regulatory compliance, transparency and ongoing stakeholder inclusion. Furthermore, NORDEN seeks to obtain relevant certificates and improve our ESG reporting framework to enhance transparency and comparison.

New ESG collaborations and certifications:

Plan A: The partnership with Plan A ensures increased reliability and credibility of our scope 2 and 3 figures. Plan A estimates emissions from suppliers and port costs, waste from our offices, business travel and employee commuting. NORDEN and Plan A intend to investigate emissions related to the two GHG categories 'end-of-life treatment of vessels' and 'capital goods', with the aim of providing a more comprehensive insight into our value chain emissions.

Existing ESG collaborations and certifications:

Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping: Being part of the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping is considered a vital part of our climate commitment. As a strategic partner, NORDEN is directly involved in projects related to the development and implementation of future fuels and zero-carbon technologies, such as biofuels and methanol, thereby accelerating the transition towards a net-zero future for the maritime industry. By nature of its work, the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping helps raise awareness and promote the need for ambitious targets.

United Nations Global Compact: NORDEN actively works to support the UN SDGs and shares the view that business has a key role to play in contributing to the goals.

EcoVadis: The platform ensures NORDEN is measured against the latest sustainability criteria. In 2022, we scored above the industry average in all four pillars (Environment, Labour & Human Rights, Ethics, and Sustainable Procurement) with an overall score that places us in the 80th percentile of all companies rated, awarding NORDEN with a silver recognition level.

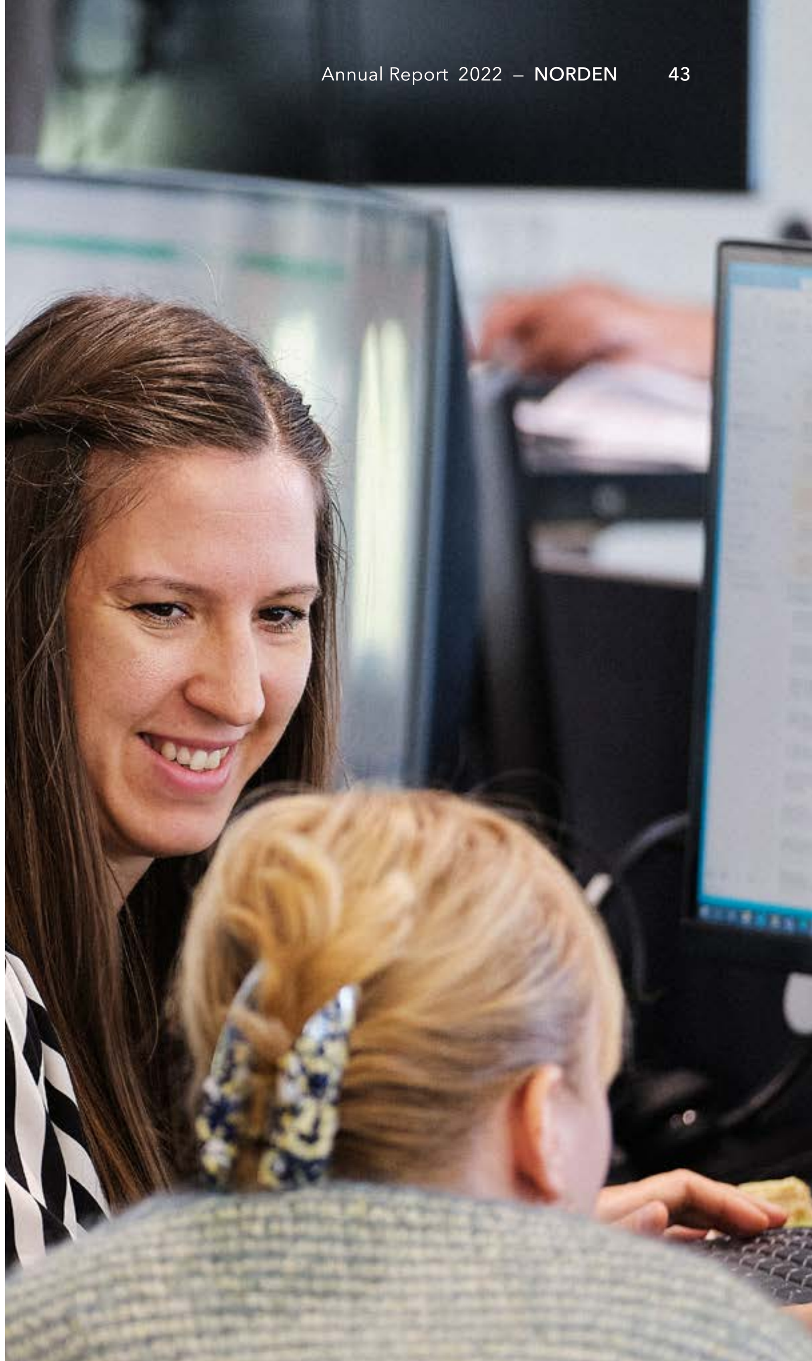
Sea Cargo Charter: Provides a framework for assessing and disclosing the climate alignment of ship chartering activities around the globe with the aim to promote decarbonisation in the shipping industry. NORDEN is a founding signatory and active member of the Sea Cargo Charter and commits to disclosing the climate impact of our activities to increase focus on greenhouse gas emissions in the industry.

Carbon Disclosure Project: NORDEN shares detailed information on our carbon emissions management and performance through our disclosures. In 2022, NORDEN achieved a C-rating for transparency and action on climate.

Ship Recycling Transparency Initiative: NORDEN's business model involves operating a modern fleet of vessels, selling and redelivering vessels long before vessel end-of-life. Should NORDEN face situations where recycling of a vessel is relevant, NORDEN has a Responsible Ship Recycling Policy.

MACN: NORDEN was among the founding members of the Maritime Anti-Corruption Network (MACN) when it formed in 2011. MACN's members represent more than 50% of total global tonnage. MACN and its members work towards the elimination of all forms of maritime corruption and creating a culture of integrity within the maritime community.

TRACE: Each year, NORDEN undergoes a TRACE certification. To achieve a TRACE certification, companies must undergo a heavily benchmarked and comprehensive due diligence review, analysis and approval process. This certification ensures that a company has been thoroughly vetted and trained.



Supporting customers with decarbonisation

To assist customers with decarbonising their supply chains, NORDEN's Advanced Analytics and Digital Solutions team has developed an emissions reporting data solution.

The solution, which makes it fast and easy for customers to automatically see emissions data after every voyage, has successfully been tested with Rio Tinto, one of the world's largest mining companies.

Jenna Rennick, General Manager for Rio Tinto's Marine Operations, said *"The transparent, efficient and accurate reporting of emissions data from our value chain partners is important, as we accelerate the delivery of our climate commitments on shipping towards net zero emissions by 2050. We appreciate NORDEN's innovative approach in supporting our goal."*

Helping customers decarbonise their supply chains and providing accurate transparency on carbon emissions are an integral part of NORDEN's strategy. Transparency on emissions allows customers to make decisions on freight transport based not solely on price and date, but also on environmental impact.

ENVIRONMENTAL

The transition to greener shipping will be among the biggest transformations in NORDEN's history. 3% of global carbon emissions come from shipping, which requires an industry-wide commitment to improving and harnessing efficiencies among current freight technologies, while spurring on technologies for the future.

As an integrated part of the global supply chain, we are committed to helping our customers decarbonise their supply chains and contributing to innovative solutions through industry-wide partnerships.

To focus our environmental efforts while ensuring transparency and progress, we have put forward the following two material topics: Efficient operation of our vessels, and decreasing value chain emissions. The measures and targets applied within these two material topics are closely linked to NORDEN's six climate commitments, which outline our short-term activities and long-term ambitions:

- **Carbon Emissions Transparency:** NORDEN provides a carbon emission estimate prior to every journey, and a post-voyage emissions report. Transparency on emissions allows our customers to make decisions on freight transport, considering environmental impact in addition to price and date.
- **Greener Shipping Solutions:** NORDEN is developing greener shipping solutions for our customers. These range from using advanced analytics for increased vessel efficiency, to enabling carbon-neutral biofuel voyages.
- **Reduction in CO_2-equivalents:** NORDEN is committed to reducing carbon emissions per vessel type by reductions in the Energy Efficiency Operational Indicator (EEOI), meeting net zero carbon emission in 2050.
- **Net zero office operations by 2027:** Based on an internal ambition defined by employees in 2022, three internal focus areas have been put forward: Green buildings, procurement and transportation. This includes a focus on food waste, corporate travel and employee commute options, among others.
- **Zero-emission vessels from 2030:** NORDEN commits to only ordering new vessels with zero-emission technology from 2030 at the latest.
- **Net zero emissions by 2050:** Achieving net zero by 2050 requires a shift to new zero-carbon fuels and technologies in shipping. We are engaging in industry-wide partnerships to identify and develop new innovative solutions.

TCFD

In connection with the double materiality assessment outlined on page 40, NORDEN has performed an assessment of material risks, impacts and opportunities related to climate change as part of the global framework developed by TCFD. These climate-related risks are grouped into two categories: 1) Risks related to the transition to a low-carbon economy, and 2) risks related to the physical impacts of climate change.

Climate governance

NORDEN's risk and opportunity identification process starts at the level of the Board of Directors. The Board considers climate change and climate impacts in relation to future opportunities as well as the ongoing risk oversight and management of environmental, strategic, commercial and reputational risks of NORDEN. NORDEN's Board of Directors has mandated the Sustainability Executive Body with the responsibility for NORDEN's direction and level of ambition on environmental sustainability (including climate change). The CEO regularly reports to the Board of Directors on ESG-related performance.

ESG initiatives are anchored in the business and integrated into NORDEN's commercial activities. Business unit heads are accountable for driving initiatives within ESG and making decisions on questions, issues and risks escalated by the ESG lead to ensure momentum and progress in the initiative portfolio. The business unit heads actively advocate ESG initiatives for their respective areas across the business units. NORDEN's ESG governance structure is outlined on page 58.

Strategy and risk management

NORDEN's environmental strategy is based on the aforementioned six commitments as part of enabling our customers to decarbonise their supply chains, while bringing down NORDEN's own emissions. In NORDEN, we believe that climate risks are also associated with opportunities, which we act on and incorporate as part of our customer value proposition. NORDEN applies both a short, medium and long-term perspective when assessing climate-related risks and opportunities.

In the short term, NORDEN will focus on efficient operations of vessels, providing transparent emissions reporting for our customers as well as offering greener competitive shipping solutions. Transparency and insight will enable our customers to make informed choices about their transportation options. In addition, NORDEN provides integrated freight solutions, whereby we combine freight and port logistics services to help customers make their supply chain more efficient and thereby bring down emissions. By providing greener freight solutions, we can empower our customers to reduce their CO_2-equivalent emissions. Our environmental efforts and targets will also enable NORDEN to stay ahead of environmental regulations, attract and retain employees, and remain attractive to financial institutions.

In the medium to long-term, NORDEN is researching new forms of propulsion, green fuels and eFuels through our strategic partnership with the Mærsk McKinney Møller Center for Zero Carbon Shipping, investing in vessels with zero-emission technology and developing tailored green freight solutions to customers.

Management is responsible for upholding NORDEN's risk management policy and for overseeing and discussing strategic risks and opportunities. NORDEN's risk profile and exposure are reported to the Board of Directors regularly. Internally, our Risk Committee assists the Board of Directors in its oversight of the Group's overall risk-taking tolerance and management of market, credit and liquidity risks as well as climate-related risks. Our Decarbonisation team makes proposals as to how these opportunities and risks can be anchored in the commercial business. Our Audit Committee identifies and manages risks related to financial reporting and auditing, among others.

In the TCFD table overview, we list key transitional and physical risks for NORDEN alongside mitigation actions and opportunities arising from these risks.

Transitional risks		Mitigation actions	Opportunities
Policy & Legal	• Implementation of new regulation, which impacts NORDEN disproportionately negative compared to competitors. • Failure to comply with reporting and compliance regulations (ESRS, EU Taxonomy & CII).	• Decreasing residual value risk by shifting exposure to operator activities and being less dependent on the owned fleet. • Monitoring policy, legal and regulatory sustainability landscapes.	• Asset-light operator model and ability to quickly shift market exposure and navigate new legislation. • Offering regulatory and carbon tax services to third parties in the NORDEN Tanker Pool.
Technology	• Accelerated decline in value of existing assets due to technological innovation, e.g. fuel sources and vessel efficiency.	• Operating an asset-light fleet, which protects against declining asset prices due to technological advances. • Actively testing and operating zero-emission ships, investing in research and development of low-carbon fuels, and from 2030 only ordering ships with zero-emission technology. • Developing market-leading operational systems.	• Using data to improve operational efficiency. • Offering innovative and sustainable freight solutions to our customers.
Market	• Declining demand for seaborne transportation services driven by lower demand for fossil fuel products and higher marginal costs (fuel costs, carbon tax, capital costs). • Premature investments in green freight products not aligned with market demands. • Increasing funding cost and/or potential lack of funding availability for activities not aligned with green investment demands (e.g. EU Taxonomy, Poseidon principles, SBTi). • Insufficient supply of alternative fuel sources.	• Diversification of business activities. • Providing green freight options by working with our partners to co-create greener shipping solutions. • Securing long-term alternative fuel supply contracts.	• Increasing market share through stronger branding and superior offering. • Empowering our customers to reduce their CO_2 emissions by offering greener alternatives competitive with the price of carbon. • Providing logistic solutions supporting a circular economy.
Reputation	• External stakeholder perception of NORDEN's climate footprint and initiatives. • Unable to attract and retain talented employees with high decarbonisation ambitions.	• Support industry-wide research within new forms of propulsion, green fuels, and eFuels with Mærsk Mc-Kinney Moller Centre for Zero Carbon Shipping. • New climate strategy. • Improving transparency in emissions reporting.	• Delivering net-zero emissions from our operations by 2050. • Becoming an industry leader in helping customers decarbonise their supply chains.
Physical risks			
Acute	• Margin erosion due to more frequent extreme weather events (e.g. drought or storm).	• Extensive use of weather routing systems when pricing and assessing the risk of freight contracts.	• Leveraging our use of data to improve predictions and decision-making.
Chronic	• Scarcity of water, impacting trade patterns and volumes. • Rising sea levels, impacting port operations and trade patterns.	• Including impact of chronic risks when evaluating business opportunities.	• Expansion of logistics offerings to non-core activities via Assets & Logistics business unit.

Ecological impacts

While not considered material based on the double materiality assessment, NORDEN is monitoring and assessing the impact of our operations on marine life. As part of our adaption of the SASB Marine Transportation reporting standard, we report on the share of owned vessels having implemented a ballast water treatment system, voyage duration in marine-protected areas and oil spills. These are all considered relevant issues to NORDEN.

In 2022, NORDEN reported zero spills in regard to the SASB Marine Transportation standard. We are collaborating with our technical managers on an ongoing basis to mitigate the risk of harmful spills, and continuously monitor developments through recurring reporting. NORDEN is compliant with international regulations intended to manage the ecological impact of operations.

MATERIAL TOPIC 1: EFFICIENT OPERATION OF OUR VESSELS

Efficient operation of vessels is an integral part of NORDEN's operator business model. We monitor the vessel's fuel efficiency using the EEOI measure. On NORDEN's owned and operated vessels, we continuously monitor fuel efficiency, determining optimal speeds and route planning. By distinguishing between operated and chartered-out voyages, we can identify the impact of our efforts, while still taking responsibility for all tonnage that we deliver to our customers by providing EEOI based on all assets.

Performance disclosure and evaluation

During 2022, the tank-to-wake (TTW) EEOI on all assets increased from 9.7 grams CO_2/tonne-mile to 9.9, corresponding to an increase of 2.7%. Adjusting EEOI for changes in fleet composition has a significant impact on tankers, with a like-for-like change of

Change of accounting policies for emissions

Emissions from voyages changed from including all emissions based on voyage completion date to being allocated based on the allocative share of emissions using contract service performance share for each reporting period. This ensures that emissions are reported following the financial reporting accrual principles, thereby mitigating the risk of fluctuations in emissions related to longer TCO contracts.

For NORDEN's pool operations, NORDEN will account for our proportional share of emissions generated by aligning with the distribution allocation model of our pools. The residual carbon emissions from pool operations will be accounted for as scope 3 emissions. Additional changes and elaborations to accounting policies can be found in the ESG accounting policies.

Introduction to NORDEN's EEOI framework

NORDEN monitors the vessel's fuel efficiency using EEOI, which measures the relative relationship between CO_2 emissions from bunker fuel consumption and transport work (tonne-nautical miles). This is represented as gCO_2/tonne-nautical miles.

NORDEN reports three different versions of the EEOI:
1) TTW all assets: For the entire fleet including TCO vessels and based on TTW emissions only.

2) TTW operating assets: For the operated fleet excluding TCO vessels and based on TTW emissions only.

3) WTW operating assets: For the operated fleet excluding TCO vessels and on a well-to-wake (WTW) basis, i.e. including upstream emissions related to the extraction, processing and transportation of bunker fuel for our vessels. This measure is presented on a CO_2-equivalent basis.

NORDEN's primary measure is the TTW EEOI all assets presented on a fleet-adjusted basis. As supplementary measures, NORDEN reports the TTW EEOI operating assets and WTW EEOI operating assets. NORDEN has divided EEOI into the main drivers that affect the performance, as this allows NORDEN to follow developments in the indicator on a more granular level. CO_2 emission drivers are split into speed and bunker type, while transport work drivers are determined by allocative utilisation, payload utilisation, and fleet composition. The relationship between EEOI and the drivers listed is described as:

Speed

Vessel speed is highly affected by market conditions. In attractive markets, vessel speeds are expected to increase and thereby raise CO_2 emissions emitted from bunker consumption. This implies that an increase in speed would increase EEOI.

Bunker fuel supply

Bunker fuel consumption is converted into emissions using emission factors provided by the International Council on Clean Transportation (ICCT). A larger share of green fuels and eFuels is expected to be the main driver for a decreasing EEOI in the future. Additionally, the WTW EEOI is impacted by well-to-tank emissions from third-party bunker suppliers

Allocative utilisation

Allocative utilisation measures the relationship between laden and total miles. Laden miles are miles, where the vessel carries cargo. Transport work is calculated as the product of nautical miles and cargo carried. Holding everything else constant, higher allocative utilisation would increase transport work and decrease EEOI.

Payload utilisation

Payload utilisation measures the utilisation of cargo capacity during a voyage. Payload utilisation is a number between zero and one. Higher payload utilisation would increase transport work and fuel consumption as more energy is required for propulsion at a given speed with more cargo. The effect of increasing payload utilisation is a decreasing EEOI.

Fleet composition

EEOI is highly affected by fleet composition, as EEOI varies across vessel segments and types. In addition, the same composition varies over the reporting period. EEOI is negatively correlated to vessel size and share of dry cargo vessels. As NORDEN's portfolio of vessel types changes continuously in line with the Company's agile business model and market demand, it can render the gradual developments in the overall EEOI less informative. In order to make EEOI more comparable, NORDEN reports performance across vessel types and outlines a fleet-adjusted EEOI, enabling a more transparent explanation of variations in the indicator year-on-year.

10.9% vs. 7.0% unadjusted. This is due to an increasing share of MR vessels in the current reporting year with higher fuel efficiency and lower EEOI compared to Handysize T vessels. The increase in like-for-like EEOI is mainly driven by higher speeds on tanker vessels, but somewhat offset by lower speeds on dry cargo vessels and higher payload utilisation on tanker vessels.

Like-for-like figures represent EEOI adjusted for changes in the fleet mix across time, using transport work composition across vessel types from the current reporting year as the baseline.

Looking ahead

In the short term, we aim to decrease TTW EEOI all assets by 2% annually in line with the United Nations International Maritime Organisation's (IMO) 2050 trajectory, applying 2022 as a baseline. However, NORDEN acknowledges that a new trajectory has to be established to meet our long-term target of net zero emissions in 2050. This entails continuously seeking ways to improve the operational efficiency of our vessels in the short term, while investigating new technologies and entering strategic partnerships for the long term. In 2022, NORDEN improved short-term fuel efficiency by applying anti-fouling paint on several vessels. This is a special coating applied to the hull and propellers of a marine craft to slow the growth and facilitate detachment of subaquatic organisms, which attach to the hull and affect a vessel's performance and durability. This should have an impact on fuel efficiency on owned and long-term time-chartered vessels for the coming years.

In line with the prospects of a weakened dry cargo market and a strong product tanker market in 2023, while actively working with emissions in our business, we expect a decreasing EEOI for the coming year. Vessel segments in dry cargo are expected to improve EEOI, anticipating decreased speeds. Speed effects are expected to be slightly offset by lower payload utilisation, depending on various market movements affecting the EEOI driver subcomponents. Therefore, a combination of market outlook and actively working on emission reductions is expected to drive EEOI decreases.

MATERIAL TOPIC 2: DECREASING VALUE CHAIN EMISSIONS

As part of our aspiration to decarbonise our customers' supply chains, NORDEN aims to be carbon neutral by 2050. This is aligned with the climate ambitions outlined by the Danish government's climate partnership with the Danish maritime sector of achieving carbon neutrality in 2050. NORDEN's environmental targets go beyond the IMO carbon reduction strategy and goals of reaching a 50% reduction by 2050 relative to 2008 emissions.

As the first step towards decreasing our value chain emissions, we will focus on mapping the full extent of our greenhouse gas emissions (GHG). This will allow NORDEN to define targeted future initiatives that can contribute to reducing our emissions going forward. Such initiatives will be included in future reports.

Boundaries of scopes

Our activities and emissions are divided into the GHG Protocol's scopes 1, 2 and 3:

EEOI performance

	2022*			2021*				
	TTW operating	WTW operating	TTW all assets	TTW operating	WTW operating	TTW all assets	YoY (%) TTW all assets	Avg. DWT* / YoY (%)
Handysize	10.7	13.9	11.2	10.9	14.2	11.1	0.6%	36,043 / 0.3%
Supramax	7.8	10.1	8.3	8.3	10.8	8.4	-1.6%	59,836 / 0.3%
Panamax	8.0	10.3	8.2	8.4	10.9	8.2	0.1%	81,272 / 0.5%
Dry cargo	**8.5**	**11.1**	**8.9**	**8.9**	**11.6**	**8.9**	**0.0%**	**62,294 / -1.5%**
Like-for-like	*8.5*	*11.1*	*8.9*	*9.0*	*11.6*	*8.9*	*-0.5%*	
Handysize T	20.9	26.9	20.8	18.0	23.1	17.9	15.9%	37,907 / 0.3%
MR	15.1	19.6	14.8	14.2	18.4	13.4	9.9%	49,891 / -0.2%
Tankers	**15.9**	**20.6**	**15.5**	**15.1**	**19.7**	**14.5**	**7.0%**	**48,438 / 2.8%**
Like-for-like	15.9	20.6	15.5	14.7	19.0	14.0	10.9%	
Total	**9.9**	**12.9**	**9.9**	**10.0**	**13.0**	**9.7**	**2.7%**	**60,034 / -1.4%**
Like-for-like	*9.9*	*12.9*	*9.9*	*10.0*	*13.0*	*9.7*	*2.2%*	

* KPI in scope of limited assurance.

Scope 1: GHG emissions related to the combustion of bunker fuel from owned and operated vessels. This includes time-chartered vessels operated by NORDEN, but not third-party pool management operated vessels.

Scope 2: GHG emissions associated with the purchase of electricity, steam, heat or cooling.

Scope 3: GHG emissions related to upstream and downstream activities. For NORDEN, material upstream activities include services and products provided by third-party suppliers, waste generated in offices, and well-to-tank bunker fuel emissions. Downstream activities in NORDEN include bunker consumption from TCO vessels, and third-party pool management operated vessels.

Scope 3 emission framework

Following the recommendations from the GHG protocol, NORDEN will report all material emissions from our operations, including downstream and upstream activities. NORDEN has used the GHG criteria to identify relevant scope 3 activities. Among the 15 GHG categories outlined for scope 3, NORDEN has identified nine relevant categories, of which seven are included in our framework, as outlined in the table overview.

For 2021, NORDEN reported on scope 3 emissions from 'business travel' and 'leased cars'. Applying the GHG's emission materiality threshold of 5%, both of these GHG categories are non-material and are therefore no longer a separate part of the reporting framework. NORDEN will account for emissions related to 'purchased goods and services', 'fuel and energy-related activities', and 'downstream leased assets'. As emissions related to the new categories are significantly higher than previously stated in scope 3, we restate the reported figures in the 2021 Annual Report ensuring comparability between reporting years.

Conversion factors

An important part of enhancing the transparency and reliability of value chain emissions is the transition from generic to specific emission conversion factors. In the current reporting year, NORDEN has expanded the scope 3 emission framework to include upstream bunker fuel and supplier emissions, among others. Upstream bunker fuel emissions are based on emission factors from ICCT (2021) and fuel consumption, while supplier emissions are calculated based on the costs and average emission factors across Comprehensive Environmental Data Archive (CEDA) sub-category groups.

Performance disclosure and evaluation

Our total GHG scope 1, 2, and 3 CO_2 -equivalent emissions were 9.0m tonnes – a decrease of 0.2m tonnes compared to 2021. Scope 1 CO_2e emissions have decreased by 5% year-on-year, while scope 3 CO_2e emissions have increased by 1% year-on-year. This is driven by increasing emissions from TCO vessels and increasing commercial management activity in the NORDEN Tanker Pool.

At the end of 2021, NORDEN acquired a green certificate covering all electricity usage at our headquarters in Copenhagen until December 2024. Emissions from the headquarters were a result of employee commute, facility supply and waste. In the short term, NORDEN expects absolute emissions to follow vessel day activity levels.

Looking ahead

Enhancing the data framework of our emissions will provide transparency of our actual performance, and allow NORDEN to initiate targeted initiatives to decrease overall value chain emissions. In

GHG scope 3 categories

GHG scope 3 categories	GHG number
Included in scope 3 framework	
Purchased goods and services	1
Fuel and energy-related activities	3
Upstream transportation and distribution	4
Waste generated in operations	5
Business travel	6
Employee commuting	7
Downstream leased assets	13
Relevant, but not part of current framework	
Capital goods	2
End of life treatment of sold products	12
Non-material	
Upstream leased assets (reported in scope 1)	8
Downstream transportation and distribution	9
Processing of sold products	10
Use of sold products	11
Franchises	14
Investments	15

CO_2-equivalent emissions

('000 tonnes)	2022*	2021	Change
Scope 1 GHG emissions	**4,579**	**4,819***	**-5%**
Scope 2 GHG emissions	**0.4**	**0.3***	**10%**
Scope 3 GHG emissions	**4,402**	**4,360**	**1%**
GHG 13: Downstream leased assets	2,972	2,908	2%
GHG 3: Fuel and energy-related activities	1,163	1,201	-3%
GHG 1: Purchased goods and services	266	251	6%
Total GHG emissions	**8,981**	**9,179**	**-2%**

* KPI in scope of limited assurance.

2023, we will investigate expanding the GHG framework with two new scope 3 categories to achieve an even more comprehensive scope 3. The two categories are listed in the scope 3 GHG categories table. The categories 'downstream transportation and distribution', 'processing of sold products' and 'use of sold products' are not considered given the stated boundaries of scopes.

To further enhance our scope 3 framework, we are working on implementing specific conversion factors for bunker fuel and services/products from third-party suppliers. This will allow NORDEN to gain more insight into our carbon footprint and track the impact of actions taken. Emissions from fossil marine fuels are highly dependent on the feedstock and production pathway, making specific conversion factors material for NORDEN, and will therefore be a key priority for 2023.

NORDEN is committed to reducing emissions across our value chain through concrete initiatives that have effect already in the short term.

NORDEN's Decarbonisation team is directly involved in projects to investigate and develop future fuels and new zero-carbon technologies, using our vessels as test laboratories. The team is focusing on the commercialisation of biofuel, enabling NORDEN to deliver green freight solutions for our customers going forward.

NORDEN has initiated internal discussions of structure for an internal carbon pricing system, which would increasingly make carbon footprint awareness an integral part of daily operations and decision-making. This is currently work in progress and is expected to be formalised during 2023. NORDEN believes carbon pricing is inevitable for delivering on the net-zero ambition by 2050.

Helping customers solve supply chain bottlenecks

Comilog, one of the largest manganese mining companies in Africa, struggled with supply chain bottlenecks and high freight costs, as the nearby port was not able to accommodate the size of vessels they needed for operational purposes.

In early 2022, Comilog and NORDEN entered a ten-year partnership with the goal of overcoming these bottlenecks. To do so, NORDEN established floating transfer stations 40 miles offshore. By loading barges in the port and towing them to the floating transfer station to load the vessel, NORDEN enabled Comilog to utilise larger vessels, thereby exporting more material, using less resources.

By overcoming port infrastructure bottlenecks, Comilog has been able to optimise its supply chain, while keeping export costs down. Furthermore, by utilising larger vessels compared to previously, NORDEN has also assisted Comilog in lowering its overall carbon emissions.

SOCIAL

NORDEN is a people-driven business. We continuously work to strengthen our position as an attractive employer, offering an inclusive, engaging, healthy and safe working environment, in which all employees have equal opportunities to realise their potential. We aspire to build resilience, ensure well-being and enable our employees to operate as a globally connected team.

NORDEN's goal is to have a human-centric culture with global reach, high levels of engagement, diversity, equity & inclusion (DE&I) as well as outstanding employee experiences leading to a high-performing organisation.

When it comes to physical safety, NORDEN's ambition is clear: zero serious incidents. This strategy drives our collective efforts every day to ensure the safety our employees, our external personnel and all others present at our locations and assets.

In the wake of the COVID-19 pandemic, focus on employee well-being has further increased in NORDEN. Although some offices continued to be affected by shutdowns in 2022, efforts to build a resilient workforce have been ongoing, enabling employees to operate as a globally connected team. The focus on our employees was highlighted during a week-long employee event in 2022, NORDEN Days, during which we gathered all employees across locations to strengthen and reinforce our purpose, values and culture.

NORDEN's policies articulate the purpose and values of our organisation, ensuring these are embedded in our daily operations and decision-making. NORDEN has a range of different social policies. Some of them are listed here https://norden.com/about/governance/policies-and-charters.

Material topics

In order to deliver on our commitment to ensure a sustainable working environment, our material topics for social matters are defined as Health & Safety and Culture.

MATERIAL TOPIC 1: HEALTH & SAFETY

Managing and maintaining excellent working conditions are important to NORDEN – both when it comes to onshore and offshore activities. As a responsible international company, our ambition is not only to ensure compliance with international legislation, but also to set higher standards. For outsourced activities such as technical management of vessels, we will prioritise even closer collaboration to ensure that standards are equal to NORDEN's. Therefore, NORDEN's focus on health and safety offshore is related to the management of technical managers, requiring services that comply with international and NORDEN's standards and support a comprehensive reporting framework, in order to ensure trust in the technical manager's operation.

Onshore

NORDEN remains committed to fostering a working environment, where health and safety are our top priorities. Creating such a workplace necessitates a level of responsibility among employees to safeguard their own and their colleagues' safety. This goes hand in hand with adhering to NORDEN's Health & Safety policy, communicated in the Employee Code of Conduct. If an employee feels that health and safety policies have been breached or not properly addressed, there are several channels in place, including a whistleblower scheme. Every year, NORDEN measures the perception of both the physical and mental working conditions in our offices through an Engagement Survey. Our 2022 survey indicated above average performance in all questions related to working conditions. While the responses on working conditions have a higher average score than our industry benchmarks, NORDEN has prioritised creating a workplace, where we support our employees in terms of their mental health to an even higher extent.

Additionally, Health & Safety is an integrated part of our Human Rights Impact Assessment, in which risk and mitigation factors are addressed. Finally, NORDEN has a Working Environment Group, where trained employee and management representatives handle inquiries and challenges related to health, safety and general work environment. Any identified adverse health and safety impacts are prioritised by the Working Environment Group, and appropriate actions are taken to prevent and mitigate these going forward.

Offshore

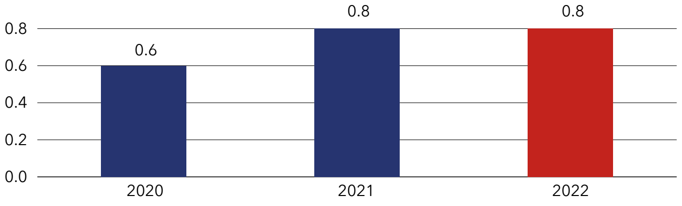
In 2022, NORDEN conducted ongoing inspections onboard our vessels. In addition, we visited the offices of our technical managers and attended crew seminars with the intention of assessing their approach to safety. During these visits, we emphasised our focus on safety and the general health of the seafarers and contractors working onboard our vessels. On-site visits enable NORDEN to evaluate our technical managers' approach to safety, as well as the safety culture they are striving to uphold and implement onboard the vessels through training of crew and safety campaigns targeting critical work processes onboard.

2022 achievements and initiatives:

- Introduced a Flexible Working policy.
- Developed a common language of well-being and energy levels among employees by introducing the concept of energy management, alongside tools and techniques for achieving and maintaining high levels of energy.
- Defined ambitious targets regarding working conditions and tracked progress through our Engagement Survey.
- Conducted inspections onboard our vessels to assess safety culture.
- Visited technical management offices and attended crew seminars, assessing safety approaches.
- awareness campaign was conducted to ensure knowledge of NORDEN’s whistleblower scheme on all owned vessels, providing the crew multiple ways to report incidents anonymously.

Lost time incident rate (LTIR)

Accidents per 1 million working hours



Performance disclosure and targets

NORDEN strives to set the same high standards for safety and optimal working conditions onboard vessels as we do onshore. We continuously ensure that our technical managers meet these standards. Operating at sea involves safety and security risks that must always be managed carefully to safeguard the crew and external personnel. The number of injuries, by which crew members were unable to work the following day (primarily related to fingers, knees and back injuries), are measured through the Lost time incident rate (LTIR). LTIR is measured as lost time incidents per one million working hours.

Overall, LTIR remained at 0.8 in 2022 based on four incidents in 4.8 million exposure hours. In September, two simultaneous injuries occurred on Nord Himalaya, resulting in six and 14 days off duty, respectively. All injuries during the year were related to the back and torso.

Tragic incident onboard one of NORDEN's vessels

In June 2022, NORDEN’s technical manager reported a tragic incident onboard Nord Magic. Two external, subcontracted service technicians, which were contracted for a routine job, died during an accident. The incident happened while the two technicians were carrying out cargo tank inspections and were exposed to toxic vapours inside the tank.

The investigation following the tragic incident revealed that procedures for tank entry had not been followed correctly. The investigation also highlighted that inadequate safety equipment was worn, while inconsistency in procedures and work permits also contributed to the incident. This incident deeply affected everyone involved, and NORDEN closely liaised with the technical manager and authorities during the investigation, and subsequently implemented additional preventive measures to avoid future accidents. Crew fatalities at sea related to work safety amounted to zero in 2022 (zero in 2021), while subcontractor fatalities at sea related to work safety amounted to two in 2022 (zero in 2021).

Looking ahead

During 2023, NORDEN will focus on:

- Strengthening the health and well-being of our employees through new preventive initiatives.
- Increasing transparency among employees on the possibilities for receiving support.
- Strengthening health insurance framework in line with market best practice.
- Developing a technical manager Code of Conduct, outlining common principles for how to adhere to the social, ethical and environmental standards in the way NORDEN conducts business.
- Carrying out inspections of owned vessels, conducting office visits and attending crew seminars with the goal of supporting technical managers in developing high health and safety standards, and avoiding accidents onboard owned vessels.
- Investigating whether new preventive measures should be taken to decrease LTIR.

MATERIAL TOPIC 2: CULTURE

NORDEN's culture is a key driver to achieving success and delivering on our strategic ambitions. A value-driven culture helps foster our purpose of enabling smarter global trade. Having a strong culture that embraces market uncertainty through data-driven decisions and risk monitoring is a key part of how we achieve our results.

With an expanding organisation and new offices, it is vital to safeguard our strong, value-driven culture. To support this, our main objectives are to retain and develop our employees, maintain a high level of well-being and engagement, and to attract a diverse range of new employees.

Creating a work environment where employees thrive and are motivated is essential for sustaining long-term success.

2022 achievements and initiatives:

- To remain a value-driven company which challenges, develops and empowers employees, NORDEN relaunched Soulship, our global culture and development programme, offering training within areas such as feedback, hybrid collaboration, energy management, inclusion and how to have good conversations.
- Working with inclusion is an integrated part of NORDEN's ESG strategy and is measured through the Engagement Survey. The survey showed an increase in the perceived inclusion in NORDEN with focus on respect, trust, ability to raise discrimination concerns and the possibility to be yourself at work.
- Tracking employee engagement and well-being through bi-annual Engagement Surveys. After each survey, team sessions are conducted to ensure continuous improvement both on group and team level. During 2022, we increased our focus on employee well-being, introducing new health and well-being initiatives and prioritising physical and mental health as a natural part of working in NORDEN. These initiatives aim to build resilience, ensure well-being as well as enable all employees to operate as a globally connected team.
- To mark NORDEN's 150-year birthday, colleagues from all global offices gathered in Copenhagen for the purpose of connecting, developing and experiencing NORDEN's culture.
- As part of NORDEN's efforts to engage in and contribute to the local communities, we have introduced a Community Engagement programme called Giving Together. Everyone in NORDEN was invited to propose local charities and causes, on which NORDEN can make a positive impact.

Diversity, equity and inclusion

As a people-based business, NORDEN considers diversity as a strength in the world of shipping and actively works to ensure DE&I in our organisation. We aim for an organisation, where DE&I accelerates our purpose of enabling smarter global trade through a diversity of gender, nationality, age, work experience, educational background and other attributes. We want to achieve this by harnessing all employees' unique contributions into our operational foundation, while opening up for different viewpoints and ways of thinking.

At NORDEN, we base all recruitment, promotion and rewarding on qualifications, performance, potential and behaviour only and we do not accept discrimination.

NORDEN aims for a gender balance of a minimum of 40% of the underrepresented gender, which leaves up to 20% flexibility for women, men and non-binary genders, recognising that some employees may not wish to be categorised.

In total, NORDEN employees represented 48 different nationalities in 2022, and the percentage of non-Danish employees has risen to 54% from 50% in 2021.

Diversity in management

Managerial levels range from the Board of Directors to Senior Management to managers. The members of NORDEN's Board of Directors cover a wide range of competencies and experiences within international shipping, finance, investment, strategy, digitalisation and risk management, from both Danish and international business. This combination is considered desirable as it ensures a broad approach to tasks and contributes to ensuring qualified governance of NORDEN's strategic direction. Likewise, gender balance on a managerial level is desirable and pursued on an ongoing basis in NORDEN, as part of ensuring a diverse range of management skillsets and composition, while promoting equal opportunity across NORDEN's organisation. NORDEN's recruitment process enables managers to focus on promoting equality and broadening opportunities for new and existing talents. This includes looking for managerial candidates with backgrounds other than shipping, and in addition actively mitigating any potential biases that might influence the decision-making process when hiring. This is to ensure that NORDEN recruits on the basis of qualifications, potential to develop and ability to deliver on our strategy.

The gender balance in Executive Management and the Board of Directors remained unchanged in 2022. On the Board of Directors, shareholder-elected women represented 33% (two out of six) of the board members in 2022. The gender balance is therefore not yet meeting NORDEN's target of having a minimum of 40% shareholder-elected female board members in 2025. For the Board of Directors to meet the objective on gender diversity, the Board intends to propose female candidates at the Annual

General Meeting in 2025, bringing the ratio of females on the Board of Directors in line with our 2025 objective.

The share of women in managerial positions in NORDEN was 37% in 2022, up from 36% in 2021. NORDEN aims to increase this share to at least 40% by 2025. During 2022, NORDEN has increased awareness of including female candidates as part of the recruiting process for managerial roles. In addition, our process for assessing promotion opportunities has received increased focus on creating equal opportunities for all genders.

2022 achievements and initiatives:

- Developed an inclusive recruitment process, aiming for unbiased and comprehensive targeting and assessment.
- Embedded DE&I into our processes and working instructions for recruiting, promoting and rewarding with the aim of strengthening equal gender distribution in general and in managerial positions.
- Screened for DE&I imbalances in our organisation through our Engagement Survey. Looking into the perception of inclusion across age groups, gender and locations, no notable difference was found based on the results.
- Real-time reporting on DE&I measures was developed. The aim is to increase transparency and strengthen accountability among managers by empowering them to integrate actions into daily business operations.
- Launched an industry-leading global parental leave programme to ensure more equal career opportunities for new parents. Employees were also granted full employer-paid pension and paid vacation during unpaid parental leave.
- Benchmarked gender remuneration: NORDEN aims to achieve financial inclusion and empowerment of all employee groups. The annual equal pay benchmarking exercise across levels did not find any structural inequalities in the way we pay our male and female employees.
- Conducted unconscious bias and psychological safety training for all employees.
- The annual discrimination and harassment survey gave insights into areas of prioritisation and how we can educate and support our employees. The survey showed a decrease in harassment experiences, as well as a higher maturity when it comes to clear procedures and methods for resolving disagreements, conflicts and harassment cases.
- Rolled out harassment awareness training for the US office.
- Participated in the UN Global Compact Target Gender Equality Programme and became a signatory of the seven Women's Empowerment Principles, which serve as a guide for actions that advance and empower women.
- Implemented the Women's Empowerment Principles' Gender Gap Analysis Tool to outline opportunities for improving performance on gender-related topics.

Performance disclosure and targets

NORDEN tracks performance in culture as a material topic through four indicators: Engagement score, diversity, turnover rate and retention rate. Additionally, we measure supporting indicators such as new hires and job level diversity.

Engagement score

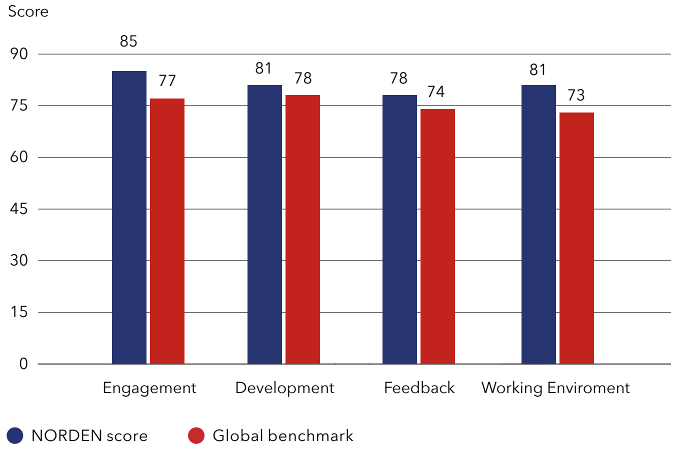
NORDEN's overall employee engagement score was 83 in 2022 – the same level as in 2021. The score is above our ambition of 80, while exceeding the global benchmark provided by Ennova, which benchmarks against all industries for each of the four indicators. NORDEN performs well within the sub-categories 'engagement' and 'development'. The response rate of our latest survey was 96%, corresponding to 401 of 418 employees (as of September 2022).

Our survey indicated lowest performance in questions related to giving and receiving feedback among colleagues. While the responses on feedback have a higher average score than our benchmarks, NORDEN has prioritised creating a workplace with more constructive feedback. For the same reason, we embedded NORDEN Conversations and NORDEN Feedback as part of the internal Soulship programme. This ensures our employees are equipped with the necessary tools for receiving and providing constructive feedback.

Gender representation

The share of the underrepresented gender among employees was 39% in 2022, up from 38% in 2021. Among management and Senior Management, the share of the underrepresented gender was 37% and 20% respectively in 2022, compared to 36% and 20% in 2021. We have introduced a new indicator showing the development in the share of the underrepresented gender among employees in commercial roles.

Engagement scores across indicators



Commercial roles represent an employee group to which we have, historically, had the most difficulty attracting and retaining women.

New hires are categorised according to location, average age and female ratio. In 2022, NORDEN hired 67 employees with an average age of 36 years and 43% female. As females represented 38% of leavers in 2022, the net effect of new hires and leavers is contributing to our ambition of having a minimum of 40% of the underrepresented gender among all employees. The average age of leavers was approximately 35 years.

Retention and turnover rates
The overall retention rate was 94% in 2022, up from 89% in 2021. The performance is above our ambition of 90% in retention among full-time employees. Retention rates are measured across locations, age groups and gender. Although differences are considered non-material, NORDEN is monitoring the development in retention across categories, in order to capture and address any signs of imbalances due to, for example, lacking inclusivity.

The turnover rate among full-time employees was 9% in 2022, down from 15% in 2021. The overall turnover rate is consistent across headquarters and other offices, with highest turnover among the 15-34 age group. For other offices, there is a higher turnover rate for males compared to females.

Looking ahead
In 2022, NORDEN performed above our ambitions on almost all indicators. The share of the underrepresented gender is still just below our ambition of 40%, but is considered within reach next year.

In 2023, NORDEN will:
- Develop and launch our Next Level Leadership programme, which focuses on building leadership consistency and robustness across NORDEN.
- Further develop our internal culture and development programme, Soulship, to focus on change leadership and the high-performing organisation, among other topics.
- Improve the feedback culture as a strategic priority. Our aim is to ensure that all employees receive frequent and timely feedback. Specific initiatives will be developed to support awareness on what constructive feedback looks like, as well as how to use any received feedback as a development opportunity and translate new perspectives into actions.

Diversity across employee groups

	2022	2021	2020
Share of underrepresented gender in shareholder-elected members of the Board of Directors	33%*	33%*	33%
Share of underrepresented gender in Senior Management	20%	20%	20%
Share of underrepresented gender among managers	37%*	36%*	28%
Share of underrepresented gender among employees	39%*	38%*	35%
Share of underrepresented gender among employees in commercial roles	29%	24%	22%

* KPI in scope of limited assurance

New hire distribution across age and gender in 2022

Locations	New hires	Average age	Female-ratio
Headquarters	18	39	33%
Other offices	45	34	47%
Total	**63**	**36**	**43%**

Retention rate across age groups in 2022

Locations	15 to 34	35 to 54	55 to 74	Total
Headquarters	**91%**	**96%**	**100%**	**94%**
Male	91%	97%	100%	95%
Female	90%	94%	100%	92%
Other offices	**91%**	**97%**	**100%**	**94%**
Male	86%	94%	100%	91%
Female	97%	100%	100%	99%
Total	**91%**	**97%**	**100%**	**94%***

Turnover rate across age groups in 2022

Locations	15 to 34	35 to 54	55 to 74	Total
Headquarters	**13%**	**9%**	**0%**	**10%**
Male	13%	7%	0%	8%
Female	14%	14%	0%	14%
Other offices	**9%**	**5%**	**0%**	**7%**
Male	14%	9%	0%	11%
Female	3%	0%	0%	1%
Total	**11%**	**8%**	**0%**	**9%***

- Introduce a global e-learning course on harassment and develop an anti-harassment policy for the purpose of contributing to a respectful and inclusive working environ-ment.
- Launch a new global onboarding programme, ensuring that new colleagues receive a strong foundation for their careers at NORDEN.
- Focus on increasing the share of the underrepresented gender in commercial and managerial roles.

Working with human rights

As an integrated part of the global supply chain, NORDEN plays an important role in upholding human rights and taking proactive measures to prevent and mitigate violations. Implementing the necessary policies, due diligence processes and grievance mechanisms are part of a continuous process in NORDEN, adhering to the requirements set by the UN Guiding Principles for Business and Human Rights. NORDEN is committed to respecting all internationally recognised human rights in our dealings with employees and workers in our supply chain.

NORDEN's human rights risk profile is evolving in line with our business model having shifted towards an asset-light strategy over the past years, whereby NORDEN to a large extent leases and charters in its vessel portfolio. In 2022, NORDEN conducted a Human Rights Impact Assessment that led to added insight into and understanding of our potential and actual human rights risks across the organisation and value chain.

NORDEN follows the best practice recommendations from United Nations Guiding Principles on Business and Human Rights, Danish Shipping and the Danish Institute for Human Rights.

NORDEN has a responsibility to consider any human rights violations it may cause, contribute to, or be directly linked to. Every second year, NORDEN conducts an assessment of human rights risks in all our operations. This Human Rights Impact Assessment forms the basis for controlling the policies and procedures of NORDEN's operations, investigating both our own operations and activities as well as those across the value chain.

Multiple interviews were conducted with employees and managers to obtain an accurate overview of the salient human rights risks in NORDEN's activities. The process and findings were presented to, and approved by, NORDEN's ESG owner.

The findings highlighted where our management approach was adequate to address the identified salient risks. However, NORDEN acknowledges that continued improvements in our operations are needed to secure sustained and measurable outcomes.

The human rights risks identified as most salient across our value chain are:
- Use of suppliers and their maturity regarding human rights
- Crew health and safety – especially operating in high-risk conflict zones
- Crew and employee working conditions

NORDEN identifies the largest risk present in collaborating with suppliers such as technical managers and tier-two suppliers (sub-suppliers of NORDEN's main suppliers). Physical distances create the risk of incidents going unreported to NORDEN and unfair treatment going unnoticed. NORDEN has a responsibility to investigate these salient risks. NORDEN is currently working on a technical manager Code of Conduct, stating our minimum requirements on all ESG-related topics. Furthermore, an awareness campaign was conducted to ensure knowledge of NORDEN's whistleblower scheme on all owned vessels, leaving the crew multiple ways to report incidents anonymously. In 2023, we will define and prioritise areas for action, including supplier screening to assess policies and respond to issues (see also ESG Governance section).

ESG GOVERNANCE

Our governance structure ensures alignment with long-term shareholder interests and management of NORDEN in accordance with relevant national and international regulations. NORDEN strives to uphold the highest standards for business ethics in our operations.

As a global company, we operate in regions where concepts of integrity and good business conduct vary, which can pose challenges. However, non-compliance can lead to legal and reputational risks, damaging our licence to operate.

To prevent any form of corruption, we focus on ensuring a strong governance foundation, setting the direction for what we define as good business conduct, no matter where in the world we do business.

Taking a firm stance on preventing any form of corruption is an integral part of our ambition to enable smarter global trade.

NORDEN's policies articulate the purpose and values of our organisation, ensuring these are embedded in our daily operations and decision-making. NORDEN has a range of different governance policies. Some of them are listed here.

- **Anti-corruption policy:** Ensures compliance with key anti-corruption legislation, mitigates NORDEN's reputational risks and guides employees in what is expected when working for NORDEN. The policy applies to all employees, Management and the Board of Directors.
- **Gift and entertainment policy:** To ensure that no offering or acceptance of gifts or business entertainment can be confused with bribery, NORDEN has set up a policy guiding all employees.
- **Data ethics policy:** The policy states our data ethics principles, describing how we collect, store, process and protect data for the benefit of our employees, customers, business partners and other stakeholders.
- **Employee code of conduct:** The code describes the ethical, social and environmental behaviour, which every employee, regardless of position, should adhere to when working at NORDEN.
- **Supplier code of conduct:** The code supports us in building a sustainable practice by establishing systems and processes to manage our adverse impacts on human and labour rights, environment and anti-corruption through our purchasing practices.
- **Sanctions policy:** The policy aims to ensure that NORDEN, our affiliated companies and employees do not engage in any transactions in breach with the sanctions policy.

Clear accountability and integration with the core business

NORDEN has a clearly defined governance structure for implementing our ESG targets. Governance of the ESG strategy and target setting is anchored with the Board of Directors. Our Sustainability Executive Body is responsible for outlining and formalising the ESG strategy, providing strategic guidance as well as approval of policies and initiatives. This body consists of Senior Management and senior representatives from Logistics & Climate Solutions as well as Fuel Efficiency & Decarbonisation. Ultimate accountability for ESG at NORDEN lies with our Board of Directors.

To ensure alignment of ESG with business priorities and a long-term focus, we embed responsibility for the ESG focus areas into core business functions. Designated ESG owners drive implementation and progress of environmental, social and governance initiatives, aligned to short and long-term targets within their respective areas of responsibility.

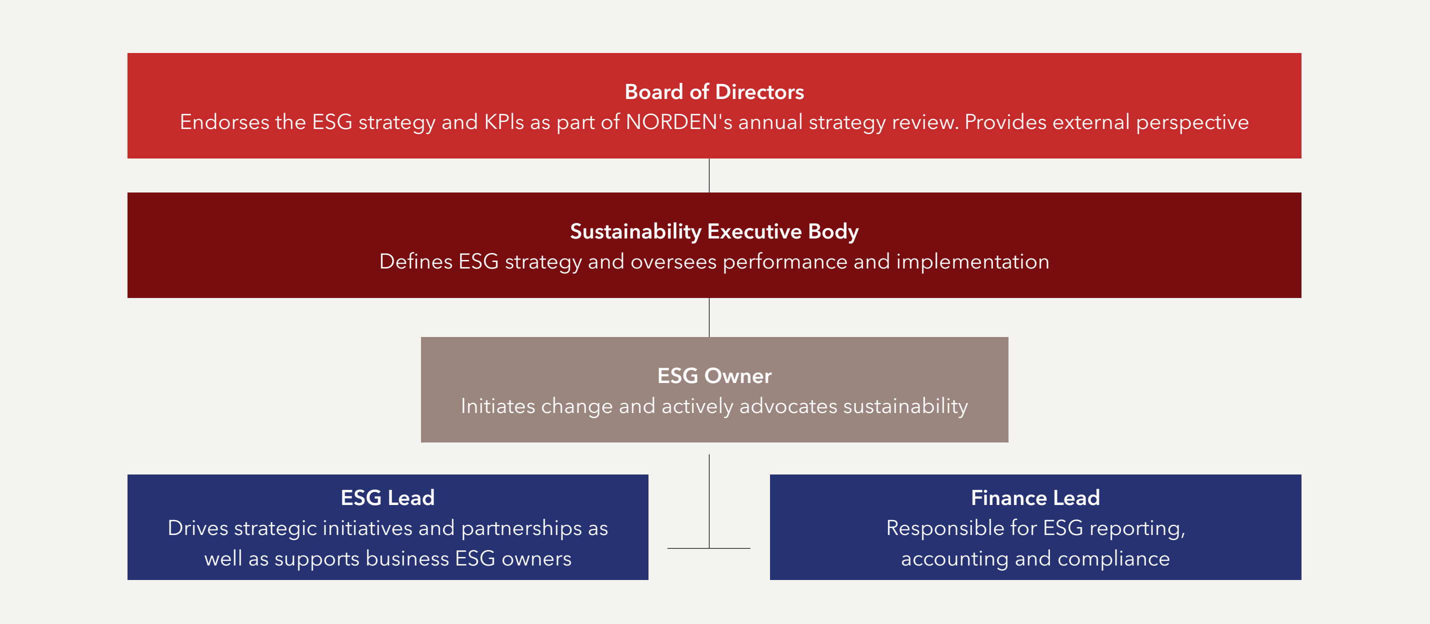
Annually defined KPIs are reported on a quarterly basis to our Board of Directors. The Sustainability Executive Body continuously monitors and reviews the overall ESG performance and progress, which are benchmarked against targets for each KPI, in addition to overseeing ongoing projects and initiatives under the ESG strategy.

Executive Management remuneration is linked to achieving progress on ESG targets such as reducing CO_2e emissions and ensuring diversity and inclusion in the organisation. To ensure continuous progress, performance on ESG targets is linked to remuneration for other roles working with the ESG strategy throughout our business, including Senior Management.

Whistleblower scheme

NORDEN is committed to providing an environment where best practices are encouraged and safeguarded. Since 2011, NORDEN has had an independent whistleblower scheme accessible to all employees and external stakeholders partnering with NORDEN. Employees in NORDEN are able to raise workplace and operational concerns either directly with their manager or with the HR department, or they can use NORDEN's whistleblower scheme to report concerns anonymously. Whistleblower reports are directed to the Chair and Vice chair of the Board of Directors as well as the Head of Legal.

In 2022, two substantiated whistleblower reports were received. The reports, which in both instances concerned working conditions for seafarers, were investigated and actions to address the substantiated complaints were carried out when required. NORDEN has a strict non-retaliation policy vital to ensuring that employees feel safe speaking up.



Responsible tax

As a company with global reach, NORDEN operates in multiple jurisdictions with different tax rules and regulations. NORDEN complies with the current tax legislation in the countries we operate in, and we comply with all applicable transparency rules, including country-by-country reporting. NORDEN does not use so-called tax havens according to the European Union tax haven blacklist.

Data ethics

NORDEN's business model increasingly relies on advanced analytics capabilities and use of digital solutions using vast amounts of data. Our commitment to handling data in an ethical manner is described in our Data Ethics policy, which outlines six principles for data ethics. This describes how we collect, store, process and protect data for the benefit of our employees, customers, business partners and other stakeholders.

Material topics

Enabling NORDEN to deliver on our commitment to ensure sustainable business conduct, we have defined two material topics: sustainable procurement and anti-corruption.

MATERIAL TOPIC 1: SUSTAINABLE PROCUREMENT

As a globally operating company, we interact with numerous vendors around the world, and it is a priority for NORDEN to ensure sustainable procurement in collaboration with our external stakeholders. NORDEN seeks to enable sustainable procurement by integrating ESG matters into our procurement processes and decisions.

Going forward, NORDEN will be assessing and working with our suppliers to become more sustainable. During 2022, we engaged with EcoVadis, a global provider of sustainability ratings, to assess our suppliers. In the short term, we will be assessing and evaluating scorecards for high-risk strategic vendors, according to criticality, location and spend. Looking further ahead, all vendors will receive an ESG scorecard, establishing a baseline for improvement plans for our vendors.

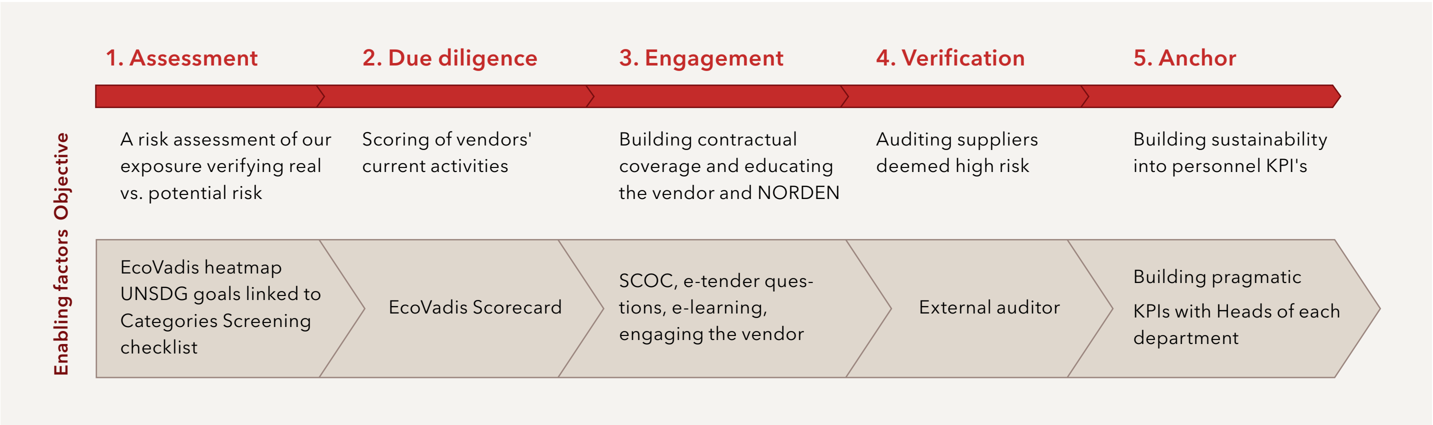
Sustainable procurement will be anchored in the procurement operating model, but NORDEN is still in the implementation stage of this new initiative. NORDEN's progression towards fully anchoring sustainable procurement consists of five steps displayed in the illustration.

As NORDEN is currently working on implementing principles for sustainable procurement, no performance figures are available for disclosure in 2022. Going forward, our KPI on sustainable procurement will measure the share of suppliers screened for ESG criteria.

Looking ahead

During 2023, NORDEN will:

- Increase the focus on identifying risks among suppliers, while improving due dilligence and auditing.
- Ensure alignment between the Procurement department and business units on sustainable pocurement.



- Implement a process for applying the Supplier Code of Conduct.
- Assess 30% of strategic suppliers through risk assessment for supply chain due diligence.
- Carry out 1-3 onsite vendor audits for high-risk suppliers.
- Prepare for legislation on sustainable procurement following the ESRS.

By 2025, NORDEN aims for 60% of suppliers to be committed to the NORDEN's Supplier Code of Conduct, and for ESG screening of vendors to become an integrated part of NORDEN's procurement activities.

MATERIAL TOPIC 2: ANTI-CORRUPTION

NORDEN calls numerous ports all over the world every single day. Occasionally, NORDEN faces challenges, particularly in countries where corruption presents a higher risk. In this business context, making the right choice becomes more complex, yet increasingly important, as non-compliance can lead to legal and reputational risks and damage our licence to operate. Corruption is one of NORDEN's material topics, as it impedes access to global markets and constitutes economic and social development barriers. For NORDEN, corruption escalates costs, and endangers the safety and well-being of the vessel crew, while posing legal and reputational risks. Therefore, NORDEN takes firm measures to prevent any form of corruption as part of our ambition to enable smarter global trade.

In 2022, NORDEN had 10,139 port calls across 131 countries. Following the implementation of the SASB Marine Transportation standard (outlined in ESG Accounting Policies), NORDEN reports on the number of port calls in the world's 20 most corrupt countries, applying the Corruption Perception Index (CPI). The result indicates a decrease in port calls with a high risk of corruption from 2021 to 2022. NORDEN has zero tolerance towards bribery and our anti-corruption policy clearly outlines the refusal of all types of facilitation payments.

To ensure a culture of exemplary conduct with strong procedures, NORDEN has an Anti-Corruption Compliance Programme in place. The programme helps ensure that bribery and corruption risks are identified, that concerns are reported and that measures are taken to mitigate any identified risks throughout the organisation.

NORDEN's Compliance Programme outlines the most important elements of NORDEN's efforts to fight corruption, including bribery, facilitation payments, extortion, fraud and embezzlement. Further, this programme covers third-party responsibility, gift and entertainment, commissions, conflicts of interest, sponsorships and political and charitable contributions as topics within the broader compliance agenda.

NORDEN's Anti-Corruption Policy is incorporated into NORDEN's Employee Code of Conduct and distributed to all employees. To ensure compliance with the programme, a Compliance Manager is appointed. The role of the Compliance Manager is to ensure that the relevant policies and procedures are followed, and that risk assessment, due diligence and monitoring are conducted regularly.

NORDEN's Compliance Manager reports to the CEO if issues arise, which must be addressed immediately or discussed. Furthermore, the Compliance Manager provides regular updates to the Sustainability Executive Body.

On behalf of NORDEN, our external technical managers carry out anti-corruption training for the crew onboard NORDEN's owned vessels to ensure alignment with legislation and NORDEN's anti-corruption policy. For chartered vessels, an anti-corruption instruction is sent to captains and agents.

2022 achievements and initiatives:

- NORDEN successfully renewed our TRACE certification.
- Actively contributed to the elimination of all forms of maritime corruption on a more systemic level.
- Actively engaged with MACN, which serves as a strong collective voice against corruption.

Performance and disclosure targets

NORDEN tracks performance through two indicators: 1) Eligible employees trained in NORDEN's anti-corruption course in the current year, as well as 2) number of confirmed bribery cases.

NORDEN requires all employees to take two e-learning courses annually on anti-corruption and sanctions & trading restrictions. Almost all eligible employees (excluding employees on leave, long-time sickness, etc.) have passed the courses in 2022.

The anti-corruption course focuses on the complexity of corruption, and trains employees to identify and assess situations in which corruption can occur. Additionally, employees are trained in the severity of corruption and potential consequences. The course covers topics such as anti-corruption practices, bribery and facilitation payments, gift and entertainment, conflicts of interest, indirect bribery via commissions, fraud, third-party procedures and NORDEN's whistleblower scheme.

The sanctions & trading course introduces employees to NORDEN's policy on sanctions and trading restrictions. The course is divided into several cases teaching employees how to react to business dilemmas related to sanctions and trading restrictions.

In high-risk areas where MACN has introduced collective actions, the reported corruption incidences have dropped. Generally, NORDEN requires its technical managers to be members of MACN.

In 2022, NORDEN had zero bribery cases in line with our ambitions.

	2022	2021
Staff passed anti-corruption e-learning course	99%	N/A
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	-	-

Looking ahead

- Implement steps to further improve measuring the effectiveness of the Anti-Corruption Compliance Programme.
- Further engage with MACN on systemic challenges and risks.
- Reduce the amount of facilitation payments on owned vessels by working closely with our technical managers through monthly follow-up.
- Strengthen our focus on and ability to measure as well as continue to reduce corruption incidents on our chartered vessels.

EU TAXONOMY

Turnover

Economic activity	Turnover (USDm)	% of total turnover	Objectives: Substantial contributions (%) 1	2	Do no significant harm (Y/N) 1	2	3	4	5	6	Minimum social safeguard	Taxonomy-aligned turnover	Category (Enabling/ transitional)
A. Taxonomy-eligible activities (A.1.+ A.2.)	**4,295**	**81%**											
A.1. Taxonomy-aligned activities	**35**	**1%**	**100%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1%**	**T**
6.10: Sea And Coastal Freight Water Transport	35	1%	100%	0%	Y	Y	Y	Y	Y	Y	Y	1%	T
A.2. Taxonomy-eligible activities	**4,260**	**80%**											
6.10: Sea And Coastal Freight Water Transport	4,260	80%											
B. Taxonomy non-eligible activities	**1,015**	**19%**											
Income from TCO vessels	1,015	19%											
Total (A + B)	**5,310**	**100%**											

CapEx

Economic activity	CapEx (USDm)	% of total CapEx	Objectives: Substantial contributions (%) 1	2	Do no significant harm (Y/N) 1-6	Minimum social safeguard	Taxonomy-aligned CapEx	Category (Enabling/ transitional)
A. Taxonomy-eligible activities (A.1.+ A.2.)	**381**	**99%**						
A.1. Taxonomy-aligned activities	**0**	**0%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
6.10: Sea And Coastal Freight Water Transport	0	0%	n/a	n/a	n/a	n/a	n/a	n/a
A.2. Taxonomy-eligible activities	**381**	**99%**						
6.10: Sea And Coastal Freight Water Transport	381	99%						
B. Taxonomy non-eligible activities	**3**	**1%**						
CapEx on TCO vessels	3	1%						
Total (A + B)	**384**	**100%**						

OpEx

Economic activity	OpEx (USDm)	% of total OpEx	Objectives: Substantial contributions (%) 1	2	Do no significant harm (Y/N) 1-6	Minimum social safeguard	Taxonomy-aligned OpEx	Category (Enabling/ transitional)
A. Taxonomy-eligible activities (A.1.+ A.2.)	**3,355**	**75%**						
A.1. Taxonomy-aligned activities	**0**	**0%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
6.10: Sea And Coastal Freight Water Transport	0	0%	n/a	n/a	n/a	n/a	n/a	n/a
A.2. Taxonomy-eligible activities	**3,355**	**75%**						
6.10: Sea And Coastal Freight Water Transport	3,355	75%						
B. Taxonomy non-eligible activities	**1,133**	**25%**						
OpEx on TCO vessels and owned vessels	1,133	25%						
Total (A + B)	**4,488**	**100%**						

Accounting metrics from the SASB Marine Transportation standard

Topic	Metric	Unit	Code	2022 [1]	2021
GREENHOUSE GAS EMISSIONS	**Scope 1 bunker emissions**	Metric tonnes (t) CO_2e	TR-MT-110a.1	4,578,587	4,818,834 [1,2]
	Total energy consumed	Terajoules (TJ)	TR-MT-110a.3	55,809	58,707
	Percentage heavy fuel oil	Percentage (%)	TR-MT-110a.3	7.1%	5.9%
	Percentage renewable	Percentage (%)	TR-MT-110a.3	0.1%	0.0%
	Average EEDI for new vessels	CO_2 per capacity-nm	TR-MT-110a.4	4.1	3.3
AIR QUALITY	**NO_x**	Metric tonnes (t)	TR-MT-120a.1	117,620	123,965 [1,2]
	SO_x	Metric tonnes (t)	TR-MT-120a.1	10,889	11,220 [1,2]
	PM_{10}	Metric tonnes (t)	TR-MT-120a.1	5,692	5,987
ECOLOGICAL IMPACTS	**Shipping duration in marine protected areas or areas of protected conservation status**	Number of travel days	TR-MT-160a.1	23,321	23,456
	Percentage of fleet implementing ballast water treatment	Percentage (%)	TR-MT-160a.2	95.2%	80.6%
	Percentage of fleet implementing ballast water exchange	Percentage (%)	TR-MT-160a.2	4.8%	19.4%
	Number of spills and releases to the environment	Number	TR-MT-160a.3	-	-
	Aggregate volume of spills and releases to the environment	Number, cubic meters	TR-MT-160a.3	-	-
HEALTH & SAFETY	**LTIR**	Rate	TR-MT-320a.1	0.8	0.8 [1]
BUSINESS ETHICS	**Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index**	Number	TR-MT-510a.1	52	83
	The total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	TR-MT-510a.2	-	-
ACCIDENT & SAFETY MANAGEMENT	**Number of marine casualties**	Number	TR-MT-540a.1	2	-
	Percentage classified as very serious (very serious = the total loss of the ship, death, or severe damage to the environment)	Percentage (%)	TR-MT-540a.1	33%	0%
	Number of Conditions of Class or Recommendations	Number	TR-MT-540a.2	22	N/A
	Number of port state control deficiencies	Number	TR-MT-540a.3	61	N/A
	Number of port state control detentions	Number	TR-MT-540a.3	1	N/A
NUMBER OF SHIPBOARD EMPLOYEES		Number	TR-MT-000.A	546	636
TOTAL DISTANCE TRAVELLED BY VESSELS		Nautical miles (nm)	TR-MT-000.B	14,219,344	14,585,771
OPERATING DAYS		Days	TR-MT-000.C	203,674	198,799
DEADWEIGHT TONNAGE		Thousand DWT	TR-MT-000.D	1,201	1,738
NUMBER OF VESSELS IN TOTAL SHIPPING FLEET		Number	TR-MT-000.E	21	31
NUMBER OF VESSEL PORT CALLS		Number	TR-MT-000.F	10,139	10,377
TWENTY-FOOT EQUIVALENT UNIT (TEU) CAPACITY		TEU	TR-MT-000.G	N/A	N/A

1 KPI in scope of limited assurance.
2 Restated from disclosed figures in 2021 Annual Report, due to changed methodology.

ESG ACCOUNTING POLICIES

THE REPORTING BOUNDARIES

The ESG report comprises activities in the parent company and in all subsidiaries. The accounting policies are applicable for the reporting period 1 January – 31 December 2022.

ESG metrics follow the below boundaries unless otherwise specified:

- Owned and leased vessels (excl. TCO and third-party pool-managed vessels).
- Employees onshore.
- Crew onboard vessels (regarding health and safety at sea).
- All NORDEN offices across the world.

CHANGES TO ACCOUNTING POLICY

NORDEN has revisited its approach to measuring CO_2-equivalent emissions aligning to GHG protocol standards. This has resulted in reevaluated methods for emission recognition in reporting periods. Changes compared to 2021 accounting principles are stated below:

General emissions recognition period: Environmental measures changed from accounting for all emissions related to a voyage based on its voyage end date (operational emission reporting) to an accrual of emissions corresponding to the earnings accrual principle for voyages (financial emission reporting), which divides voyages crossing reporting periods into their allocative share of emissions using contract service performance share in each reporting period. This ensures that emissions reported better follow the income statement reporting principles, thereby mitigating the risk of front or back-loading earnings and building up a backlog of emissions not yet reported, thereby creating a direct link between emissions reporting and financial statement reporting. Consequently, this ensures fewer fluctuations in reported emissions, especially related to longer TCO contracts.

Emissions related to Pool operations: Previously, NORDEN included all bunker fuel used on our own vessels operated in Pools, disregarding the pooling/sharing agreement of earnings/cost, but also emissions, in the pool setup. Reevaluating this, NORDEN will account for its share of emissions generated based on the Pool's agreed earnings distribution model. The residual between total emissions from operated vessels in the Pools and NORDEN's proportional share of these will be accounted for as scope 3 emissions. The same methodology will be applied for TCO vessels in spot pools, but the residual between total emissions generated by TCO vessels in Pools and our share of these emissions will not be part of NORDEN's scope of emissions. The reasoning for this is that NORDEN is not responsible for the leasing or operation of the third-party assets which is also reflected in earnings solely being distributed to the participant's vessel. Consequently, we do not account for the full emissions from such vessel transactions.

Other changes:

- **CO_2-equivalent reporting:** Absolute emissions previously reported as CO_2 emissions changed to CO_2e 100-year global warming potential (GWP) values.
- **Emission factor:** Biofuel energy output changed from 41.7 MJ/kg to 37 MJ/kg, using the higher heating values (HHV) in conformity with the SASB standard.
- **Engine power output:** General assumption of 90%/10% distribution in Main (SSD) vs. Auxiliary (MSD) Engine output.
- **Bunker sulphur % scope:** Expanded vessels in scope of bunker sulphur percent to include all bunker purchased on owned or operated vessels.

DATA QUALITY AND COLLECTION

The reporting principles of balance, clarity, accuracy, reliability, timeliness and comparability are applied when collecting information and data that form the basis for NORDEN's ESG performance. NORDEN has built and implemented models for reporting environmental KPIs based on data from our Integrated Maritime Operations System (IMOS). Besides providing more insights into the development of key indicators for fuel efficiency, the models allow for checking and reporting extreme observations and enable NORDEN to identify potential errors on an ongoing basis. This ensures the accuracy and reliability of data points reported for internal and external stakeholders.

Having implemented the SASB Marine Transportation standard in 2022, NORDEN reports values for the previous year allowing for comparability. All accounting policies following the accounting standards from the SASB Marine Transportation reporting standard are indicated by "TR-MT". The SASB reporting standard can be found at https://www.sasb.org/standards/download/?lang=en-us

Development in material ESG performance indicators can be found in the ESG Matrix in the introduction section while supporting indicators are in the relevant sections of the ESG report.

ENVIRONMENTAL PERFORMANCE

Energy consumption

Total energy consumed: Calculated by adding up tonnes of fuel and electricity usage, applying their higher heating values (HHV) of 40.2 MJ/kg for heavy fuel oil, 42.7 MJ/kg for distillate fuel oil, 41.7 MJ/kg for very low sulfur residuals, 37 MJ/kg for biofuel, and 0.0036 MWh/TJ for electricity. Following the TR-MT-110a.3., but NORDEN reports on total energy consumed in TJ instead of GJ.

Heavy Fuel Oil as % of total energy consumed: Following the TR-MT-110a.3. Calculated as the Heavy Fuel Oil consumption multiplied by 40.2 MJ/kg and divided by the total energy consumed based on bunker consumption from owned or operated vessel voyages.

Renewables as % of total energy consumed: Following the TR-MT-110a.3. Calculated as the biofuel consumption multiplied by 37 MJ/kg and divided by the total energy consumed based on bunker consumption from owned or operated vessel voyages.

Energy Efficiency Operational Indicator (gCO_2 /cargo-nautical-mile): EEOI is a measurement of energy efficiency and is defined as the amount of CO_2 emitted per tonne of cargo transported one nautical mile. Transport work expresses the mass of cargo transported over distance, as registered in IMOS. The relative relationship between CO_2 emitted and transport work provides an estimate of fleet operational efficiency.

NORDEN provides EEOI with different boundaries from 2022:

- **TTW EEOI operating assets:** Vessels operated by NORDEN, based on TTW emissions, and only including CO_2 emissions using factors from ICCT (2021).
- **WTW EEOI operating assets:** Vessels operated by NORDEN, but based on WTW emissions and reported in CO_2-equivalent emissions using the 100-year horizon GWP values from ICCT (2021).
- **TTW EEOI all assets:** including TCO vessels, based on TTW emissions, and only including CO_2 emissions using factors from ICCT (2021).

All metrics are reported per vessel type. An explanation of categorisation of vessel types can be found on NORDEN's website.

Greenhouse gas emissions

CO_2-equivalent emissions: Compatible with the GHG Protocol. All emissions are reported as CO_2-equivalents calculated by the 100-year time horizon GWP values from ICCT (2021). For emission-liable activity boundaries, please see the definition in the Environment section.

Scope 1: Direct emissions from NORDEN's consumption of fuel from owned and chartered-in vessels. Consumption is accrued across reporting periods based on contract service performance criteria. The pool allocation of emissions is based on the tanker pool's distribution model.

Scope 2: Indirect emissions from purchased electricity and district heating. Actual or estimated usage is converted into emissions using national averages and location-based conversion factors.

Scope 3: Indirect upstream and downstream emissions from third-party activities and operational management services. Based on our materiality threshold of 5% following the GHG recommendations, NORDEN includes the following Scope 3 GHG categories in our reporting framework:

- **Purchased goods and services (GHG #1):** Overhead, administration and port costs on account level converted into emissions based on CEDA Group categorisation of costs.
- **Fuel and energy-related activities (GHG #3):** Upstream emissions from bunker consumption using CO_2-equivalent emission factors from ICCT (2021) based on fuel types on owned or operated vessel voyages using data from IMOS.
- **Upstream transportation & distribution (GHG #4):** Upstream transportation emissions on our purchased goods and services based on CEDA Group categorisation of costs. As emissions fall below our 5% threshold, emissions from upstream transportation & distribution are reported as part of 'Purchased goods and services' in the reported figures to ensure the completeness of emission data.
- **Waste from operations (GHG #5)**: Emissions from waste generated in our offices across the world. For our headquarters in Copenhagen, we convert weight reported by our waste management provider into emissions, while emissions from foreign offices are estimated based on national averages using location, office size and employees as the waste driver. As emissions fall below our 5% threshold, emissions from waste from operations are reported as part of Purchased goods and services in the reported figures to ensure the completeness of emission data.
- **Business travel (GHG #6):** Based on data from our travel agent. Converted into emissions, for example based on origin, destination and type of ticket. As emissions fall below our 5% threshold, emissions from business travel are reported as part of 'Purchased goods and services' in the reported figures to ensure the completeness of emission data.
- **Employee commute (GHG #7):** Based on the annual internal commute survey, we convert commute input into emissions

via national emission conversion factors. Given response rates of less than 25% on office level, NORDEN uses national averages for type of transportation and commute distance. If the response rate is above 25%, the results on an office level are extrapolated to all employees in the respective office. As emissions fall below our 5% threshold, emissions from employee commute are reported as part of 'Purchased goods and services' in the reported figures to ensure the completeness of emission data.

- **Downstream leased assets (GHG #13):**
  - Emissions from TCO are included based on contract service performance in the reporting period. NORDEN's share of TCO emissions in the NORDEN Tanker Pool is allocated basis the distribution model. The residual between total emissions generated by TCO vessels in the NORDEN Tanker Pool and NORDEN's share of these are not part of NORDEN's scope of emissions.
  - Emissions related to operating third-party vessels generating management fees in the NORDEN Tanker Pool. Estimated as the difference between the total emissions from operated vessels and NORDEN's share of these based on the distribution model. The residual is accounted for emissions related to the operational management of pool vessels.

EEDI (gCO_2/capacity-nm): Following the TR-MT-110a.4. The calculations follow methodologies outlined in IMO MEPC 66/21/Add.1, Annex 5, 2014. The average EEDI is a simple average of the EEDI value of all new ships added to NORDEN's fleet during the reporting period.

Air quality

NO_x: Following the TR-MT-120a.1. Nitrogen oxide emissions mainly stem from combustion of fuels from owned or operated vessel voyages. NO_2 emissions from the energy produced by the main engine are multiplied by the Tier 1 NOx limit (17 g/kWh) or Tier 2 NOx limit (14.4 g/kWh) following the 4th IMO GHG study. Calculated based on bunker consumption from owned or operated vessel voyages utilising data from IMOS.

SO_x: Following the TR-MT-120a.1 and IMO 4th GHG study. Sulfur oxide emissions mainly stem from burning the sulphur compound in the fuel from owned and operated vessels. SO_2 emissions are calculated from the fuel quantity consumed during the year multiplied by the average sulphur content in the bunker fuel purchased by NORDEN's Bunker Department. Calculated based on bunker consumption from owned or operated vessel voyages utilising data from IMOS.

PM_{10}: Following the TR-MT-120a.1. PM_{10} emissions are influenced by engine type and fuel sulphur content. NORDEN uses the same average sulphur content used in the SOx calculation and assumes 173 g/kwh in engine output based on engine efficiency of the main engine. Calculated based on bunker consumption from owned or operated vessel voyages utilising data from IMOS.

Ecological impacts

Shipping duration in marine-protected areas or areas of protected conservation status (days): Following the TR-MT-160a.1, but NORDEN reports only on days in emission control areas (ECA) based on a materiality assessment. Total ECA days are calculated as the sum of sea and port days in ECA zones from owned or operated vessel voyages utilising data from IMOS.

Percentage of fleet implementing ballast water treatment (%): Following the TR-MT-160a.2, calculated as the percentage of NORDEN's vessels having implemented a ballast water treatment divided by the number of owned vessels. Reported by the internal technical department on NORDEN's owned vessels.

Percentage of fleet implementing ballast water exchange (%): Following the TR-MT-160a.2, reporting only on owned vessels in the reporting period. Calculated as the residual between vessels having implemented a ballast water treatment system and the total number of owned vessels.

The number of spills and releases to the environment: Following the TR-MT-160a.3, NORDEN reports on all spills from owned vessels that significantly harm the environment. Reported by vessel technical manager on NORDEN's owned vessels.

The aggregate volume of spills and releases to the environment (m^3): Following the TR-MT-160a.3, NORDEN reports on all spills that significantly harm the environment from owned vessels. Reported by vessel technical manager on NORDEN's owned vessels.

Activity measures

Number of shipboard employees: Following the TR-MT-000.A. Shipboard employees and contractors are those employees who work onboard the entity's vessels during the reporting period. NORDEN only utilises contract employees. Reported as the average number of employees.

Total distance travelled by vessels: Following the TR-MT-000.B. Reported as the sum of nautical miles travelled on owned or operated vessel voyages during the reporting period.

Operating days: Following the TR-MT-000.C. Operating days are calculated as the number of available days in a reporting period minus the aggregate number of days that the vessels are off-hire due to unforeseen circumstances.

Deadweight tonnage: Following the TR-MT-000.D. Deadweight tonnage is the sum of the difference in displacement in deadweight tons between the light displacement and the loaded displacement for all owned vessels at the end of the reporting period.

Number of vessels in the total shipping fleet: Following the TR-MT-000.E. Reported as the number of owned vessels at the end of the reporting period.

Number of vessel port calls: Following the TR-MT-000.F. Reported as the number of vessel port calls in the reporting period from owned or operated vessel voyages.

Twenty-foot equivalent unit (TEU) capacity: NORDEN does not report on this metric in the SASB Marine Transportation standard as it is considered out of scope.

SOCIAL PERFORMANCE

Employees

General statement of scope and boundaries:
Scope for the full-time workforce, accounted for as full-time equivalent (FTE) onshore, includes permanent and time-limited employees (fixed-term, student job and temporary hires) in NORDEN's offices, except for the indicators 'Retention' and 'Turnover', in which the scope includes average FTE amount onshore relating to permanent employees, excluding fixed-term, student roles and temporary hires. All social KPIs are based on NORDEN's HR system, Fairsail.

Total FTEs: Average FTE's onshore as defined in NORDEN's HR system.

Nationalities represented (of the total workforce): Number of nationalities in the total workforce based on NORDEN's HR system.

Average Age: Calculated as the average age of new hires (see definition of new hires below).

New Hires: Calculated as the sum of headcounts being hired during the reporting period.

Locations: NORDEN's office locations are divided into 'Headquarters' and 'Other Offices'. 'Other Offices' consist of our offices in Limassol, Dubai, Singapore, Melbourne, Shanghai, Tokyo, Owendo, Abidjan, Rio de Janeiro, Santiago, Annapolis and Vancouver.

Turnover rate: The number of leavers (all leavers) in the reporting period divided by the number of employees at the beginning of the reporting period based on NORDEN's HR system, as per the ISO 30414 standard and GRI 401-01 b with age data from HR system.

Retention rate: One minus the number of resignations (voluntary leavers) in the reporting period divided by the number of employees at the beginning of the reporting period based on NORDEN's HR system based on GRI 401-01 b with age data from HR system.

Engagement Score: Provided by third-party supplier of the Engagement and Harassment Survey. The score is standardised to per cent, with index 100 representing maximum engagement. The survey recurs on an annual basis. All NORDEN employees are part of the Engagement Survey. The third-party supplier provides benchmark scores with NORDEN's knowledge of calculations and weights of benchmark categories.

Underrepresented gender share of the total workforce (%): The total average FTEs of the underrepresented gender out of the total average FTEs during the year based on NORDEN's HR system.

Underrepresented gender share of Senior Management (%): The total average FTEs of the underrepresented gender in Senior Management out of the total average FTEs at year-end during the year. Senior Management is defined in the Corporate governance section.

Underrepresented gender share of Managers (%): The total average FTEs of the underrepresented gender in manager positions out of the total average FTEs in manager positions during the year. A manager position is defined as a role responsible for a team of at least one other headcount as defined in NORDEN's HR system.

Underrepresented gender share of the commercial roles (%): The total average FTEs of the least represented gender in commercial positions out of the total average FTEs in commercial positions during the year based on NORDEN's HR system.

Employee health & safety

Lost time incident rate (LTIR): Following the TR-MT-320a.1. Calculated based on the number of work-related accidents, which causes a seafarer to be unable to work for more than 24 hours per 1 million working hours due to work-related injury. Numbers are reported by vessel technical managers on NORDEN's owned vessels.

Accident & safety management

The number of marine casualties and percentage classified as very serious: Following the TR-MT-540a.1. Reported on owned vessels by vessel technical manager. Includes all accidents involving NORDEN's owned vessels.

The number of Conditions of Class or Recommendations: Following the TR-MT-540a.2. Reported on owned vessels by vessel technical manager.

The number of port state control (1) deficiencies and (2) detentions: Following the TR-MT-540a.3. Reported on owned vessels by vessel technical manager.

GOVERNANCE PERFORMANCE

Business ethics

The number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index: Following TR-MT-510a.1. Calculated as the number of port calls (see definition of port calls under activity measures) being in the 20 lowest rankings in the Transparency International's Corruption Perception Index. Based on the index from the year prior to the current reporting period.

The total amount of monetary losses because of legal proceedings associated with bribery or corruption (USD): Following the TR-MT-510a.2. Reported by Head of Legal, and is validated against spending in the audited Consolidated Financial Statements.

Staff-passed e-learning courses: Share of eligible employees having passed NORDEN Anti-corruption course. Eligible employees are full-time employees on a permanent contract, who have worked with NORDEN during the entire reporting period. Employees on maternity or sickness leave are considered non-eligible. Retrieved from our external provider of anti-corruption courses and NORDEN's HR system.

Board

Attendance (%): Attendance rate at board meetings attended by shareholder-elected and employee-elected board members throughout the year. Calculated based on the attendance at the board meeting.

Underrepresented gender share of Board of Directors (%): Percentage of shareholder-elected gender underrepresented in the Board of Directors out of the total number of shareholder-elected board members at year end.

EU TAXONOMY

To align with the EU Taxonomy, eligible economic activities must a) contribute to one or more of six environmental objectives, b) do no significant harm (DNSH) to the remaining objectives, and c) meet the minimum social safeguards. The six environmental objectives outlined in the EU Taxonomy are climate change mitigation, climate change adaption, sustainable use of water & marine sources, circular economy, pollution prevention, and a healthy ecosystem. Only the two first objectives are part of reporting requirements for 2022.

Following the identification of eligible activities, NORDEN has applied the technical screening criteria under the EU Taxonomy to evaluate whether our activities are aligned with one of the EU objectives ('Climate mitigation' or 'Adaption'), aligned objectives do no significant harm to other Taxonomy objectives and are aligned with the minimum social safeguard criteria.

Only activity number 6.10: 'Sea And Coastal Freight Water Transport, Vessels For Port Operations, and Auxiliary Activities' are considered in scope for NORDEN.

Our assessment of alignment is based on the technical criteria from substantial contribution to climate change mitigation. Following the technical criteria, alignment forbids vessels from being dedicated to the transport of fossil fuels. Therefore, tanker vessels are excluded from the alignment criteria, despite the ability of tanker vessels to transport soft oils. This trade is considered immaterial for the consideration of including some share of product tanker activities as eligible and potentially aligned. Dry cargo vessels are only subject to potential taxonomy alignment if the EEDI is 10% below the requirement applicable on 1 April 2022 and if the vessels can run based on zero direct CO_2 emission fuels or on fuels from renewable sources. The latter includes vessels eligible for running on biofuel (ref: activity number 4.13).

Currently, NORDEN only has EEDI scores on owned vessels, where the building contract was placed on or after 1 January 2013, or the vessel was delivered on or after 1 July 2015. The EEDI scores are collected from our technical managers. As of 2022, the required EEDI for bulk vessels is calculated using the IMO reference line equation and subtracting 20%. Alignment with the screening EEDI criteria requires that a vessel's EEDI is 10% below the required EEDI, i.e. 10% below the phase 3 IMO EEDI requirement. During the financial year 2022, NORDEN has operated five vessels aligned with the EEDI criteria.

All of these are eligible for running on biofuel as per certification from the Danish Maritime Authorities (Søfartsstyrelsen) to run at a 100% biofuel capacity. Therefore, solely vessels under the Danish International Ship Register (DIS) are subject to alignment, as certification for 100% biofuel consumption has not been obtained by other flag authorities. NORDEN notes that all its vessels can run at 30% biofuel capacity without pre-certification from any flag state.

Having secured alignment with the technical criteria under the objective of Climate Mitigation, we assess whether the activity does harm to any of the remaining environmental objectives, i.e., live up to all the DNSH criteria. Below is a review of NORDEN's alignment with the remaining five objectives:

Climate adaption

Activity number 6.10 is expected to be affected by changing temperatures, leading to more frequent extreme weather events (e.g. drought or storms) and scarcity of water, impacting trade patterns and volumes.

NORDEN does not consider physical climate risks to have a material impact on economic activity. This is due to our agile operator model, allowing us to comply and adapt to changing trade patterns.

NORDEN intends to leverage our use of data to improve predictions and decision-making, mitigating the impact on our business relative to our peers. In addition, we intend to expand our logistics offering beyond tramp shipping via the Assets & Logistics business unit.

The IPCC has five major climate scenarios: RCP 1.9, 2.6, 4.5, 6 and 8.5. RCP 1.9 would impose limited climate risks, but heavy transitional risks for NORDEN (following the Paris agreement), while RCP 8.5 would increase the physical climate risks as the frequency and intensity of extreme weather would surge. This could potentially lead to margin erosion as the risks of damage to ships and cargo increase. NORDEN intends to mitigate the risks related to climate change by extensive use of weather routing systems when pricing, securing appropriate insurance coverage and assessing the risk of freight contracts and including chronicle risks when evaluating business opportunities.

Based on the assessment above, we believe NORDEN is aligned with the generic climate adaption criteria for DNSH.

Water

NORDEN is monitoring and assessing the impact of our operations on marine life. As part of our adaption of the SASB Marine Transportation reporting standard, we report on the share of owned vessels having implemented ballast water treatment systems (BWTS), voyage duration in marine protected areas and oil spills. These are all considered relevant issues for NORDEN. Having a high percentage of our vessels with BWTS, we avoid the risk of invasive species. Reducing water pollution using best management practices/policies aligned with the Directive 2000/60/EC stating that the Company should take measures to prevent, reduce and control water pollution. NORDEN follows IMO standards for all its operations and considers IMO's regulation on water regulation to be adequate in terms of doing no significant harm to the waters in which we sail.

Based on the review above, we believe NORDEN is aligned with the generic water criteria for DNSH.

Circular economy

Aligned with *Regulation (EU) No 1257/2013*, NORDEN has implemented waste management plans and uses the best available techniques to reduce the environmental impact of waste management. NORDEN keeps track of the waste generated on board vessels and the disposal of such via the onboard logbooks which are reported to the technical managers.

NORDEN's business model involves operating a modern fleet of vessels, selling and redelivering vessels long before vessel end-of-life. Should NORDEN face situations where recycling of a vessel is relevant, NORDEN has a Responsible Ship Recycling Policy meaning we have measures in place to manage waste at the end-of-life of the vessel.

NORDEN complies with Annex V. This requires ships to take measures to prevent accidental loss of garbage and to have equipment on board to collect and store garbage, as well as procedures to ensure that it is disposed of properly. Annex V is enforced by the IMO and thus a standard in the shipping industry.

Pollution prevention

All technical criteria under the objective are considered IMO standards. Thus, NORDEN is required to comply.

Based on the review above, we believe NORDEN is aligned with the generic pollution prevention criteria for DNSH.

Biodiversity

All technical criteria under the objective are considered IMO standards. Thus, NORDEN is required to comply.

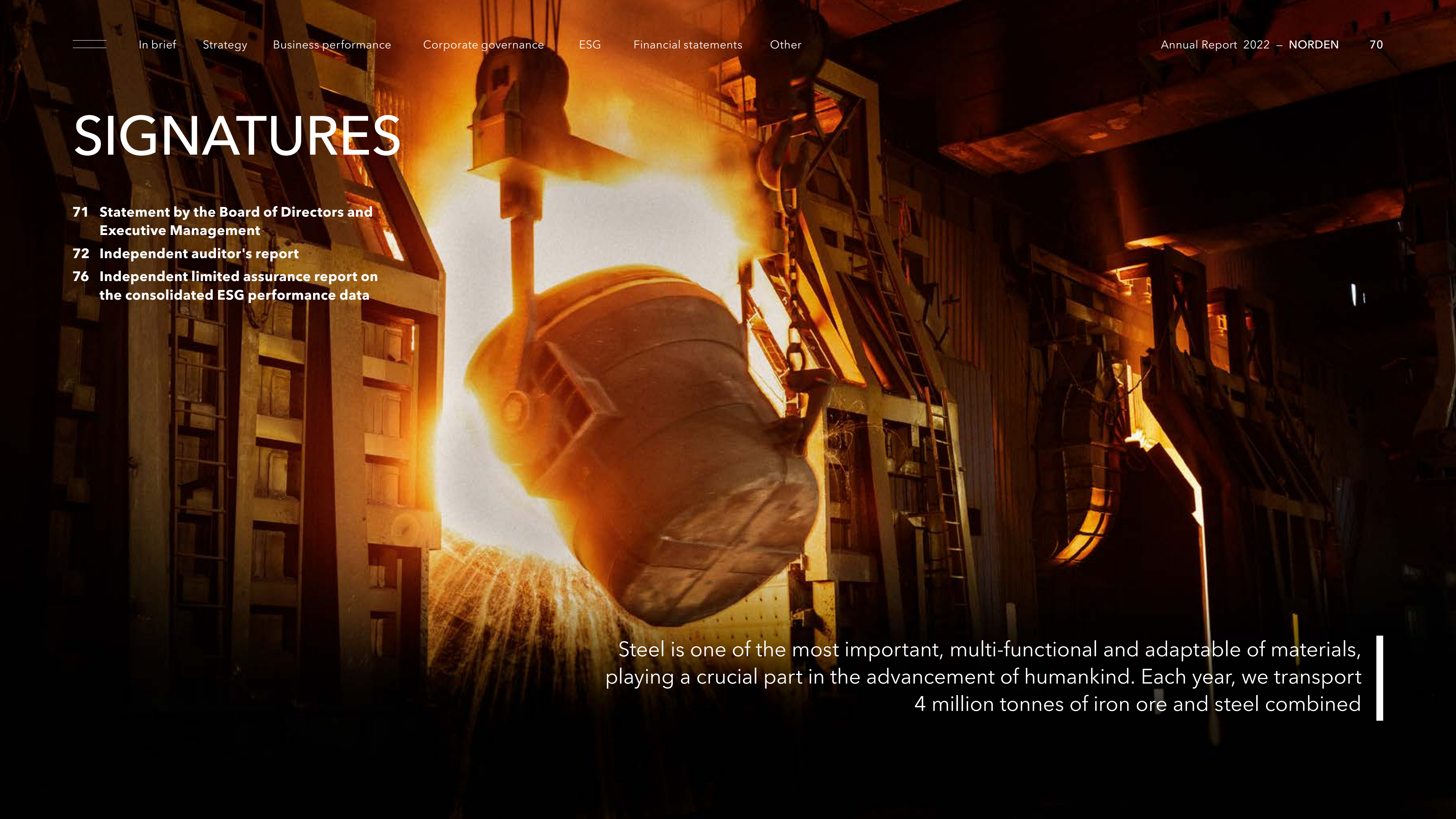
Based on the review above, we believe NORDEN is aligned with the generic biodiversity criteria for DNSH.

The assessment shows that NORDEN complies with the DNSH criteria of the EU Taxonomy. Before we can account for alignment with the EU Taxonomy, a review of whether our activities are aligned with the minimum social safeguards criteria is required.

Minimum safeguards

The OECD Guidelines are considered a standard for responsible business conduct. The guidelines cover a wide range of issues, including labour rights, bribery and corruption, environmental protection, and human rights. NORDEN has human rights policies aligning with the OECD and UN Guidelines and is deeply involved in securing an anti-corruption foundation for shipping with its activities involving MACN and focusing on educating its employees in anti-bribery via e-learning courses.

Based on such argumentation, we believe NORDEN is aligned with the minimum safeguards criteria that enable EU taxonom-aligned activities reporting.



SIGNATURES

Steel is one of the most important, multi-functional and adaptable of materials, playing a crucial part in the advancement of humankind. Each year, we transport 4 million tonnes of iron ore and steel combined

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Dampskibsselskabet NORDEN A/S for the financial year 1 January–31 December 2022.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements stated in the Danish Financial Statements Act. The Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act. The Management's Review is also prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Group and the Parent Company and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial year 2022.

In our opinion, the Management's Review provides a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

In our opinion, the ESG performance data on pages 40-62 is presented in accordance with the stated accounting policies on pages 63–69 and provides a fair and balanced view of the Group's sustainability performance and social responsibility for the financial year 2022.

In our opinion, the Annual Report of Dampskibsselskabet NORDEN A/S for the financial year 1 January–31 December 2022 with the file name "norden-2022-12-31-en.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the annual general meeting on 9 March 2023.

Copenhagen, 10 February 2023

Executive Management

Jan Rindbo
CEO

Martin Badsted
CFO

Board of Directors

Klaus Nyborg
Chair

Johanne Riegels Østergård
Vice chair

Karsten Knudsen

Helle Østergaard Kristiansen

Robert Hvide Macleod

Henrik Røjel
(employee-elected)

Christina Lerchedahl Christensen
(employee-elected)

Stine Maria Gøttrup
(employee-elected)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dampskibsselskabet NORDEN A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Dampskibsselskabet NORDEN A/S for the financial year 1 January to 31 December 2022 comprise the income statement and statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Dampskibsselskabet NORDEN A/S for the financial year 1 January to 31 December 2022 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements" on pages 78-132.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Dampskibsselskabet NORDEN A/S for the financial year 1998. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 25 years including the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of vessels, right-of-use assets and prepayments on vessels and new-buildings The carrying amount of the vessels, right-of-use assets and prepayments on vessels and newbuildings is significant. Management monitors continuously the carrying amount of the above-mentioned assets, managed on a portfolio basis. The assessment is based on the cash-generating units (CGUs); Dry Cargo and Tankers. Management performs an impairment test if any indication of impairment or reversal of previous impairments exists. The indications assessed by Management comprise, among others, vessel values, newbuilding prices and future development in freight and time charter rates. If indications exist, the carrying amount of the mentioned assets may be subject to material impairment or reversal of previous recognised impairments. As of 31 December 2022, Management concluded that for the CGU Tankers such indications exist and consequently, an impairment test was performed, resulting in a reversal of previously recognised impairments amounting to USD 5 million. We focused on this area because Management is required to exercise considerable judgement and because of the inherent complexity and subjectivity in estimating the recoverable amount. Refer to Note 3.1 and Note 4.7 in the Consolidated Financial Statements and Note 3.1 and Note 4.6 in the Parent Company Financial Statements.	We discussed with Management and evaluated the methodology by which indications of impairment of vessels, right-of-use assets and prepayments on vessels and new-buildings are monitored, including the identification of CGUs. For the indications assessment of the CGU Dry Cargo, we: • Obtained and assessed the appropriateness of Management's assessment of whether any indications of impairment or reversal of previous impairment losses exists. • Evaluated the sources of information used by Management in their assessment. • Challenged Management's assessment by comparing assumptions when determining future freight and time charter rates to external markets rates. For the CGU Tankers, we obtained Management's assessment of the recoverable amount of these assets. Regarding Management's assessment of value-in-use, we: • Assessed the methodology used by Management to calculate the future cash flows from the assets assigned to the CGU. • Evaluated relevant controls and Management's review of controls. • Tested the mathematical accuracy and reliability of data used in the value-in-use model prepared by Management. • Assessed and challenged Management's underlying significant assumptions including expected short- and long-term rates applied and WACC. • Assessed the sensitivity calculations performed by Management. We assessed the appropriateness of disclosures of these matters in the Financial Statements.

Statement on Management's Review

Management is responsible for Management's Review, pages 3-69.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January to 31 December 2022 with the filename "norden-2022-12-31-en.zip" is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January to 31 December 2022 with the file name "norden-2022-12-31-en.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 10 February 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Kristian Pedersen
State Authorised Public Accountant
mne35412

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED ESG PERFORMANCE DATA

To the Stakeholders of Dampskibsselskabet NORDEN A/S
Dampskibsselskabet NORDEN A/S engaged us to provide limited assurance on the selected ESG performance data and the SASB Marine Transportation Standard data in the 2022 Annual Report of Dampskibsselskabet NORDEN A/S for the period 1 January – 31 December 2022 (the "selected ESG data").

Our conclusion
Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the selected ESG data in the 2022 Annual Report of Dampskibsselskabet NORDEN A/S are prepared, in all material respects, in accordance with the the applied accounting policies developed by Dampskibsselskabet NORDEN A/S as stated on pages 63-69 (the "accounting policies").

This conclusion is to be read in the context of what we state in the remainder of our report.

What we are assuring
The scope of our work was limited to assurance over the selected ESG data included in the tables of the following sections of the Annual Report for 2022:

- ESG Performance data in the tables on pages 41, 48, 49 and 55 for KPIs subject to limited assurance;
- SASB Marine Transportation Standard data on page 62 subject to limited assurance.

We express limited assurance in our conclusion.

Professional standards applied and level of assurance
We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements'. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control
We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies
The selected ESG data need to be read and understood together with the accounting policies. The accounting policies used for the preparation of the selected ESG data are the applied accounting policies developed by the company, which Management is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure ESG data allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the selected ESG data. In doing so and based on our professional judgement, we:

- Made enquiries regarding methods, procedures and internal control as well as conducted selected interviews with data and reporting responsible personnel and spot checks to underlying documentation;
- Conducted analytical review of the selected ESG data and trend explanations submitted for consolidation at Group level;
- Considered the disclosure and presentation of the consolidated, selected ESG data; and
- Evaluated the evidence obtained.

Statement on other sustainability information mentioned in the report

Management of Dampskibsselskabet NORDEN A/S is responsible for other sustainability information communicated in the annual report. The other sustainability information on pages 39-61 of the annual report comprises the sections 'ESG in NORDEN', 'EU Taxonomy', 'Case story: Emissions reporting', 'Environment', 'Case story: Port logistics', 'Social' and 'ESG Governance' regarding Dampskibsselskabet NORDEN A/S' 2022 sustainability approach, activities, and results.

Our conclusion on the selected ESG data on the pages stated above does not cover other sustainability information and we do not express an assurance conclusion thereon. In connection with our review of the selected ESG data, we read the other sustainability information in the 2022 Annual Report of Dampskibsselskabet NORDEN A/S and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected ESG data, our knowledge obtained in the review or otherwise appear to be materially misstated. We have nothing to report in this regard.

Management's responsibilities

Management of Dampskibsselskabet NORDEN A/S is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the selected ESG data in the annual report that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the selected ESG data;
- Measuring and reporting the information in the selected ESG data based on the accounting policies; and
- The content of the annual report.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the selected ESG data for the period 1 January – 31 December 2022 are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of Dampskibsselskabet NORDEN A/S.

Hellerup, 10 February 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Kristian Pedersen
State Authorised Public Accountant
mne35412

FINANCIAL STATEMENTS

Having optionality built in to our portfolio provides the company with attractive upside value in rising markets, and access to vessel capacity without having to own as many vessels

CONSOLIDATED FINANCIAL STATEMENTS

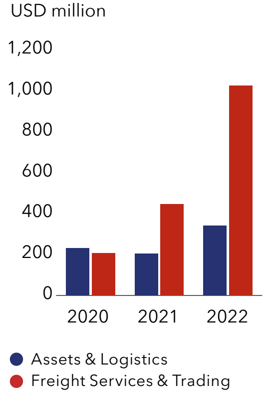
INCOME STATEMENT

Amounts in USD million	Note	2022	2021
Revenue	2.1	**5,312.4**	**3,551.8**
Other operating income		27.7	6.7
Vessel operating costs	2.2	-3,974.2	-2,908.9
Contribution margin		**1,365.9**	**649.6**
Overhead and administration costs	2.2	-206.8	-117.4
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)		**1,159.1**	**532.2**
Profit/loss from sale of vessels etc.		79.4	7.7
Depreciation, amortisation and impairment losses, net	2.5	-449.7	-295.5
Profit/loss from investments in joint ventures	3.2	2.8	1.1
Profit from operations (EBIT)		**791.6**	**245.5**
Financial income	2.6	12.3	0.3
Financial expenses	2.6	-52.0	-35.1
Profit before tax		**751.9**	**210.7**
Tax for the year	2.7	-8.4	-6.2
Profit for the year		**743.5**	**204.5**
Attributable to:			
Owners of Dampskibsselskabet NORDEN A/S		**743.5**	**204.5**
Earnings per share (EPS)	4.5		
Earnings per share (USD)		21.2	5.5
Earnings per share, diluted (USD)		21.1	5.4

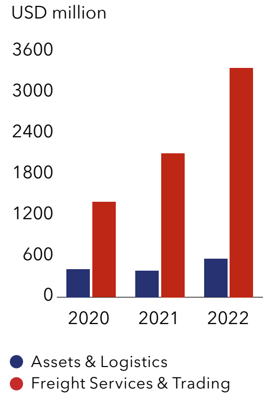
STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD million	Note	2022	2021
Profit for the year		**743.5**	**204.5**
Items which will be reclassified to the income statement:			
Fair value adjustment for the year, cash flow hedges	4.2	94.3	-35.3
Other comprehensive income, total		**94.3**	**-35.3**
Total comprehensive income for the year, after tax		**837.8**	**169.2**
Attributable to:			
Owners of Dampskibsselskabet NORDEN A/S		**837.8**	**169.2**

Contribution margin



T/C equivalent revenue



STATEMENT OF FINANCIAL POSITION

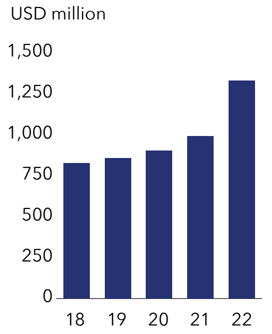
Assets

Amounts in USD million	Note	2022	2021
Vessels	3.1	525.6	703.0
Right-of-use assets	4.7	454.0	556.5
Property and equipment	3.1	50.4	49.7
Prepayments on vessels and newbuildings	3.1	32.1	11.3
Total tangible assets		**1,062.1**	**1,320.5**
Investments in joint ventures	3.2	-	10.0
Receivables from subleasing	4.8	14.0	9.1
Total financial assets		**14.0**	**19.1**
Total non-current assets		**1,076.1**	**1,339.6**
Inventories		134.2	117.1
Receivables from subleasing	4.8	77.9	23.7
Freight receivables	3.3	328.9	255.7
Receivables from joint ventures		1.5	1.0
Other receivables		45.5	18.9
Prepayments		139.0	136.0
Cash and cash equivalents		842.3	410.7
		1,569.3	**963.1**
Vessels held for sale	3.4	110.0	150.8
Total current assets		**1,679.3**	**1,113.9**
TOTAL ASSETS		**2,755.4**	**2,453.5**

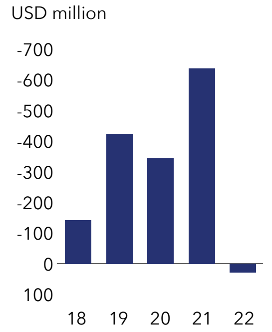
Equity and liabilities

Amounts in USD million	Note	2022	2021
Share capital	4.4	5.9	6.2
Reserve for hedges	4.2	63.1	-31.2
Retained earnings		1,261.7	1,018.3
Total equity		**1,330.7**	**993.3**
Loans	4.6	200.6	302.1
Lease liabilities	4.7	243.3	269.9
Bonds	4.6	73.7	98.7
Total non-current liabilities		**517.6**	**670.7**
Loans	4.6	21.0	39.9
Lease liabilities	4.7	276.2	337.8
Trade payables		279.5	226.1
Debt to joint ventures		-	13.9
Tax payables		0.3	-
Other payables		224.5	73.0
Deferred income		84.6	89.4
		886.1	**780.1**
Liabilities relating to vessels held for sale	3.4	21.0	9.4
Total current liabilities		**907.1**	**789.5**
Total liabilities		**1,424.7**	**1,460.2**
TOTAL EQUITY AND LIABILITIES		**2,755.4**	**2,453.5**

Equity



Net interest-bearing debt



STATEMENT OF CASH FLOWS

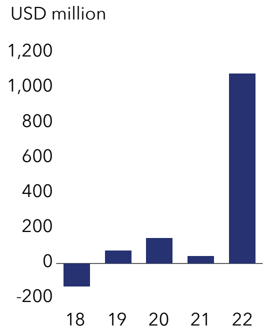
Amounts in USD million	Note	2022	2021
Profit for the year		743.5	204.5
Reversal of items from the income statement	5.1	371.1	308.6
Change in working capital	5.1	183.5	-96.4
Instalments on sublease receivables	4.8	52.9	24.8
Income tax, paid		-8.1	-7.6
Cash flow from operating activities		**1,342.9**	**433.9**
Investments in vessels, vessels held for sale and other tangible assets	3.1/3.4	-205.5	-92.1
Prepayments on newbuildings	3.1	-122.6	-155.8
Investments in joint ventures		7.2	-2.4
Proceeds from sale of vessels and newbuildings		574.0	159.8
Change in financial receivables		-12.6	-
Change in money market investments with rate agreements of more than three months, etc.		-182.6	93.1
Cash flow from investing activities		**57.9**	**2.6**
Free cash flow	5.1	**1,078.8**	**40.3**
Dividend paid to shareholders		-376.2	-53.0
Acquisition of treasury shares	4.4	-129.8	-33.1
Proceeds from share options		4.2	6.6
Proceeds from issue of bonds	4.6	-	98.7
Proceeds from loans	4.6	60.6	417.1
Repayment of bonds		-25.5	-
Repayment of loans	4.6	-180.4	-395.1
Instalments on lease liabilities	4.7	-466.4	-268.4
Financial payments, received		12.3	0.3
Financial payments, paid		-50.5	-35.0
Cash flow from financing activities		**-1,151.7**	**-261.9**
Net cash flow		**249.1**	**174.6**

Amounts in USD million	Note	2022	2021
Liquidity at 1 January		389.3	217.1
Exchange rate adjustments		-0.1	-2.4
Change in liquidity for the year		249.1	174.6
Liquidity at 31 December		**638.3**	**389.3**
Money market investments with rate agreements of more than three months, etc.		204.0	21.4
Cash and cash equivalents 31 December		**842.3**	**410.7**
Which can be explained as follows			
Demand deposits and cash balance		267.1	200.1
Money market investments		503.5	154.1
Other cash and cash equivalents		71.7	56.5
Cash and cash equivalents 31 December		**842.3**	**410.7**

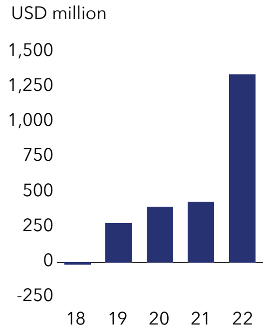
In connection with trading in derivative financial instruments, NORDEN has established margin accounts with Skandinaviska Enskilda Banken (SEB) in the form of cash. At 31 December, cash held in margin accounts placed as security amounted to USD 65 million (USD 58 million).

For information on accounting policies for cash flow, definition of free cash flow and supply chain financing, please refer to note 5.1.

Free cash flow



Cash flow from operations



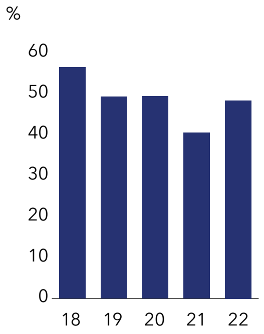
STATEMENT OF CHANGES IN EQUITY

		Shareholders of NORDEN			
Amounts in USD million	Note	Share capital	Reserve for hedges	Retained earnings	Total
Equity at 1 January 2022		**6.2**	**-31.2**	**1,018.3**	**993.3**
Total comprehensive income for the year		-	94.3	743.5	837.8
Capital reduction		-0.3	-	0.3	-
Acquisition of treasury shares	4.4	-	-	-129.8	-129.8
Exercise of share options	2.4	-	-	4.2	4.2
Dividends paid	4.4	-	-	-403.3	-403.3
Dividends related to treasury shares		-	-	27.1	27.1
Share-based payment	2.4	-	-	1.4	1.4
Changes in equity		**-0.3**	**94.3**	**243.4**	**337.4**
Equity at 31 December 2022		**5.9**	**63.1**	**1,261.7**	**1,330.7**

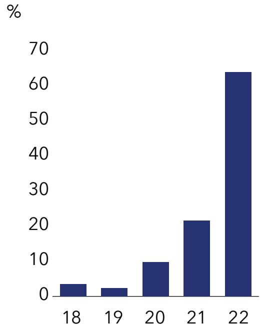
See note 4.4 "Share capital and dividends" for a specification of reserves available for distribution as dividends and note 4.2 "Derivatives" for a specification of distribution of reserves on cash flow hedging.

		Shareholders of NORDEN			
Amounts in USD million	Note	Share capital	Reserve for hedges	Retained earnings	Total
Equity at 1 January 2021		**6.5**	**4.1**	**891.9**	**902.5**
Total comprehensive income for the year		-	-35.3	204.5	169.2
Capital reduction		-0.3	-	0.3	-
Acquisition of treasury shares	4.4	-	-	-33.1	-33.1
Exercise of share options	2.4	-	-	6.6	6.6
Dividends paid	4.4	-	-	-57.8	-57.8
Dividends related to treasury shares		-	-	4.8	4.8
Share-based payment	2.4	-	-	1.1	1.1
Changes in equity		**-0.3**	**-35.3**	**126.4**	**90.8**
Equity at 31 December 2021		**6.2**	**-31.2**	**1,018.3**	**993.3**

Equity ratio



Return on equity



NOTES TO THE FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

SECTION 2
INCOME STATEMENT

SECTION 3
INVESTED CAPITAL AND WORKING CAPITAL

SECTION 4
CAPITAL STRUCTURE AND RISKS

SECTION 5
OTHER NOTES

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1.1 Basis of preparation

This note provides a list of accounting policies adopted in the preparation of the Consolidated Financial Statements and the Financial Statements of the Parent Company to the extent they have not been disclosed in the respective notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Dampskibsselskabet NORDEN A/S with its subsidiaries is one of Denmark's oldest internationally operating shipping companies. NORDEN operates in Dry Cargo and Tankers worldwide.

Dampskibsselskabet NORDEN A/S is a public limited company incorporated in Denmark and is listed on Nasdaq Copenhagen.

Change in reportable segments
Changes to the segment structure were made with effect from 1 January 2022. The changes involve combining Dry Operator and Tanker Operator into Freight Services & Trading. In addition, the segment Asset Management has been renamed to Assets & Logistics. Comparison figures for note 2.1 "Segment information" have been restated as if the change had been implemented in 2021.

Principal accounting policies
The annual report for the period 1 January - 31 December 2022 with comparative figures comprises the Consolidated Financial Statements of Dampskibsselskabet NORDEN A/S (the Parent Company) and its subsidiaries (the Group) and the Financial Statements of the Parent Company.

The Consolidated Financial Statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements from the Danish Financial Statements Act.

The Financial Statements of the Parent Company, Dampskibsselskabet NORDEN A/S, have been prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class D.

Measurement basis
The Consolidated Financial Statements and the Financial Statements of the Parent Company have been prepared based on the historical cost principle, with the exception of the following assets and liabilities:

- Derivative financial instruments, which are measured at fair value
- Non-current assets and groups of assets held for sale are measured at the lower of carrying amount before the changed classification and fair value less selling costs

USD is the functional currency of all enterprises in the Group as well as the Parent Company. In the annual report, the presentation currency is USD, and amounts are presented in million USD with one decimal rounded, except when otherwise stated.

Applying materiality
The Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature. When aggregated, the transactions are presented in classes of similar items in the financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the Financial Statements or in the notes.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these Financial Statements or not applicable.

1.2 Basis of consolidation

Consolidation principles
The Consolidated Financial Statements comprise the Parent Company, Dampskibsselskabet NORDEN A/S and subsidiaries. An investment is classified as a subsidiary when below conditions are met:

- Dampskibsselskabet NORDEN A/S has control over the company
- Dampskibsselskabet NORDEN A/S is exposed to variability in return on the investment
- The control over the company can be used to affect the return on the investment

At consolidation, intra-group income and expenses, shareholdings, dividends and accounts as well as unrealised intra-group gains and losses on transactions between the consolidated enterprises are eliminated.

The Financial Statements used in the consolidation are prepared in accordance with the Group's accounting policies. The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the subsidiaries by aggregating items of a uniform nature.

Newly acquired or newly established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition using the purchase method. Enterprises divested or wound up are included in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions or companies wound up.

NOTES TO THE FINANCIAL STATEMENTS

1.3 General accounting policies

Inventories
Inventories primarily comprise of bunker and lubrication oil kept on board vessels. Inventories are measured at the lower of either cost according to the FIFO method or net realisable value.

Prepayments
Prepayments include costs incurred regarding the succeeding financial year such as prepaid hire, interest and insurance premiums.

Deferred income
Deferred income arises from prepayments for voyages and time-charter income. Part of deferred income comprises prepaid time-charter income comprising a lease element as well as a service element.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as “Financial income” or “Financial expenses”.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the reporting date are translated at the exchange rates at the reporting date. Differences between the exchange rates at the transaction date and the exchange rate at the reporting date are recognised in the income statement as “Financial income” or “Financial expenses”.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date, when fair value in a foreign currency are translated using the exchange rate at the date, when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

In determining the spot exchange rate used on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payment or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Financial ratios
Financial ratios are calculated in accordance with the “Recommendations and Financial Ratios” issued by the Danish Association of Financial Analysts, unless specifically stated. However, “Profit/loss from sale of vessels, etc.” is not included in EBITDA. The figures are adjusted for the Group’s holding of treasury shares.

Definitions of key figures and financial ratios are shown on page 134.

Non-IFRS financial measures
In the annual report, the Group discloses certain financial measures of the Group’s financial performance, financial position and cash flows that reflect adjustments to the most directly comparable measures calculated and presented in accordance with IFRS. These non-IFRS financial measures may not be defined and calculated by other companies in the same manner and may thus not be comparable.

The non-IFRS financial measures disclosed in the annual report are:

- Contribution margin – The contribution margin is defined as Revenue less Vessel operating costs plus Other operating income, net. Using the terminology in the segment reporting in note 2.1 “Segment information”, contribution margin is defined as T/C equivalent revenue less Charter hire for vessels and OPEX element less Operating costs plus Other operating income/(expense).

1.4 Significant accounting estimates and judgements

The preparation of the Consolidated Financial Statements of the Group and the Financial Statements of the Parent Company requires Management to make estimates and judgements. These are the basis for recognition and measurement of the Group’s and Parent Company’s income, expenses, assets and liabilities.

The applied estimates are based on historical data and other factors that Management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events that affects the current as well as future periods.

Below are the accounting estimates and judgements, which Management deems to be significant to the preparation of the Financial Statements:

- Impairment, note 3.1 “Tangible assets”
- Non-lease component for leases under IFRS 16 "Leases", note 4.7 “Leases - lessee”

The accounting policies are described in each of the specific notes in the Financial Statements, which also include additional description of the most significant accounting estimates and judgements.

NOTES TO THE FINANCIAL STATEMENTS

1.5 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 standards, interpretations 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 IAS 16, IAS 37 and IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards issued but not yet effective
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on NORDEN in the current or future reporting periods and on foreseeable future transactions.

1.6 Reporting under the ESEF Regulation

NORDEN is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the annual report for 2022 is therefore prepared in the XHTML format that can be displayed in a standard browser.

The primary statements and the notes to the Consolidated Financial Statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named "norden-2022-12-31-en.zip".

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2
INCOME STATEMENT

EBITDA ratio up from 15.0% last year to

21.8%

EBIT margin up from 6.9% last year to

14.9%

Contribution margin up from USD 650m last year to

USD 1,366m

NOTES TO THE FINANCIAL STATEMENTS

2.1 Segment information

Amounts in USD million	Assets & Logistics	Freight Services & Trading	Eliminations	Total
2022				
Revenue – services rendered, external	215.5	5,094.2	-	5,309.7
Revenue – services rendered, internal	377.0	-	-377.0	-
Revenue – sublease financial income	1.8	0.9	-	2.7
Voyage costs*	-32.2	-1,730.0	12.7	-1,749.5
T/C equivalent revenue	**562.1**	**3,365.1**	**-364.3**	**3,562.9**
Other operating income	-0.9	28.6	-	27.7
Charter hire and OPEX element*	-149.9	-2,366.1	364.3	-2,151.7
Operating costs*	-71.5	-1.5	-	-73.0
Contribution margin	**339.8**	**1,026.1**	**-**	**1,365.9**
Overhead and administration costs	-22.4	-184.4	-	-206.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**317.4**	**841.7**	**-**	**1,159.1**
Profit/loss from sale of vessels, etc.	79.5	-0.1	-	79.4
Depreciation, amortisation and impairment losses	-180.4	-269.3	-	-449.7
Profit/loss from investments in joint ventures	2.8	-	-	2.8
Profit from operations (EBIT)	**219.3**	**572.3**	**-**	**791.6**
Financial income	6.3	6.0	-	12.3
Financial expenses	-32.1	-19.9	-	-52.0
Profit before tax	**193.5**	**558.4**	**-**	**751.9**
Tax for the year	-0.4	-8.0	-	-8.4
Profit for the year	**193.1**	**550.4**	**-**	**743.5**

*Included in the item "Vessel operating costs" in the income statement.

Amounts in USD million	Assets & Logistics	Freight Services & Trading	Eliminations	Total
2021				
Revenue – services rendered, external	68.0	3,482.4	-	3,550.4
Revenue – services rendered, internal	339.8	-	-339.8	-
Revenue – sublease financial income	1.2	0.2	-	1.4
Voyage costs*	-17.8	-1,270.6	19.8	-1,268.6
T/C equivalent revenue	**391.2**	**2,212.0**	**-320.0**	**2,283.2**
Other operating income	0.3	7.2	-0.8	6.7
Charter hire and OPEX element*	-114.3	-1,773.5	320.8	-1,567.0
Operating costs*	-73.1	-0.2	-	-73.3
Contribution margin	**204.1**	**445.5**	**-**	**649.6**
Overhead and administration costs	-11.4	-106.0	-	-117.4
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**192.7**	**339.5**	**-**	**532.2**
Profit/loss from sale of vessels, etc.	7.7	-	-	7.7
Depreciation, amortisation and impairment losses	-168.3	-127.2	-	-295.5
Profit/loss from investments in joint ventures	-1.1	-	-	-1.1
Profit from operations (EBIT)	**33.2**	**212.3**	**-**	**245.5**
Financial income	-0.1	0.4	-	0.3
Financial expenses	-27.5	-7.6	-	-35.1
Profit before tax	**5.6**	**205.1**	**-**	**210.7**
Tax for the year	-0.5	-5.7	-	-6.2
Profit for the year	**5.1**	**199.4**	**-**	**204.5**

* Included in the item "Vessel operating costs" in the income statement.

The amounts of revenue stated in the above tables for both current financial year and the comparable financial year include the agreed time charter rates earned during the lease. The lease and service components are recognised as revenue under the same pattern of transfer to the customers. Separate disclosure of the lease components and the service income components have not been provided as it is impracticable to establish this disclosure.

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue. All deferred revenue as of 31 December 2021 has been recognised as revenue in 2022.

NOTES TO THE FINANCIAL STATEMENTS

2.1 Segment information – continued

ACCOUNTING POLICIES

On 1 January 2022, we consolidated three business units into two, Assets & Logistics and Freight Services & Trading.

Assets & Logistics
Assets & Logistics is our business unit focusing on investments.

The segment handles owned vessels and charters in long-term vessel capacity and charters out its capacity of owned and long-term chartered tonnage to Freight Services & Trading at market rates and to third parties.

Assets & Logistics furthermore aims to develop customer solutions beyond a standard freight service, improving supply chain efficiency and reducing carbon emissions for our customers.

Freight Services & Trading
The Freight Services & Trading business unit is the combination of the Dry Operator and Tanker Operator business units.

The Freight Services & Trading segment offers transport of bulk commodities such as grain, coal, iron ore and sugar, and of fuel oil and refined oil products. The vessel capacity comprises vessels chartered either from third parties or from Assets & Logistics at market rates.

Operating segments
The segment information is based on the Group's organisation, business management and management control, including internal financial reporting to NORDEN's operative management.

NORDEN's operative management function comprises the Executive Management and the Board of Directors in union.

The Executive Management is responsible for the day-to-day management, and the Board of Directors approves strategy, action plans, targets and budgets and limits for financial and market risks, as well as supervises the Executive Management.

The Executive Management's and Board of Directors' functions and responsibilities are described in further detail in the section "Corporate governance" in the Management's Review. The operative management function assesses performance and carries out allocation of resources on the basis of the results for the year.

Presentation of the segment income statement items and their order is consistent with NORDEN's consolidated income statement, except for voyage costs, which are not included in the item "Vessel operating costs" but presented as a separate item, and the segment income statement therefore comprises the subtotal "T/C equivalent revenue".

The methods of allocating income statement items to segments are consistent. The allocation between Assets & Logistics and Freight Services & Trading is as follows:

- Items included in the segment profit are allocated to the extent that the items are directly or indirectly attributable to the segments.
- Items allocated by indirect calculation, the allocation keys are defined on the basis of each segment's drawing on key resources.

Inter-segment transactions comprise charter hire from Freight Services & Trading to Assets & Logistics.

Geographical areas
Information is not provided by geographical segment as the global market is a unit, and the activities of the individual vessels are not limited to specific parts of the world. Nor does the internal financial reporting for the operative management provide such information. It is therefore not possible to provide geographical segment information on revenue from external customers or non-current assets.

Revenue
Revenue comprises the present value of services rendered, net of discounts, and revenue obtained from subleasing. Services rendered comprise freight income, time charter income and commercial management fee. Revenue is recognised in the income statement for the financial year as earned.

All freight income and voyage costs are recognised as the freight services are rendered (percentage of completion). The percentage of completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. According to this method, freight income and related costs are recognised in the income statement according to the entered charter parties from the vessel's load date to the delivery of the cargo (discharge). The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the discharge (load to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs).

Demurrage is recognised if the claim is considered probable. Costs directly attributable to relocating the vessel to the load port under the contract are capitalised to the extent that they are recoverable.

Other operating income
Management income, mainly income in connection with administration of pool arrangements, is recognised upon receipt of the services in accordance with the management agreements concluded.

ACCOUNTING JUDGEMENTS AND ESTIMATES

In recognition of freight income and voyage costs, including net income from pool arrangements, NORDEN decides on closing dates, voyages, etc.

NOTES TO THE FINANCIAL STATEMENTS

2.2 Expenses by nature

Amounts in USD million	2022	2021
Vessel operating costs	3,974.2	2,908.9
Overhead and administration costs	206.8	117.4
Total	**4,181.0**	**3,026.3**
These costs can be split by nature:		
Voyage costs, excluding bunker oil	703.4	609.6
Bunker oil	1,046.1	659.0
Service component of right-of-use assets	285.7	205.9
Expenses related to short-term leases	1,866.0	1,361.1
Operating costs, owned vessels	73.0	73.3
Other external costs	27.1	20.4
Staff costs and remuneration, cf. note 2.3	179.7	97.0
Total	**4,181.0**	**3,026.3**

ACCOUNTING POLICIES

Expenses by nature disclose information about expenses arising from the main inputs that are utilised in order to accomplish the Group's activities such as charter hire for chartered vessels, bunker oil consumption, other voyage costs such as commissions and port charges, repair and maintenance costs, insurance costs, crew wages and other operating expenses, all included under vessel operating costs. Expenses, excluding depreciation, incurred to generate the revenue for the year.

Costs directly attributable to transportation of the vessel to the loading port are capitalised and amortised over the course of the transportation period. Vessel operating costs other than these capitalised are recognised upon receipt of services in accordance with the charter concluded by the parties.

Other external costs comprise costs of properties, travel, office expenses, external assistance, etc.

2.3 Staff costs and remuneration

Amounts in USD million	2022	2021
Wages and salaries, including of cash incentive	6.2	5.2
Share-based payment, cf. note 2.4	0.5	0.5
Remuneration of Executive Management	**6.7**	**5.7**
Remuneration of Board of Directors	**0.7**	**0.8**
Wages and salaries	173.4	91.2
Pensions - defined contribution plans	2.7	2.8
Other social security costs	2.2	1.9
Share-based payment, cf. note 2.4	1.4	1.1
Remuneration of employees	**179.7**	**97.0**
Average number of onshore employees	425	376

The employment contracts of Executive Management entitle the CEO or CFO to 12 months' remuneration in cases where they terminate their employment within four weeks of any change of control of the Company.

Refer to "Remuneration report 2022" published on NORDEN's website: www.norden.com/investor/governance/remuneration for further details.

ACCOUNTING POLICIES

Staff costs and remuneration comprise expenses related to wages, salaries, pension contributions, social security contributions, annual leave, sick leave, etc., and bonuses. Expenses are recognised in the year in which the associated services are rendered by employees of the Group.

2.4 Share-based payment

	2022	2021
Outstanding restricted shares at 1 January	218,195	209,844
Granted during the period	81,344	75,946
Exercised during the period	-67,044	-58,502
Lapsed during the period	-3,428	-9,093
Outstanding restricted shares at 31 December	**229,067**	**218,195**
Outstanding share options at 1 January	336,378	1,056,526
Exercised during the period	-308,978	-447,932
Lapsed during the period	-13,000	-272,216
Outstanding share options at 31 December	**14,400**	**336,378**
Average price of exercised share options (DKK)	54.89	107.68

The overall purpose of the restricted share programmes and the share option programmes is to ensure a shared interest with shareholders and to reward long-term and dedicated work which is deemed to be of value to NORDEN.

Restricted shares programme
Restricted shares are granted free of charge and remain restricted during a vesting period of three years.

Transfer of the restricted shares is subject to the continued employment within the three year vesting period. It applies that upon vesting, the employee will receive one share of nominally DKK 1 for each vested restricted share.

The decision to grant restricted shares is taken on an annual basis by the Board of Directors.

Special terms apply in case of death and illness.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Share-based payment – continued

Active restricted share programmes

Programme	2022	2021	2020
Share value at launch (DKK)	159.83	115.39	91.05
Fair value at grant (USDk)	1,712	1,437	1,183
Allocated to recipients	Jan. 2025	Jan. 2024	Feb. 2023
Vesting period	2022 to 2025	2021 to 2024	2020 to 2023
Amortisation period	3 years	3 years	3 years
Originally granted shares	81,344	87,698	75,946
Expense for the year (USDk)	1,401	1,128	883
Outstanding restricted shares:			
Excecutive Management	20,591	18,899	23,779
Other executives	11,403	13,247	16,148
Others	47,962	39,762	32,276
Total	**79,956**	**71,908**	**77,203**

Other than being employed by NORDEN at the time of granting of the restricted shares no. conditions are attached to the grant. Where a recipient resigns during the vesting period, non-vested restricted shares will lapse.

Programmes are expected to be covered by treasury shares.

Active share option programmes

Programme	2017.2	2017.1	2016
Excercise period	2020 to 2023	2020 to 2023	2019 to 2022
Exercise price (DKK)	54.89	115.30	94.50
Originally granted options	408,191	50,000	435,159
Number of shares per option	1	1	1
Expense for the year (USDk)	-	-	-
Outstanding share options:			
Executive Management	-	-	-
Other executives	-	-	-
Others	14,400	-	-
Total	**14,400**	**-**	**-**

Share options may be exercised after at least three years and no more than six years from the respective grant dates. Exercise of the share options is subject to the continued employment with the Company at the exercise date.

Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least two years. If the employee already owns shares, this can be included in the determination of the investment amount.

Programmes are expected to be covered by treasury shares.

ACCOUNTING POLICIES

The value of services rendered by employees as consideration for share-based incentive payments is measured at the fair value of the granted options and restricted shares, respectively. For both, this fair value is recognised in the income statement over the vesting period. A corresponding increase is recognised in equity.

The fair value of the options is determined using the Black-Scholes valuation model, taking into account the terms of the grant and the actual number of vested options. The fair value of restricted shares is determined using the share price at the grant date adjusted for expected dividend per share, which is based on historical dividends. On recognition, the number of options and restricted shares expected to vest are estimated. The estimate is adjusted over the vesting period to the actual number of vested options and restricted shares.

The exercise price of share options is determined as the five day average of the market price following the grant, less all dividend payments after the grant date plus a fee of 10%, respectively, in proportion to the market price at the date of grant.

The division into employee categories is based on the current title of the employee. Resigned employees are included in the category "Others".

NOTES TO THE FINANCIAL STATEMENTS

2.5 Depreciation, amortisation and impairment losses, net

Amounts in USD million	2022	2021
Vessels, cf. note 3.1 and 3.4	28.7	42.6
Right-of-use assets, cf. note 4.7	420.0	252.1
Property and equipment, cf. note 3.1	1.0	0.8
Total	**449.7**	**295.5**

Refer to notes above for accounting policies.

2.6 Financial income and expenses

Amounts in USD million	2022	2021
Interest income	12.3	0.3
Total financial income	**12.3**	**0.3**
Interest expenses	18.2	11.1
Fair value adjustment, derivatives	0.3	0.1
Exchange rate adjustments	1.2	-
Interest expenses on lease liabilities	32.3	23.9
Total financial expenses	**52.0**	**35.1**

ACCOUNTING POLICIES

Financial income and expenses comprise interest income and expenses, realised and unrealised gains, losses on transactions denominated in foreign currencies, amortisation of loan costs and securities and subsequent changes to contingent acquisition costs.

2.7 Taxation

Amounts in USD million	2022	2021
Tax on profit/loss for the year	8.6	6.7
Adjustment of tax regarding previous years	-0.2	-0.5
Total	**8.4**	**6.2**
Can be broken down as follows:		
Profit/loss before tax	751.9	210.7
of which results from Danish tonnage activity	-735.0	-206.5
Profit/loss from non-tonnage activity	**16.9**	**4.2**
Calculated tax of this, 22.0% (22.0%)	3.7	0.9
Tax effect from:		
- Tonnage tax	6.3	6.0
- Higher/lower tax rate in subsidiaries	-9.3	-7.3
- Adjustments of tax regarding previous years	-0.2	-0.5
- Non-tax deductible interest, etc.	7.9	7.1
Total	**8.4**	**6.2**
Contingent tax under the tonnage tax scheme	16.3	16.3
Contingent tax is calculated equalling the tax rate for 2022 and going forward	22%	22%

Contingent tax may become a current tax if the tonnage tax regime is dissolved, if the Danish group entities in question net investments in vessels decrease significantly or if the Danish group entities in question are liquidated. The Group's business plans therefore constitute an important basis for this estimate.

ACCOUNTING POLICIES

The Group's current tax consists of tax payable according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for net financial income and other activities.

Other activities mainly comprise commercial management income of NORDEN tanker pools. Shipping activities in Denmark are taxed on the basis of the net tonnage (vessels), which the Danish group entities in question have at their disposal.

Based on the planned use of vessels and recovery of reversed depreciation, respectively, the Danish tonnage tax regime does not result in a liability, hence, it does not result in any deferred tax in the balance sheet. The liability is merely a contingent liability.

Other activities of the Group and the Parent Company are not subject to deferred tax either.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Based on the Group's business plans, the Danish group entities have entered the Danish tonnage tax regime for a binding ten year period from 2021.

In addition, the tax rules are complicated when a company has activities that are partly covered by the tonnage tax regime and partly by corporate taxation.

In calculation of the taxable income, estimates are made which in a later assessment by the Danish tax authorities may result in corrections to previous estimates of recognised tax assets and liabilities in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3
INVESTED CAPITAL AND WORKING CAPITAL

Change in tangible assets -19.6% to

USD 1,062m

Future payments from vessels sold

USD 224m

Change in freight receivables 28.6% to

USD 329m

NOTES TO THE FINANCIAL STATEMENTS

3.1 Tangible assets

Amounts in USD million	Vessels	Property and equipment	Prepayments on vessels and newbuildings	Total
2022				
Cost at 1 January	951.3	56.8	11.3	1,019.4
Additions	99.2	1.7	122.6	223.5
Disposals	-	-1.7	-	-1.7
Transferred from prepayments on vessels and newbuildings	56.8	-	-56.8	-
Transferred to tangible assets held for sale	-444.1	-	-45.0	-489.1
Cost	**663.2**	**56.8**	**32.1**	**752.1**
Depreciation and impairment losses at 1 January	-248.3	-7.1	-	-255.4
Depreciation	-37.2	-1.0	-	-38.2
Impairment loss from sale of vessels	-17.4	-	-	-17.4
Reversal of impairment losses	4.9	-	-	4.9
Disposals related to derecognised assets	-	1.7	-	1.7
Transferred to tangible assets held for sale	160.4	-	-	160.4
Depreciation and impairment losses	**-137.6**	**-6.4**	**-**	**-144.0**
Carrying amount	**525.6**	**50.4**	**32.1**	**608.1**

Capital commitments
The Group has entered into agreements for future delivery of vessels.

Amounts in USD million	<1 year	2-3 years	>3 years	Total
The remaining contract amount is payable as follows:	107.0	8.0	-	115.0

Future payments to NORDEN from vessels sold: USD 224 million.

Amounts in USD million	Vessels	Property and equipment	Prepayments on vessels and newbuildings	Total
2021				
Cost at 1 January	1,079.7	54.9	15.5	1,150.1
Additions	104.1	1.9	155.8	261.8
Disposals	-1.3	-	-	-1.3
Transferred from prepayments on vessels and newbuildings	76.6	-	-76.6	-
Transferred to tangible assets held for sale	-307.8	-	-83.4	-391.2
Cost	**951.3**	**56.8**	**11.3**	**1,019.4**
Depreciation and impairment losses at 1 January	-312.3	-6.3	-	-318.6
Depreciation	-42.6	-0.8	-	-43.4
Impairment loss from sale of vessels	-14.4	-	-	-14.4
Reversal of impairment losses	-	-	-	-
Disposals related to derecognised assets	1.3	-	-	1.3
Transferred to tangible assets held for sale	119.7	-	-	119.7
Depreciation and impairment losses	**-248.3**	**-7.1**	**-**	**-255.4**
Carrying amount	**703.0**	**49.7**	**11.3**	**764.0**

Capital commitments
The Group has entered into agreements for future delivery of vessels.

Amounts in USD million	<1 year	2-3 years	>3 years	Total
The remaining contract amount is payable as follows:	120.0	-	-	120.0

Future payments to NORDEN from vessels sold: USD 220 million.

NOTES TO THE FINANCIAL STATEMENTS

3.1 Tangible assets – continued

ACCOUNTING POLICIES

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use. Borrowing costs concerning either specific or general borrowing directly related to assets with an extended construction period are included in cost over the period of construction.

Depreciation is based on the straight-line method over the estimated useful lives of the assets. Depreciation is calculated based on the following estimated useful lives (unchanged compared to last year):

Buildings	50
Vessels	25
Fixtures, fittings and equipment	3-10

Land is not depreciated.

Useful lives of the assets and residual values are reviewed and adjusted at each balance sheet date, if appropriate.

Vessels
Dry docking costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next dry docking.

The scrap value of vessels is determined based on the market price per lightweight tonne for scrapping of the vessel.

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period does not exceed 25 years from delivery from the shipyard.

Prepayments on newbuildings are recognised in assets as vessels under construction as payments are made. At the delivery of the vessel, it is reclassified to the item "Vessels".

Profit/loss from sale of vessels is stated as the difference between the sales price less selling costs and the carrying amount of the vessel in question at the time of delivery. Furthermore, impairment of assets held for sale and any gains and losses upon repayment of related loans are included.

Impairment test
Management monitors continuously, on a portfolio basis, the carrying value of tangible non-current assets in order to determine, whether there are any indications of impairment in excess of the amount provided for by normal depreciation and whether previous impairments should be reversed.

An impairment test is conducted if there is an indication that the carrying amount of an asset or a cash-generating unit exceeds the expected future cash flows from the asset. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value-in-use. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount (cash-generating unit) is analysed for impairment.

Management's assessment of indication of impairment on owned vessels, leased vessels recognised in the statement of financial position as right-of-use assets and prepayments on newbuildings is based on the cash-generating units (CGUs) in which vessels, etc. are included; Dry Cargo and Tankers.

Assessment of indication of impairment is made concurrently on a portfolio basis.

Reversal of previous impairments is only recognised if there has been a change in the assumptions used to determine the recoverable amount since the last impairment test was carried out.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant accounting judgement includes the definition of CGUs. Among other things, the judgement affects on which basis an impairment test is performed.

Management has considered the degree of interdependency between the two business units Assets & Logistics and Freight Services & Trading, in respect of taking decisions related to the vessel capacity. It has been concluded that the interdependency is to such an extent that the cash inflows are not largely independent. Consequently, the respective dry cargo and tanker vessels of the two segments have been included in the respective CGU; Dry Cargo or Tankers, according to the nature of the vessels.

When determining that the CGU is not at a lower level than the total Dry Cargo and Tanker fleets, respectively, Management has attached importance to the fact that both fleets are managed on a portfolio level.

Furthermore, assessing whether any indication of impairment exists is depending on complex and subjective judgements by Management. Only if any indication of impairment, or reversal of previously recognised impairment, exists, an impairment test is performed within a CGU.

The indications assessed by Management comprise, among other things, financial performance, vessel values, newbuilding prices and development in freight and time charter rates.

When considering vessel values, Management obtains two independent broker valuations of vessels and newbuildings. Assessment of development

NOTES TO THE FINANCIAL STATEMENTS

3.1 Tangible assets – continued

ACCOUNTING JUDGEMENTS AND ESTIMATES - CONTINUED

in newbuilding prices is based on market data such as known transactions, prices of potential newbuildings and analysis reports from brokers.

Management considers all these indicators when assessing whether an impairment test has to be performed.

If indications exist, Management assesses through an impairment test the recoverability of the carrying amount of tangible assets and other related assets related to the relevant CGU (see above under "Accounting policies" in this note).

Recoverable amount is generally determined based on a calculation of the higher of the fair value less costs to sell and the value-in-use.

As the CGUs contain both owned vessels and capitalised charter contracts (right-of-use assets), the fair value less costs to sell of the CGU cannot be determined solely based on the broker valuations obtained but requires valuations similar to those in performing a value-in-use calculation.

The principal risk when determining the value-in-use is in relation to Management's assessment of the timing and value of future cash flows, including Management's estimates of long-term freight and T/C rates as well as determination of a discount rate (WACC).

Given the war in Ukraine, the full effect of sanctions on Russia and macroeconomic uncertainties in general, the freight market uncertainty and volatility are expected to remain high and could cause a shift in freight rates and other significant assumptions impacting the impairment assessment.

Other significant accounting estimates when determining the carrying value of tangible assets include i.a. useful lives and residual values.

Dry Cargo
The Dry Cargo CGU is defined as NORDEN's Dry Cargo fleet, including chartered vessels and agreed coverage (revenue) in the form of Contracts of Affreightment (COAs), vessels chartered out and Forward Freight Agreements (FFAs).

During the first half of 2022, dry cargo spot rates were strong, supported by market inefficiencies built up in the previous year. However, the dry cargo market gradually deflated during 2022, reversing the market tightness. The dry cargo market is expected to face further headwinds in the first half of 2023 in line with a slowdown in the world economy and corresponding low growth in global commodity volumes.

However, a low newbuilding orderbook is expected to mitigate a potentially deep and prolonged downturn and long-term rates are expected to align with the long-term rate assumed in the latest impairment test of the Dry Cargo CGU performed at the end of 2021. As such, no indications of a need for impairments were identified.

Tankers
The Tankers CGU is defined as NORDEN's Tanker fleet, including chartered vessels and agreed coverage (revenue) in the form of Contracts of Affreightment (COAs), vessels chartered out and Forward Freight Agreements (FFAs).

Product tanker spot rates surged during 2022. Average MR spot rates more than quadrupled from USD 7,500 in 2021 to USD 34,200 per day in 2022, and the one year T/C rate for MR Eco vessels increased by more than 100% to USD 32,500 per day at the end of 2022. Due to the substantial improvements, an impairment test was performed in order to assess potential reversal of previously recognised impairment.

A WACC of 7.75% was used for the calculation (2021: 7.25%). Whilst the value-in-use calculation in 2021 showed that the long-term values of the Tanker fleet supported the carrying amounts at the time, the 2022 value-in-use calculation indicated substantial headroom and the remaining prior year impairments of USD 5 million were reversed.

Due to the large number of open vessel days in the Tankers CGU, the value-in-use calculation was particularly sensitive to even minor fluctuations in freight rates and WACC. As an example of these sensitivities, a reduction of the assumed freight rates of USD 1,000 would affect the value-in-use negatively by approximately USD 75 million (2021: USD 80 million). An increase in WACC of one percentage point would similarly affect the value-in-use negatively by approximately USD 35 million (2021: USD 30 million).

NOTES TO THE FINANCIAL STATEMENTS

3.2 Investments in joint ventures

NORDEN engages in jointly controlled arrangements which include joint ventures and joint operations. In joint ventures, the parties do not have a direct share in assets and liabilities, etc., but solely a share in the net profit or loss and equity.

On the other hand, joint operations provide the parties with direct rights to the assets and direct obligations for the liabilities. Each joint operator recognises its part of assets, liabilities, income and costs.

The table below summarises the key figures from investment in joint ventures:

Amounts in USD million	2022	2021
Key figures (100%)		
Revenue and other income	23.3	26.0
Costs	-17.7	-23.1
Impairment	-	-0.6
Total profit/loss	**5.6**	**2.3**
Share of profit/loss of joint ventures	**2.8**	**1.1**
Non-current assets	0.1	10.1
Current assets	5.5	21.5
- of this, cash and cash equivalents	5.7	7.1
Non-current liabilities, debt	-0.6	-11.0
Current liabilities	-0.9	-2.1
Total carrying amount	**4.1**	**18.5**
Share of carrying amount	2.0	9.2
Transferred to other payables due to negative equity	-2.0	0.8
Recognised carrying amount	**-**	**10.0**

No significant restrictions apply to distributions from joint ventures. For further disclosure related to joint venture, see note 3.5.

Investments comprise:		2022	2021	2022	2021
	Ownership	Share of profit/loss of joint ventures		Carrying amount	
Nord Summit Pte. Ltd., Singapore*	50%	-	-1.4	-	10.0
Polar Navigation Pte. Ltd., Singapore	50%	2.8	2.7	-	-
NORDEN SYNERGY Ship Management A/S, Denmark*	50%	-	-0.2	-	-
Total		**2.8**	**1.1**	**-**	**10.0**

NORDEN SYNERGY Ship Management A/S was sold as of 31 July 2022. Nord Summit Pte. expected to be liquidated in the beginning of 2023.

ACCOUNTING POLICIES

In the Group's income statement, the Group's share of the joint ventures' profit/loss after tax is included in the item "Share of profit/loss of joint ventures".

Enterprises which are contractually operated jointly with one or more other enterprises, and which are thus jointly controlled, are recognised in the Consolidated Financial Statements according to the equity method.

In the Group's statement of financial position, the Group's share of the net asset value of joint ventures is thus included in the item "Investments in joint ventures", calculated on the basis of the Group's accounting policies and after deduction or addition of the Group's share of any unrealised intra-group gains or losses.

Joint ventures with negative net asset values are measured at USD 0 million. If the Group has a legal or constructive obligation to cover the enterprises' negative balance, such obligation is recognised by writing down any receivable from the joint venture or under provisions.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Assessment of control in shared ownership
The classification of activities and enterprises which are in part jointly owned with other companies and thus how these activities and enterprises are treated in the Consolidated Financial Statements is to a certain extent based on judgements of formal and actual conditions.

In the assessment of joint control, an analysis has been made as to which decisions require unanimity and whether these relate to relevant activities, which are activities that significantly affect the return of the arrangement. It is assessed that joint control by default exists when business plans and budgets must be adopted unanimously.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Freight receivables

Amounts in USD million	2022	2021
Receivables from invoiced voyages	190.7	111.2
Receivables from voyages commenced at the balance sheet date	154.3	152.9
Freight receivables	345.0	264.1
Writedown regarding demurrage, claims, etc.	-16.1	-8.4
Freight receivables, net	328.9	255.7
Carrying amount at 31 December	**328.9**	**255.7**

Freight receivables are predominately denominated in USD as other currencies account for less than 1% in both 2022 and 2021.

Regarding freight receivables, the Group usually has the opportunity to use the cargo as security. Refer to note 4.1 "Financial risk management" and note 4.3 "Fair value hierarchy" for further information.

ACCOUNTING POLICIES

Receivables are measured at amortised cost less allowances for impairment losses. Impairment losses for trade receivables are determined as the expected loss over the life of the receivables.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Allowances of trade receivables are determined using the lifetime expected credit loss which includes factors such as internal rating, historical information about payment patterns, collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

It is estimated that the allowances made are sufficient to cover bad debt.

3.4 Vessels held for sale and related liabilities

Amounts in USD million	2022	2021
Carrying amount at 1 January	150.8	17.1
Additions	104.2	-
Additions from vessels	283.7	188.1
Additions from prepayments on vessels and newbuildings	44.9	83.4
Disposals	-477.2	-137.8
Revsersal of impairment losses	3.6	-
Carrying amount at 31 December	**110.0**	**150.8**
Liabilities relating to vessels held for sale		
Prepayments received newbuildings and vessels sold	21.0	9.4
31 December	**21.0**	**9.4**

ACCOUNTING POLICIES

Vessels held for sale comprise vessels for which a binding sales agreement has been entered into and the vessel will be transferred to the buyer within 12 months of the reporting date.

Newbuilding vessels and prepayments on vessels held for sale are measured at the lower of carrying amount before classification as held for sale and fair value less selling costs and are recognised under current assets. Vessels held for sale are not depreciated.

Assets and directly related liabilities in relation to vessels held for sale are recognised in separate items in the statement of financial position. Gains and losses are included in the income statement in the item "Profit/loss from sale of vessels, etc.". Gains are recognised on delivery and losses when they are classified as "held for sale".

3.5 Joint operations

NORDEN engages in jointly controlled arrangements which include joint ventures and joint operations. In joint ventures, the parties do not have a direct share in assets and liabilities, etc., but solely a share in the net profit or loss and equity. On the other hand, joint operations provide the parties with direct rights to the assets and direct obligations for the liabilities. Each joint operator recognises its part of assets, liabilities, income and costs.

NORDEN's shipping activities are to some extent conducted through pool arrangements. In pools, revenue and related costs are recognised according to criteria corresponding to the pool agreements.

For vessels operating in pools, the pool's profit is allocated to the pool participants on the basis of an agreed principle. The agreed principle may differ from pool to pool. Generally, the pool profit is allocated to the participants according to the number of days the vessels have been at the pool's disposal, but weighted for the capacity and characteristics of the individual vessels.

NORDEN operates a few pools. As pool operator, NORDEN receives management income to cover its costs in this respect. Management income is calculated as a fixed percentage of charter/freight income for each individual agreement, however, with a minimum amount. The management income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

The following is an overview of NORDEN's total liabilities and coverage in respect of jointly controlled operations in the event that other pool partners are unable to meet their obligations.

Amounts in USD million	2022	2021
Share of unrecognised liabilities for which the pool partners are jointly and severally liable	42.8	24.6
Cash and cash equivalents liable to the pool partners	63.9	6.7

NOTES TO THE FINANCIAL STATEMENTS

3.5 Joint operations – continued

ACCOUNTING POLICIES

Pool arrangements are considered joint operations. Accordingly for vessels operating in pools, the proportionate share of income and costs is presented as gross amounts in the income statement. For example, the share of revenue in pools is recognised in "Revenue", while the proportionate share of costs in pools, such as direct voyage costs (e.g. bunker oil, commissions and port charges) and charter hire for chartered pool tonnage, is recognised in "Vessel operating costs". Similarly, NORDEN's share of assets and liabilities in pools is recognised, and NORDEN's share of other liabilities, etc. is included in the notes to the Financial Statements.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Assessment of control in shared ownership - pool arrangements
The classification of activities and enterprises which are in part jointly owned with other companies and thus how these activities and enterprises are treated in the Consolidated Financial Statements are to a certain extent based on judgements of formal and actual conditions.

In connection with the assessment of control, an analysis of the operator role in NORDEN's agreements on pool arrangements has been made. The operator is responsible for the day-to-day management of activities carried out within a jointly established framework. Since the operators are not exposed to, and are not entitled to, a return apart from the participating share and the fact that they can be replaced upon agreement, the operators are considered to be agents as defined in IFRS 10.

In the assessment of joint control, an analysis has been made as to which decisions require unanimity and whether these relate to relevant activities, which are activities that significantly affect the return of the pool arrangement. It is assessed that joint control by default exists when business plans and budgets must be adopted unanimously.

For NORDEN's pool arrangements, unanimity is required on decisions relating to relevant activities. It has also been established that the pool partners have rights and obligations directly and unlimited with regard to the assets and liabilities of the arrangements, and as the pool arrangements have not been structured into separate legal units, these are treated and classified as joint operations.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4
CAPITAL STRUCTURE AND RISKS

Change in fair value of hedges from USD -31 million last year to

USD 63m

EPS up from USD 5.5 last year to

USD 21.2

Net cash paid to shareholder up from USD 86m last year to

USD 506m

NOTES TO THE FINANCIAL STATEMENTS

4.1 Financial risk management

The Group is exposed to a variety of risks from its operations in shipping markets.

The Board of Directors is advised by the Risk Committee in matters related to the management of these risks, where the Risk Committee is responsible for ensuring development and implementation of robust risk frameworks that appropriately identify and measure risks.

Based on advice from the Risk Committee, the Board of Directors reviews and agrees on policies for managing each of the risks, which are described below.

For further information, see the "Risk Management" section on pages 17-18 in the Management's Review.

Credit risks

The Group is exposed to credit risk related to trade receivables from its counterparties and agreed future COAs, its prepayments to shipyards and ship owners, its cash deposits with financial institutions and potential initial margins and intraday volatility market values in relation to derivative instruments.

Credit risk is reduced by systematic credit assessment of counterparties and regular monitoring of their creditworthiness. For this purpose, own analyses are applied based on external credit rating agencies and publicly available information. Each analysis results in an internal rating, which is subsequently used for determining the allowed scope of the commitment.

The internal ratings are based both on a financial and a non-financial assessment of the counterparty profile, where each category ranges between A to D, with A being the highest achievable score.

Customer credit risk exposure

The total Group credit exposure was USD 1,907 million (USD 1,767 million) at the end of 2022 with USD 1,463 million (USD 1,684 million) in Dry Cargo and USD 444 million (USD 83 million) in Tankers.

While concentration risk is mitigated by distributing exposure between many counterparties, it is still a few counterparties that account for a large part of the exposure.

In Dry Cargo, the exposure involves 315 (285) counterparties, where the five largest counterparties accounted for 27% (30%) of the covered revenue in the segment.

In Tankers, the exposure involves 87 (59) counterparties, where the five largest accounted for 71% (68%) of the covered revenue in the segment. It is assessed that most of the counterparties referred to above are solid, and the Group stays updated on the performance and activities of these companies on a regular basis.

Credit risks related to trade receivables differ somewhat for timecharters and voyage charters. For timecharters, revenues are in general paid in advance for the next two to four weeks, while for voyage charters, substantially all revenue is paid before discharge in Dry Cargo and within two to five days after discharge in Tankers.

Due to the nature of the counterparties as described above and the systematic and regular monitoring of their creditworthiness, the customer credit risk is determined to be limited.

Prepayments

The Group has credit risk related to prepayments to shipyards. To mitigate this risk, the Group generally obtains a guarantee from a financial institution.

Cash deposits

The Group liquidity is strictly placed with financial institutions that are either classified as a systemically important financial institution (SIFI) or that have a Moody's rating of at least A-.

Derivatives

NORDEN uses derivatives instruments to hedge freight risk, bunker risk and currency risk. The credit risk related to these instruments is deemed to be small, since cleared and OTC contracts are subject to daily margin payments, with the only difference that OTC contracts have a threshold before daily margin payments are made.

At year end, a total positive market value of USD 152 million (2021: USD 180 million) and a total negative market value of USD 97 million (2021: USD 222 million) had been cleared through NORDEN's margin account with Skandinaviska Enskilda Banken (SEB).

Freight rate risks

Purchasing and chartering vessels, and cargo contracts, imply a risk as the Group assumes financial liability in expectation of generating earnings which are dependent on the freight market.

The Group uses FFAs to hedge cash flow risk to the extent Management finds it attractive, cf. note 4.2 "Derivatives".

Bunker price risks

A large part of the variable revenues and expenses are related to bunker prices, which impact the Group's result. The Group uses bunker swaps to hedge the bunker price risk to the extent possible, cf. note 4.2 "Derivatives".

Note that for vessels that are scrubber-fitted, the Group has a bunker price risk related the spread between high sulphur fuel oil and a combination of high sulphur fuel oil and a combination of very low sulphur fuel oil and gas oil,

NOTES TO THE FINANCIAL STATEMENTS

4.1 Financial risk management – continued

respectively. As the available hedging tools are not very liquid, only parts of this risk is hedged.

Interest rate risks
Most of the Group's loan obligations are paying interest on the basis of SOFR or one, three, or six months' USD LIBOR. Most of the Group's considerable cash balance is held at banks thus netting out the loan's interest rate exposure. The Group's significant net cash position implies positive interest rate exposure.

Most of the Group's considerable cash balance is placed on short-term deposit accounts thus netting out the loan's LIBOR exposure. The Group's net interest rate exposure does not have a significant effect on the results of the Group.

Currency risks
The Group's functional currency is USD. Since administrative expenses and dividends are paid in other currencies - mainly DKK - there is a currency risk in this connection. The Group hedges expected administrative expenses payable in DKK for a period of 6-24 months.

In connection with newbuilding payments, typically in JPY, CNY or KRW, there may also be a currency risk. This is hedged by forward contracts in connection with newbuilding orders. At the end of 2022, all newbuilding payments were, however, in USD.

The strike price in some of the Group's purchase options is determined in JPY, and it is the Group's policy only to hedge these if the option is exercised and only upon exercise.

In connection with the conclusion of a COA in GBP, cross currency swaps were simultaneously entered into to fix expected freight income in USD.

Liquidity risks
The Group maintains sufficient liquidity to handle short-term fluctuations in cash flows while at the same time complying with bank covenants.

Most of the Group's derivatives contracts, including but not limited to bunker swaps and FFAs, are mainly traded cleared. The derivatives contracts can also be traded OTC, but in this case always supported by ISDAs with CSAs. This implies a liquidity risk as changes in market value of the financial contracts must be backed by collateral on a daily basis.

The Group actively monitors and manages this risk using Cash Flow at Risk to ensure sufficient available liquidity to handle severe stress of current market conditions.

The terms to maturity of financial assets and liabilities are disclosed by category and class distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements.

Interest payments on floating-rate instruments are determined based on a zero-coupon interest structure adjusted by the Group's interest margin. All cash flows are undiscounted.

Capital management risks
The Group's formal external capital requirement is limited to the contributed capital of the Parent Company and the subsidiaries, which is significantly lower than the Group's equity.

The Group's equity ratio was 48.3% (40.5%) at the end of 2022. This significant equity ratio should be considered relative to the Group's future payment obligations in the form of operating lease liabilities (T/C contracts) and payments for newbuildings not recognised in the statement of financial position.

Financial comments
On the reporting date, floating-rate bank loans had an interest rate up to SOFR plus a margin of 1.85%. NORDEN's USD 100 million bond issue pays three months' LIBOR plus a margin of 4.75%. Refer to note 4.3 "Fair value hierarchy" for further information.

NOTES TO THE FINANCIAL STATEMENTS

4.1 Financial risk management – continued

Overview of financial risks

Amounts in USD million	Nominal value		
Credit	2022	2021	Comments on NORDEN's policy
Freight receivables	345	264	The credit rating of counterparties is assessed on an ongoing basis through systematic credit assessment and regular monitoring of creditworthiness.
Bank deposits	842	411	Liquidity is strictly placed with financial institutions that are either classified as a systemically important financial institution or that have a Moody's rating of at least A-.
Prepayments on vessels and newbuildings	32	95	As a main rule, newbuilding contracts with shipyards are entered into with repayment guarantees issued by banks with good credit ratings.
Freight rate risks (FFAs)	224[S]	231[S]	To limit credit risk, the Group's FFAs are for the main part entered through established clearing houses as these have daily margin settlement.
Bunker swaps	113[B]	111[B]	Bunker swaps are in general traded cleared, but in some cases bunker swaps are traded OTC with financial institutions and with major, recognised business partners with good credit ratings. In the case of OTC trades, the Group always includes an ISDA agreement ensuring continuous collateral above a specific threshold.

Amounts in USD million	Nominal value			
Market	2022	2021	Sensitivity	Comments on NORDEN's policy
Freight rate risks (FFAs)	224[S]	231[S]	A 10% drop in freight rates at year end would positively impact equity by USD 16 (positive impact of USD 28).	FFAs are used to hedge the cash flow risk related to highly probable freight expenses and revenues.
Bunker price risks	113[B]	111[B]	A 10% drop in bunker prices at year end would negatively impact equity by USD 10 (negative impact of USD 12).	Bunker swaps are used to hedge the cash flow risk related to expenses of highly probable bunker purchases and revenues from the bunker price component of expected, highly probable, cargoes.
Currency risks	186	120	A 10% increase in the DKK, GBP and JPY exchange rates at year end would have the following impact: • DKK; net results positively by USD 0 (USD 0) and equity USD 0 (USD 0), and • GBP; net results positively by USD 0 (USD 0) and equity by USD 3 (USD 3), and • JPY; net results positively by USD 4 (USD 0) and equity by USD 4 (USD 0). Any exposure to other currencies than DKK, GBP and JPY is insignificant.	• DKK forward currency contracts are used to hedge expected DKK overhead and administration costs for the next 12-24 months. • GBP forward currency contracts are used to hedge expected freight income from a COA concluded in GBP, cf. note 4.2. • JPY forward currency contracts are used to hedge the excersise price of vessel purchase options.
Interest rate risks	-	-	Based on the Group's liquidity and debt at year end, a 1% increase in interest rates would, all other things being equal, impact earnings before tax positively by USD 7 million (USD 1) and equity by USD 7 (USD 1).	Most of the Group's loan obligations are paying interest on the basis of one, three, and six months' USD LIBOR. Most of the Group's considerable cash balance is placed in short-term bank deposits thus netting out the loan's LIBOR exposure.

[S]Sold net, [B]Bought net

NOTES TO THE FINANCIAL STATEMENTS

4.1 Financial risk management – continued

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments:

	Maturities				
Amounts in USD million	<1 year	1-3 years	>3 years	Total	Carrying amount
2022					
Derivative financial instruments					
Derivative financial instruments with a positive market value	5.7	-	-	5.7	5.7
Derivative financial instruments with a negative market value	-6.0	-	-	-6.0	-6.0
Cash flow hedging with a positive market value	0.7	0.1	-	0.8	0.8
Cash flow hedging with a negative market value	-	-	-	-	-
Financial assets measured at amortised cost					
Receivables from subleasing	77.3	23.6	-	100.9	91.9
Cash and cash equivalents	842.3	-	-	842.3	842.3
Freight receivables	328.9	-	-	328.9	328.9
Receivables from joint ventures	1.5	-	-	1.5	1.5
Other receivables	42.8	-	-	42.8	42.8
Total	**1,292.8**	**23.6**	**-**	**1,316.4**	**1,307.4**
Financial liabilities measured at amortised cost					
Loans	-24.3	-99.2	-107.2	-230.7	-221.6
Bonds	-	-74.5	-	-74.5	-73.7
Lease liabilities, current	-331.2	-175.7	-37.0	-543.9	-519.5
Lease liabilities, future commencement date	-4.9	-59.0	-124.7	-188.6	-
Trade and other payables	-519.3	-	-	-519.3	-519.3
Total	**-879.7**	**-408.4**	**-268.9**	**-1.557,0**	**1,334.1**

Refer to page 104 in the note's Financial comments section and to note 4.3 "Fair value hierarchy" for further information.

	Maturities				
Amounts in USD million	<1 year	1-3 years	>3 years	Total	Carrying amount
2021					
Derivative financial instruments					
Derivative financial instruments with a positive market value	0.2	-	-	0.2	0.2
Derivative financial instruments with a negative market value	-	-	-	-	-
Cash flow hedging with a positive market value	3.0	0.3	-	3.3	3.3
Cash flow hedging with a negative market value	-1.0	-	-	-1.0	-1.0
Financial assets measured at amortised cost					
Receivables from subleasing	24.5	9.2	-	33.7	26.7
Cash and cash equivalents	410.7	-	-	410.7	410.7
Freight receivables	255.7	-	-	255.7	255.7
Receivables from joint ventures	1.0	-	-	1.0	1.0
Other receivables	15.6	-	-	15.6	15.6
Total	**707.5**	**9.2**	**-**	**716.7**	**709.7**
Financial liabilities measured at amortised cost					
Loans	-48.7	-98.6	-236.1	-383.4	-342.0
Bonds	-	-100.0	-	-100.0	-98.7
Lease liabilities, current	-355.9	-234.9	-44.0	-634.8	-607.7
Lease liabilities, future commencement date	-27.6	-64.9	-54.2	-146.7	-
Trade and other payables	-307.8	-	-	-307.8	-307.8
Total	**-740.0**	**-498.4**	**-334.3**	**-1,572.7**	**-1,356.2**

NOTES TO THE FINANCIAL STATEMENTS

4.2 Derivatives

Cash flow hedging
Set out below are the fair value of cash flow hedging recognised and the movements during the period:

Amounts in USD million	2022	2021
Fair value of cash flow hedges		
Fair value at 1 January	-31.2	4.1
Fair value adjustment at year end, net	94.3	-35.3
Fair value at 31 December	**63.1**	**-31.2**
The fair value of cash flow hedges at 31 December can be specified as follows:		
Bunker hedging	-10.8	7.4
FFA hedging	71.9	-39.0
Foreign currency risk hedging	2.0	0.4
Fair value at 31 December	**63.1**	**-31.2**
At year end, cash-flow hedges cleared through margin accounts can be specified as follows:		
FFA hedging	71.9	-39.0
Bunker hedging	-11.6	5.1
Foreign currency risk hedging	2.0	0.4
At year end, cash-flow hedges not cleared through margin accounts can be specified as follows:		
Bunker hedging	0.8	2.3
Fair value at 31 December	**63.1**	**-31.2**

Bunker hedging
The Group hedges cash flow risk from bunker prices to the extent possible. The risk strategy is built on portfolio hedging where Risk Management, which manages the bunker risk, is given a mandate in terms of Value at Risk.

Bunker swaps are used to hedge expected bunker revenues and planned bunker expenses. The bunker swaps are designated as hedges of the forward bunker prices.

Bunker swaps are sold to hedge revenue related to the bunker price component of expected, highly probable cargoes up to a limit given by the bunkers onboard and the redelivery commitment related to time chartered-out vessels.

The expected bunker sales arise from expected, highly probable cargoes as the Group's basis analysis of the freight market structure has concluded that bunkers are a separate and identifiable component of cargo freight prices.

Bunker swaps are purchased to hedge expenses related to planned, highly probable bunker purchases. The planned bunker purchases are related to existing cargoes, where owners must cover the bunker expenses required to carry the cargo from its load to discharge port, and the redelivery commitment related to time chartered-in vessels, as charterers must redeliver the vessel with a bunker volume specified in the charterparty to owners.

Bunker swaps are contracts that are priced against published Platts prices for the respective bunker product in the given bunkering hub. The Group has in its basis analysis of the bunker market structure concluded that Rotterdam and Singapore prices are separate and identifiable components of bunker prices in other ports.

The Group, therefore, uses bunker swaps with price reference in Rotterdam to hedge bunker prices West of Suez, and in Singapore to hedge bunker prices East of Suez.

As a result of the Ukraine conflict, a number of COAs were cancelled during the year resulting in highly probable hedged bunker purchases no longer expected to occur. Consequently, a corresponding volume of bunker hedge contracts were terminated. The cumulative gain of USD 10 million upon cancellation has been recycled from the hedging reserve to other income as ineffectiveness in second quarter 2022, not included in the table below.

Amounts in USD million	2022	2021
Movements in the hedging reserve:		
Beginning of year	7.4	9.2
Fair value adjustment	26.2	42.3
Transferred to revenue	54.7	29.4
Transferred to operating costs	-99.1	-73.5
End of year	**-10.8**	**7.4**

The bunker hedging activities comprise the following contracts:

	Settlement Mts				Fair value	
	<1 year	1-2 years	2-3 years	>3 years	Positive	Negative
2022						
Purchased	980,106	20,192	-	-	20.1	-35.5
Average USD/Mts	*575.8*	*549.2*	-	-		
Sold	776,954	3,000	-	-	21.1	-22.1
Average USD/Mts	*568.0*	*537.0*	-	-		
2021						
Purchased	763,747	86,200	4,200	-	33.4	-5.8
Average USD/Mts	*528.7*	*375.4*	*361.8*	-		
Sold	545,756	60,000	-	-	4.1	-26.2
Average USD/Mts	*548.2*	*451.8*	-	-		

NOTES TO THE FINANCIAL STATEMENTS

4.2 Derivatives – continued

Freight hedging
To control the uncertainty relating to cash flow risk from freight prices, future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent Management finds it attractive.

The risk is managed by the Business Unit Leaders, based on Value at Risk limits defined by Management.

The FFAs are designated as hedges of the forward freight rate. FFAs are sold to hedge freight revenue of expected, highly probable cargoes that will be booked. FFAs are purchased to hedge freight expenses related to expected, highly probable vessels to be time chartered-in.

FFA contracts are priced against published Baltic spot indices for the respective vessel types (Handysize, Supramax, Panamax). Actual earnings on spot voyages within the respective vessel type show strong correlation to the relevant Baltic spot indices, and FFA contracts are therefore considered to be effective hedges against highly probable freight revenue when applying a 1:1 hedging ratio.

The movement in price difference between the Baltic indices and the actual freight rates and difference in actual number of days may cause ineffectiveness.

Amounts in USD million	2022	2021
Movements in the hedging reserve:		
Beginning of year	-39.0	-5.2
Fair value adjustment	101.7	-288.1
Realised contracts, transferred to operating costs	-57.9	-292.2
Realised contracts, transferred to revenue	67.1	546.5
End of year	**71.9**	**-39.0**

The freight hedging comprises the following contracts:

	Settlement days				Fair value	
	<1 year	1-2 years	2-3 years	>3 years	Positive	Negative
2022						
Purchased	15,749	4,560	600	300	29.0	-23.4
Average USDk/day	*13.5*	*13.1*	*12.6*	*13.7*		
Sold	31,703	4,440	-	-	78.0	-11.6
Average USDk/day	*15.0*	*12.7*	-	-		
2021						
Purchased	12,928	9,840	1,320	360	127.1	-4.3
Average USDk/day	*15.1*	*13.0*	*11.3*	*11.8*		
Sold	26,559	6,180	-	-	4.5	-166.3
Average USDk/day	*17.7*	*14.3*	-	-		

Foreign currency risk hedging
In 2016, NORDEN agreed to transport wood pellets from the USA to the UK with one monthly cargo during 2019-2034. Part of the payments for the transport during 2020-2025 was denominated in GBP.

Amounts in USD million	Settlement				Fair value	
	<1 year	1-2 years	2-3 years	>3 years	Positive	Negative
2022 - GBP	8.7	8.7	0.7	-	2.0	-
2021 - GBP	8.7	8.7	8.7	0.7	0.1	-

The currency exposure arising from these payments has been swapped to USD at two of NORDEN's partnership banks at an average GBP/USD rate of 1.37.

Derivatives – not hedge accounting
The Group has entered into hedging transactions, where hedge accounting is not used and where assets and liabilities are recognised with the following amounts:

	Fair value	
Amounts in USD million	Positive	Negative
2022		
Freight Forward Agreements	3.9	-4.4
Forward exchange contracts	5.7	-6.0
2021		
Freight Forward Agreements	14.1	-19.8
Forward exchange contracts	0.2	-

ACCOUNTING POLICIES

The Group uses derivative financial instruments to hedge its bunker price risks, freight risk and currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets (other receivables) when the fair value is positive and as financial liabilities (other payables) when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

NOTES TO THE FINANCIAL STATEMENTS

4.2 Derivatives – continued

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement in the same item as any changes in the carrying amount of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future transactions (cash flow hedge) are recognised in other comprehensive income and presented under "Reserve for cash flow hedges" (equity). A break down of the movement into each type of cash flow hedge is presented below. Where the expected future transactions results in the acquisition of non-financial assets, any amounts deferred under equity are transferred from equity to the cost of the asset. Where an expected future transaction results in income or expense, any amount deferred under equity are transferred from equity to the income statement in the same item as the hedged transaction.

Changes in derivative financial instruments used for economic trading are recognised in the income statement in a separate item under other operating income.

4.3 Fair value hierarchy

Fair value measurement
The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction of selling the asset or transferring the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In measuring the fair value of unlisted derivative financial instruments and other financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques.

- Market-based parameters such as market-based yield curves and forward exchange prices are used for the valuation.
- For bunker contracts, the price is based on observable stock markets, e.g. Rotterdam and Singapore.
- The value of FFAs is assessed on the basis of daily recorded prices from the Baltic Exchange.
- For non-current liabilities and other interest rate-based financial instruments, the fair value is based on a discounted value of future cash flows. The zero-coupon rate with the addition of the Group's interest margin is used as discount factor.

The fair value of receivables and debt with a maturity of less than one year is assumed to approximate their face values less any estimated credit adjustments.

The fair value of bank debt is calculated as the present value of expected future repayments and interest payments. As discount rate at the calculation of present value, a zero-coupon interest with similar maturities adjusted with the Group's interest margin has been used.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial instruments for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described following the accounting hierarchy:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS

4.3 Fair value hierarchy – continued

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Amounts in USD million

2022	Carrying amount	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Receivables from subleasing [1]	91.9	-	91.9	-
Freight receivables [2]	328.9	-	-	-
Other receivables [2]	39.0	-	-	-
Receivables from joint ventures [2]	1.5	-	-	-
Cash and cash equivalents [2]	842.3	-	-	-
Total financial assets at amortised cost	**1,303.6**	**-**	**91.9**	**-**
Other receivables, derivatives	0.8	-	0.8	-
Total financial assets at fair value through other comprehensive income	**0.8**	**-**	**0.8**	**-**
Other receivables, derivatives	5.7	-	5.7	-
Total financial assets at fair value through the income statement	**5.7**	**-**	**5.7**	**-**
Loans	-221.6	-	-221.6	-
Bonds	-73.7	-76.2	-	-
Lease liabilities [1]	-519.5	-	-	-
Debt to joint ventures [2]	-	-	-	-
Trade payables [2]	-279.5	-	-	-
Total debt at amortised cost	**-1,094.3**	**-76.2**	**-221.6**	**-**
Derivatives	-	-	-	-
Total financial liabilities at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Derivatives	-6.0	-	-6.0	-
Total financial liabilities at fair value through the income statement	**-6.0**	**-**	**-6.0**	**-**

1) The carrying amount is approximately equal to the fair value.
2) Due to the short-term nature, the carrying amount is assumed to approximate the fair value.

Amounts in USD million

2021	Carrying amount	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Receivables from subleasing [1]	32.8	-	32.8	-
Freight receivables [2]	255.7	-	-	-
Other receivables [2]	15.6	-	-	-
Receivables from joint ventures [2]	1.0	-	-	-
Cash and cash equivalents [2]	410.7	-	-	-
Total financial assets at amortised cost	**715.8**	**-**	**32.8**	**-**
Other receivables, derivatives	3.3	-	3.3	-
Total financial assets at fair value through other comprehensive income	**3.3**	**-**	**3.3**	**-**
Other receivables, derivatives	0.2	-	0.2	-
Total financial assets at fair value through the income statement	**0.2**	**-**	**0.2**	**-**
Loans	-342.0	-	-342.0	-
Bonds	-98.7	-102.0	-	-
Lease liabilities [1]	-607.7	-	-	-
Debt to joint ventures [2]	-13.9			
Trade payables [2]	-226.1	-	-	-
Total debt at amortised cost	**-1,288.4**	**-102.0**	**-342.0**	**-**
Derivatives	-1.0	-	-1.0	-
Total financial liabilities at fair value through other comprehensive income	**-1.0**	**-**	**-1.0**	**-**
Derivatives	-	-	-	-
Total financial liabilities at fair value through the income statement	**-**	**-**	**-**	**-**

1) The carrying amount is approximately equal to the fair value.
2) Due to the short term nature, the carrying amount is assumed to approximate the fair value.

NOTES TO THE FINANCIAL STATEMENTS

4.3 Fair value hierarchy – continued

NORDEN's forward exchange contracts and other derivative financial instruments (commodity instruments) are considered for fair value measurement at level two as the fair value can be determined directly on the basis of the published exchange rates and forward interest rates and prices at the reporting date.

NORDEN's bonds are considered for fair value measurement at level 1 as the bond is quoted by NASDAQ, valued at the official closing price.

NORDEN's other financial instruments are considered for fair value measurement at level two as the fair value can be determined on the basis of observable inputs.

4.4 Share capital and dividends

Distribution to shareholders

Amounts in USD million	2022	2021
Interim dividend for the year	279.5	-
Dividend for the prior year	96.7	53.0
Share repurchases for the year	129.8	33.1
Total	506.0	86.1

The net cash distribution to shareholders in the form of dividends and share repurchases amounts to USD 506 million, compared with a free cash flow of USD 1,079 million.

The total dividend related to 2022 amounts to USD 424.7 million (DKK 90 per share), corresponding to a payout ratio of 57.1%. The 2022 final dividend of USD 145.2 million (DKK 30 per share) is expected to be distributed pending approval at the Annual General Meeting.

Interim dividends of USD 141 million (DKK 30 per share) were paid in August 2022 and USD 139 million (DKK 30 per share) in November 2022.

Amounts excluding dividend declared on treasury shares.

Treasury shares

	Market value, USD million	Treasury shares in %	2022	2021
Holding at 1 January	61.8	6.22	2,436,939	2,894,467
Purchases			3,327,721	1,481,230
Transfers			-316,648	-438,758
Cancellations			-2,200,000	-1,500,000
Holding at 31 December	**194.7**	**8.78**	**3,248,012**	**2,436,939**

Treasury shares are acquired for the purpose of hedging in connection with share-based payment and in connection with share buy-back programmes.

The Company is authorised by the general meeting to acquire treasury shares in the period until next year's annual general meeting at a total nominal value not exceeding 15% of the share capital at the market price applicable at the time of acquisition with a deviation of up to 10%.

Share buy-back programmes

NORDEN initiated four share buy-back programmes in 2022. The share buy-back programmes were initiated pursuant to the authorisation granted to the Board of Directors. The details of the four share buy-back programmes can be found in the following table:

Period	Limit* of share capital	Number of shares acq.	Cost of shares acq., DKK	Avg. price of shares acq.
4 Nov 21 - 28 Feb 22	10%	754,900	120,816,462	159
3 Mar - 30 Apr 22	10%	814,921	198,723,547	243
6 Jul - 16 Aug 22	15%	357,700	106,373,379	296
18 Aug - 1 Nov 22	15%	841,200	291,827,249	345
3 Nov 22 - 7 Feb 23	15%	559,000	205,951,180	368
		3,327,721	**923,691,817**	**277**

* applicable at the time of acquisition with a deviation of up to 10%

The figures in the above table only include shares acquired through share buy-back programmes in 2022.

The total cost of DKK 923,691,817 was deducted from retained earnings.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting. Dividend proposed by Management in respect of the year is stated under equity.

Treasury shares

The acquisition and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Earnings per share (EPS)

The basis for calculating earnings per share and diluted earnings per share is set out below:

Amounts in USD million	2022	2021
Profit for the year	**743.5**	**204.5**
Weighted average number of ordinary shares	37,572,603	39,717,808
Weighted average number of treasury shares	2,484,477	2,203,639
Weighted average number of shares	**35,088,126**	**37,514,169**
Dilutive effect of outstanding options and restricted performance shares	209,071	187,742
Weighted average number of shares, including dilutive effect of options and restricted performance shares	35,297,197	37,701,911
Earnings per share, EPS (USD)	21.2	5.5
Earnings per shares, Diluted, EPS-D (USD)	21.1	5.4

ACCOUNTING POLICIES

Earnings per share is presented as both basic and diluted earnings per share. Basic earnings per share is calculated as net profit divided by the weighted average number of shares outstanding.

Diluted earnings per share is calculated as net profit divided by the sum of average number of shares outstanding, including the dilutive effect of the outstanding share options and restriced performance shares.

4.6 Loans and bonds

Amounts in USD million	2022	2021
Current debt	21.0	39.9
Non-current debt	274.3	400.8
Total	**295.3**	**440.7**
Fixed-rate	107.1	59.3
Floating-rate	115.2	284.9
Bonds	73.7	98.7
Commission	-0.7	-2.2
Total	**295.3**	**440.7**
Movements in interest-bearing debt:		
Interest-bearing debt at 1 January	440.7	320.0
Proceeds from loans	60.6	417.1
Repayment of loans	-180.4	-395.1
Repayment of and proceeds from bonds	-25.5	98.7
Other adjustments	-0.1	-
Interest-bearing debt at 31 December	**295.3**	**440.7**
Mortgages and securities		
Security for loans	116.2	296.4
– number of vessels pledged	13	26
– number of buildings pledged	2	2
– carrying amount	388.2	641.1
– mortgaged amount	485.5	594.9
Amount insured on vessels	564.0	777.6

Fixed-rate loans include financial leasing debt of USD 105.5 million.

Some of the mortgages have been registered with an amount to secure future drawings under a revolving credit facility of USD 200 million of which 0 million have been drawn.

The Group's loan agreements generally include a clause on the lender's option to terminate the agreement in the event the majority control of the Group is changed.

Mortgages and security provided in relation to liabilities are disclosed in note 3.1 "Tangible assets". Refer to note 4.3 "Fair value hierarchy" for a description of the fair value hierarchy.

Net interest-bearing debt

Amounts in USD million	2022	2021
Interest-bearing debt	-295.3	-440.7
Lease liabilities	-519.5	-607.7
Cash and cash equivalents	842.3	410.7
Total	**27.5**	**-637.7**

ACCOUNTING POLICIES

Loans and bonds comprise amounts borrowed from banks and a credit institution, and senior unsecured bonds listed on NASDAQ Copenhagen A/S.

Loans and bonds are recognised at the time the liabilities are obtained in the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans and bonds are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan or bond, to the effect that the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan or bond.

Commission paid to set up a credit facility is recognised as transaction costs to the extent that it is probable that the facility will be partially utilised. To the extent that it is not probable that the facility will be partially or fully utilised, commission is amortised over the term of the credit facility.

NOTES TO THE FINANCIAL STATEMENTS

4.7 Leases – lessee

The nature of the leasing activities
The majority of the lease contracts are time charter contracts on vessels, office spaces, and other equipment from external parties under non-cancellable operating lease agreements.

The time charter leases have been entered with a lease period of up to five years. Leases have varying terms, including options to extend and options to purchase.

Amounts recognised in the statement of financial position
Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the period:

Amounts in USD million	2022	2021
Right-of-use assets		
Cost at 1 January	958.3	527.3
Additions	244.7	443.1
Remeasurements	78.1	67.5
Disposals	-133.5	-79.6
Cost at 31 December	**1,147.6**	**958.3**
Depreciation at 1 January	-401.8	-228.7
Depreciation	-420.0	-252.1
Disposals	128.2	79.0
Depreciation at 31 December	**-693.6**	**-401.8**
Carrying amount at 31 December	**454.0**	**556.5**
Lease liabilities		
Lease liabilities at 1 January	607.7	355.4
Additions	300.4	454.7
Remeasurements	83.2	66.9
Instalments	-466.4	-268.4
Disposals	-5.4	-0.9
Lease liabilities at 31 December	**519.5**	**607.7**

Amounts recognised in the income statement
Set out below are the amounts related to right-of-use assets and lease liabilities recognised in the income statement:

Amounts in USD million	2022	2021
Expenses related to the service component of right-of-use assets	285.6	206.2
Expenses related to short-term leases	1,866.0	1,361.1
Expenses/gains related to derecognition of leases	-1.8	-0.5
Depreciation of right-of-use assets	420.0	252.1
Interest expenses related to lease liabilities	32.3	23.9

Leases with future commencement date
The Group has entered into has entered lease agreements with future commencement dates, which will affect the statement of financial position as shown below, when the time-chartered vessels will be delivered, and the Group obtains control of the asset.

Daily running cost
The Group has elected to separate lease and non-lease components. For these contracts, the consideration is allocated based on the relative stand-alone prices between the lease and non-lease component.

For time charter contracts, the non-lease component is the technical management services provided to operate the vessel. The future effect in the income statement related to the non-lease component (daily running costs) is as shown below.

Extension options
Some leases include an option to be extended for one additional year at a time. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors.

The Group assesses at the lease commencement date whether it is reasonably certain that the extension option will be exercised. The Group reassesses whether it is reasonably certain that the extension option will be exercised if there is a significant event or significant changes in circumstances within its control.

If all available extension options at year end were exercised when possible, the right-of-use asset and corresponding lease liability would increase by the following amounts in each future year (undiscounted and excluding non-lease component).

	<1 year		1-5 years		>5 years		
Amounts in USD million	Assets & Logistics	Freight Services & Trading	Assets & Logistics	Freight Services & Trading	Assets & Logistics	Freight Services & Trading	**Total**
2022							
Leases with future commencement date	27.7	0.5	139.6	-	-	-	**167.8**
Extension options	38.8	19.6	344.3	9.6	168.7	-	**581.0**
Daily running cost	137.0	76.2	266.6	15.1	7.7	-	**502.6**
2021							
Leases with future commencement date	99.0	19.6	15.4	-	-	-	**134.0**
Extension options	39.7	31.5	322.5	41.8	153.0	-	**588.5**
Daily running cost	136.7	95.3	243.6	39.8	4.9	-	**520.3**

NOTES TO THE FINANCIAL STATEMENTS

4.7 Leases – lessee – continued

ACCOUNTING POLICIES

At inception of a new contract, NORDEN assesses whether a contract is a lease or contains a lease. This involves exercise of judgement as to whether:

- the contract depends on the use of a specific asset,
- NORDEN obtains substantially all the economic benefits from the use of the asset, and
- NORDEN has the right to direct the use of the asset.

Right-of-use assets
NORDEN recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation, impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made before the commencement date. Unless NORDEN is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Impairment of right-of-use assets
Similar to owned assets, right-of-use assets are subject to testing for impairment if there is an indication of impairment. Refer to note 3.1 "Tangible assets" for further information.

Lease liabilities
At the commencement date of a lease, NORDEN recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease term comprises the non-cancellable period with addition of periods covered by options, if NORDEN is reasonably certain to exercise such extension options. This assessment is made on inception of the lease. The lease payments include fixed payments and variable payments depending on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by NORDEN.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant period rate of interest on the remaining balance of the liabilities for each period.

In calculating the present value of lease payments, NORDEN uses the incremental borrowing rate at the lease commencement date. The incremental borrowing rate applied is in the range of 4-6%, depending on the maturity of the lease contracts.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
NORDEN applies the lease recognition exemptions related to the short-term leases (lease term of 12 months or less) and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised in the income statement as an expense on a straight-line basis over the lease term.

Sale and lease back
For sale and leaseback transactions, if there is a transfer of control within the meaning of IFRS 15, NORDEN as the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee.

Any gain or loss that relates to the rights transferred to the buyer-lessor is recognised in profit or loss.

If there is no transfer of control, the seller-lessee recognizes the transaction as a financing transaction. While the transaction is legally subject to a lease contract, it is not accounted for as a lease and the underlying asset is not derecognised.

Cash flows
In the statement of cash flows, cash payments for the principal portion of the lease liabilities and related cash payments for the interest portion are classified within the financing activities. For short-term leases or leases of low-value assets, the lease payments are classified within the operating activities.

ACCOUNTING JUDGEMENTS AND ESTIMATES

NORDEN has elected to separate lease and non-lease components for leases of time charter contracts on vessels. For these contracts, the estimated non-lease component (daily running costs) is excluded from the right-of-use assets.

Assessing the consideration attributable to the non-lease component includes a significant accounting judgement, where Management uses market data from an independent service provider. The market data consists of benchmarking reports and allows NORDEN to benchmark vessels' operating costs against a global sample. The measurement of the non-lease component takes several factors into consideration such as operating costs, aging of the vessels, vessel types, etc.

In this regard, Management assesses the service provider's independence, objectivity and qualifications and whether the market data is appropriate for the purpose, e.g. based on sufficient market data.

NOTES TO THE FINANCIAL STATEMENTS

4.8 Leases – lessor and COAs

This note provides information on leases where the Group is the lessor.

Amounts in USD million	2022	2021
Amounts recognised in the income statement		
Revenue from sublease financial income*	2.7	1.5
Gain on derecognised right-of-use assets*	55.7	18.8
Amounts recognised in the statement of cash flows		
Instalment on sublease receivables	52.9	24.8
Receivables from subleasing		
Receivables from subleases at 1 January	32.8	26.7
Additions	111.0	31.5
Disposals	-6.3	-
Remeasurements	7.3	-0.6
Payments received	-52.9	-24.8
Receivables from subleases	**91.9**	**32.8**

* Included in revenue

Income as lessor
Amounts regarding operation lease income comprise the agreed time charter rates. The lease and service components will be recognised as revenue under the same pattern of transfer to the customer.

Sublease receivables
Set out in the table to the right are the carrying amounts of receivables from subleasing recognised and the movements during the period.

COAs with customers
The Group leases out vessel under non-cancellable operating leases agreements. The leases have varying terms, escalation clauses and renewal rights.

Separate disclosure on owned vessels, cf. note 3.1 "Tangible assets" and right-of-use assets, cf. note 4.7 "Leases - Lessee", leased out under operating leases, is not provided as entering time charter-out contracts is an integral part of the business and no vessels are designated as time charter-out vessels.

ACCOUNTING POLICIES

Subleases
NORDEN enters into arrangements to sublease an underlying asset to a third party, while NORDEN retains the primary obligation under the original lease. In such arrangements, NORDEN acts as both the lessee and lessor of the same underlying asset.

If a leased vessel is subleased under terms transferring substantially all remaining risks and rewards under the head lease to the lessee in the sublease, the right-of-use asset is derecognised, and a lease receivable is recognised. Gain/loss on the derecognised right-of-use asset is recognised in the income statement as revenue.

During the term of the sublease, NORDEN recognises both finance income on the sublease (as revenue) and interest expense on the head lease (as financial expenses).

Cash flows
Cash payments received on sublease receivables are classified within the operating activities.

COAs and operating lease income
Agreements to charter out vessels on time charters, where all significant risks and rewards of ownership have been transferred to the lessee, are recognised as a receivable in the statement of financial position. The receivable is measured in the same way as the lease liability in cases, where the Group is the lessee.

Other agreements to charter out vessels are considered operating leases in accordance with IFRS 16 "Leases", where NORDEN is presented as the lessee. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Management's assessment of whether leases on vessels should be classified as finance or operating leasing is based on an overall evaluation of each lease.

Amounts in USD million	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
2022							
Sublease receivables, contractual undiscounted payments	77.3	23.6	-	-	-	-	**100.9**
Expected share of COAs with customers	389.6	137.3	57.1	34.1	18.1	55.0	**691.2**
Expected income as lessor	308.5	95.8	44.5	0.4	-	-	**449.2**
2021							
Sublease receivables, contractual undiscounted payments	24.6	9.2	-	-	-	-	**33.8**
Expected share of COAs with customers	454.5	79.6	58.3	51.4	29.9	68.6	**742.3**
Expected income as lessor	220.7	48.4	14.3	-	-	-	**283.4**

Separate disclosure of the lease components and the service income components has not been provided as it is impracticable to establish this disclosure.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5
OTHER NOTES

NOTES TO THE FINANCIAL STATEMENTS

5.1 Cash flow specifications

Amounts in USD million	2022	2021
Reversal of items from the income statement		
Depreciation, amortisation and impairment losses	449.7	295.5
Financial items, net	39.7	34.8
Profit/loss from sale of vessels, etc.	-79.4	-7.7
Share of profit/loss of joint ventures	2.8	-1.1
Other reversed non-cash operating items	-41.7	-12.9
Total	**371.1**	**308.6**
Change in working capital		
Inventories	-17.1	-51.3
Freight and other receivables, etc.	-90.7	-169.7
Trade and other payables, etc.	198.0	157.5
Fair value adjustments of cash flow hedging instruments taken to equity	94.4	-35.3
Exchange rate adjustment of working capital	-1.1	2.4
Total	**183.5**	**-96.4**
Free cash flow		
Cash flow from operating activities	1,342.9	433.9
Cash flow from investing activities	57.9	2.6
Adjusted for change in cash and cash equivalents with rate agreements of more than 3 months, etc.	182.6	-93.1
Instalments on lease liabilities	-466.4	-268.4
Financial payments, received	12.3	0.3
Financial payments, paid	-50.5	-35.0
Total	**1,078.8**	**40.3**

Supply Chain Financing
The Group uses Supply Chain Financing to strengthen its financial position. The programme is based on a three-way relationship between the Group, a supplier and the syndication bank facilitating the programme. When suppliers participate in the programme, they have the option of receiving early payment from the syndication bank based on the invoices.

The arrangement of early payment is a transaction between the supplier and the syndication banks, which does not involve NORDEN. The advantage of participating in the programme for suppliers is that their cash position can be improved. The supply chain finance programme has not changed significant characteristics of the debt, and therefore the classification as trade payable is maintained.

ACCOUNTING POLICIES

Statement of cash flows
The statement of cash flows shows the Group's cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents at the beginning and end of the year. Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flow from operating activities
Cash flow from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, profit/loss from sale of vessels, etc., changes in working capital plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents and vessels held for sale.

Cash flow from investing activities
Cash flow from investing activities comprise cash flow from the acquisition and sale of non-current assets.

Cash flow from financing activities
Cash flow from financing activities comprise cash flow from the raising and repayment of loans and bonds, instalments on lease liabilities as well as payments to and from shareholders and interest received and paid.

Liquidity
Liquidity comprises marketable securities with a term of less than three months and cash not subject to significant limits to its availability.

Cash and cash equivalents
Cash and cash equivalents are measured in the statement of financial position at nominal value and mainly consist of demand deposits, cash balance and money market investments.

5.2 Fees to auditor appointed at the general meeting

Amounts in USD million	2022	2021
"Overhead and administration costs" include the following fees to PricewaterhouseCoopers:		
Statutory audit	0.5	0.5
Other assurance services	0.1	-
Tax consultancy	0.1	0.4
Other services	0.1	0.1
Total	**0.8**	**1.0**

The fee for non-audit services performed by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is USD 0.3 million (2021: USD 0.5 million) and comprises assurance, accounting and tax advisory services.

NOTES TO THE FINANCIAL STATEMENTS

5.3 Unrecognised contingent assets and liabilities

Claims have been made against the Group, primarily concerning discharge responsibility and broker fees, etc. The Group and its legal advisors consider the claims unjustified, and it is Management's opinion that the claims will not have any material impact on the Group's financial position, results of operations and cash flows.

The Group has provided financial support for its liabilities as regards the joint ventures Polar Navigation Ltd. and Nord Summit Pte. Ltd.

ACCOUNTING POLICIES

Contingent assets are recognised, when it is virtually certain that the claim will have a positive outcome for the Group. A contingent liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. Rulings in connection with such matters may in future accounting periods produce realised gains or losses, which may differ considerably from the recognised amounts or information.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. The assessments are made on the basis of legal opinions of the signed agreements, which in considerable claims also include assessments obtained from external advisors, including external legal advisers, among others.

5.4 Related party disclosures

Amounts in USD million	2022	2021
Income statement		
Sale of goods and services, joint ventures	15.6	16.1
Purchase of goods and services, joint ventures	24.0	45.8
Assets		
Receivables, joint ventures	1.5	1.0
Liabilities		
Debt, joint ventures	-	13.9
Shareholders with significant influence		
A/S Motortramp		
- Dividends paid to shareholder	121.6	17.4
A/S Motortramp participates on a pro-rata basis to the shares purchased in the Company's share buy-back programme.		

The Group has no related parties controlling NORDEN.

Remuneration and share-based payment of the Board of Directors and the Executive Management are disclosed in note 2.3 "Staff costs and remuneration" and note 2.4 "Share-based payment".

Accounts with joint ventures are related to operations, unsecured and with usual interest rates. Guarantees to joint ventures are mentioned in note 3.2 "Investments in joint ventures". No other transactions took place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

ACCOUNTING POLICIES

Related parties include the Board of Directors and the Executive Management as well as their close relatives. Related parties also include companies in which the above persons have significant interests as well as companies and foundations which have direct or indirect significant influence through shareholdings.

In addition, related parties include joint ventures, refer to note 3.2 "Investments in joint ventures".

5.5 Events after the reporting date

There are no subsequent events. Refer to page 12 in the Management's Review.

NOTES TO THE FINANCIAL STATEMENTS

5.6 Group structure

- **Dampskibsselskabet NORDEN A/S**
  Denmark
  - NORDEN Tankers & Bulkers Chile SpA
    Chile 100%
  - NORDEN Shipping (Singapore) Pte. Ltd.
    Singapore 100%
    - NORDEN Tankers & Bulkers India Private Ltd.
      India 100%
    - NORDEN Shipping (Shanghai)
      China 100% Branch
    - Polar Navigation Pte. Ltd.
      Singapore 50%
    - NORDEN Shipping (Australia) Pty. Ltd.
      Australia 100%
    - Nord Goodwill LLC
      USA 100%
  - NORDEN Shipping (USA) LLC
    USA 100%
  - NORDEN Tankers & Bulkers do Brazil Ltda.
    Brazil 100%
  - NORDEN Cyprus Ltd.
    Cyprus 100%
  - NORDEN Asset Management A/S
    Denmark 100%
  - NORDEN Shipping Abidjan SARLU
    Ivory Coast 100%
  - NORDEN Shipping (Canada)
    Canada 100% Branch
  - NORDEN Shipping Middle East DMCC
    UAE 100%
  - NORDEN Gabon A/S
    Gabon 100%
    - NORDEN Transhipment Services Gabon
      Gabon 100% Branch
  - NORDEN Japan K.K.
    Japan 100%

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in USD million	Note	2022	2021
Revenue	2.1	**5,082.3**	**3,389.6**
Other operating income		12.3	0.1
Vessel operating costs		-3,774.2	-2,773.9
Other external costs		-39.5	-28.3
Staff costs	2.2	-112.8	-73.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)		**1,168.1**	**513.7**
Profit/loss from sale of vessels, etc.		45.3	-
Depreciation, amortisation and impairment losses, net	2.3	-470.5	-311.0
Profit from operations (EBIT)		**742.9**	**202.7**
Profit/loss from investments in subsidiaries	3.2	45.2	39.9
Profit/loss from investments in joint ventures	3.3	-0.1	-0.2
Financial income	2.4	11.2	0.2
Financial expenses	2.4	-48.4	-33.6
Profit before tax		**750.8**	**209.0**
Tax for the year	2.5	-7.3	-4.5
Profit for the year	4.4	**743.5**	**204.5**

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in USD million	Note	2022	2021
Vessels	3.1	46.5	23.3
Right-of-use assets	4.6	528.5	659.2
Property and equipment	3.1	48.4	48.7
Prepayments on vessels and newbuildings	3.1	4.2	83.4
Total tangible assets		**627.6**	**814.6**
Investments in subsidiaries	3.2	740.3	686.3
Investments in joint ventures	3.3	-	-
Receivables from subleasing	4.7	22.9	9.1
Total financial assets		**763.2**	**695.4**
Total non-current assets		**1,390.8**	**1,510.0**
Inventories		130.4	111.7
Receivables from subleasing	4.7	86.4	24.3
Freight receivables		324.2	244.9
Receivables from subsidiaries		22.2	28.8
Receivables from joint ventures		1.2	0.7
Company tax		0.5	1.6
Other receivables		37.3	17.7
Prepayments		126.7	115.9
Cash and cash equivalents		641.1	282.5
Total current assets		**1,370.0**	**828.1**
TOTAL ASSETS		**2,760.8**	**2,338.1**

Equity and liabilities

Amounts in USD million	Note	2022	2021
Share capital	4.3	5.9	6.2
Reserve for hedges		63.1	-31.2
Reserve for net revaluation according to the equity method		289.7	246.2
Retained earnings		812.8	665.0
Proposed dividend	4.4	159.2	107.1
Total equity		**1,330.7**	**993.3**
Loans	4.5	53.6	41.6
Lease liabilities	4.6	266.3	317.7
Bonds	4.5	73.7	98.7
Total non-current liabilities		**393.6**	**458.0**
Loans	4.5	1.0	4.6
Lease liabilities	4.6	339.3	396.2
Trade payables		271.8	210.2
Debt to subsidiaries		164.8	125.0
Other payables		178.7	70.8
Deferred income		80.9	80.0
Total current liabilities		**1,036.5**	**886.8**
Total liabilities		**1,430.1**	**1,344.8**
TOTAL EQUITY AND LIABILITIES		**2,760.8**	**2,338.1**

STATEMENT OF CHANGES IN EQUITY

Amounts in USD million	Note	Share capital	Reserve for hedges	Reserve under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2022		**6.2**	**-31.2**	**246.2**	**665.0**	**107.1**	**993.3**
Profit for the year		-	-	45.2	698.3	-	743.5
Capital reduction		-0.3	-	-	0.3	-	-
Fair value adjustments taken to equity, hedging instruments		-	94.3	-	-	-	94.3
Acquisition of treasury shares	4.3	-	-	-	-129.8	-	-129.8
Exercise of share options		-	-	-	4.2	-	4.2
Dividends paid out in respect of 2021		-	-	-	-	-96.7	-96.7
Dividend related to treasury shares in respect of 2021		-	-	-	8.7	-8.7	-
Exchange rate adjustment to dividends paid		-	-	-	1.7	-1.7	-
Proposed interim dividend		-	-	-	-297.9	297.9	-
Interim dividend paid out in respect of 2022		-	-	-	-	-279.5	-279.5
Interim dividend related to treasury shares in respect of 2022		-	-	-	18.4	-18.4	-
Proposed dividend related to 2022	4.4	-	-	-	-145.2	145.2	-
Proposed dividend on treasury shares elated to 2022	4.4	-	-	-	-14.0	14.0	-
Share-based payment	5.2	-	-	-	1.4	-	1.4
Divestments		-	-	-1.8	1.8	-	-
Other adjustments		-	-	0.1	-0.1	-	-
Changes in equity		**-0.3**	**94.3**	**43.5**	**147.8**	**52.1**	**337.4**
Equity at 31 December 2022		**5.9**	**63.1**	**289.7**	**812.8**	**159.2**	**1,330.7**

Amounts in USD million	Note	Share capital	Reserve for hedges	Reserve under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2021		**6.5**	**4.1**	**364.0**	**467.4**	**60.5**	**902.5**
Profit for the year		-	-	-117.8	322.3	-	204.5
Capital reduction		-0.3	-	-	0.3	-	-
Fair value adjustments taken to equity, hedging instruments		-	-35.3	-	-	-	-35.3
Acquisition of treasury shares	4.3	-	-	-	-33.1	-	-33.1
Exercise of share options		-	-	-	6.6	-	6.6
Dividends paid out in respect of 2020		-	-	-	-	-53.0	-53.0
Dividend related to treasury shares in respect of 2020		-	-	-	4.8	-4.8	-
Exchange rate adjustment to dividends paid		-	-	-	2.7	-2.7	-
Proposed interim dividend		-	-	-	-	-	-
Interim dividend paid out in respect of 2021		-	-	-	-	-	-
Interim dividend related to treasury shares in respect of 2021		-	-	-	-	-	-
Proposed dividend related to 2021	4.4	-	-	-	-100.4	100.4	-
Proposed dividend on treasury shares related to 2022	4.4	-	-	-	-6.7	6.7	-
Share-based payment	5.2	-	-	-	1.1	-	1.1
Divestments		-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-
Changes in equity		**-0.3**	**-35.3**	**-117.8**	**197.6**	**46.6**	**90.8**
Equity at 31 December 2021		**6.2**	**-31.2**	**246.2**	**665.0**	**107.1**	**993.3**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

SECTION 2
INCOME STATEMENT

SECTION 3
INVESTED CAPITAL AND WORKING CAPITAL

SECTION 4
CAPITAL STRUCTURE AND RISKS

SECTION 5
OTHER NOTES

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1.1 Summary of significant accounting policies

NORDEN prepares the Parent Company Financial Statements for Dampskibs-selskabet NORDEN A/S in accordance with the Danish Financial Statements Act applying to enterprises of reporting class D.

The items of the income statement differs from the format prescribed by the Danish Financial Statements Act as it has been adjusted to the nature of the Company's activities.

NORDEN has implemented the changes in accounting policies as mentioned in note 1.4 "Significant accounting estimates and judgements" in the Consolidated Financial Statements, if applicable under the Danish Financial Statements Act. Other changes have had no impact on the Parent Company.

Income statement and statement of financial position

Income/loss from investments in subsidiaries and joint ventures
In the Parent Company's income statement, the proportional share of earnings is recognised under the items "Profit/loss from investments in subsidiaries" and "Profit/loss from investments in joint ventures".

Investments in subsidiaries and joint ventures
Investments in subsidiaries and joint ventures are recognised and measured according to the equity method.

In the statement of financal position under the items "Investments in subsidiaries" and "Investments in joint ventures", the proportional ownership share of the companies' net asset value is recognised.

The total net revaluation of investments in subsidiaries and joint ventures is transferred through the distribution of profits to "Reserve for net revaluation according to equity method" under equity. The reserve is reduced by dividend payments to the Parent Company and is adjusted with other changes in equity in subsidiaries and joint ventures.

Subsidiaries and joint ventures with negative net asset value are recognised at USD 0 million, and a provision to cover the negative balance is recognised if such a present obligation for this purpose exists.

Other accounting policies
With reference to the provisions of the Danish Financial Statements Act, the Company has refrained from preparing a cash flow statement. For this information, see the Consolidated Financial Statements for Dampskibsselskabet NORDEN A/S.

Refer to note 1.1 "Basis of preparation" in the Consolidated Financial Statements for other accounting policies.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

2.1 Revenue information

Amounts in USD million	Assets & Logistics	Freight Services & Trading	Elimi-nations	Total
2022	793.2	4,755.6	-466.5	**5,082.3**
2021	360.7	3,347.1	-318.2	**3,389.6**

For further details on each segment, please refer to note 2.1 in the Consolidated Financial Statements.

2.2 Staff costs and remuneration

Amounts in USD million	2022	2021
Wages and salaries	108.8	70.3
Pensions – defined contribution plans	2.2	2.1
Other social security costs	0.5	0.5
Share-based payment	1.3	0.9
Total	**112.8**	**73.8**
Average number of employees	210	185

Staff costs and average number of employees exclude employees on T/C vessels.

For remuneration of the Executive Management and the Board of Directors, refer to note 2.3 "Staff costs and remuneration" and note 2.4 "Share-based payment" in the Consolidated Financial Statements.

2.3 Depreciation, amortisation and impairment losses, net

Amounts in USD million	2022	2021
Vessels, cf. note 3.1	0.6	-
Right-of-use assets, cf. note 4.6	469.3	310.4
Property and equipment, cf. note 3.1	0.6	0.6
Total	**470.5**	**311.0**

2.4 Financial income and expenses

Amounts in USD million	2022	2021
Interest income	11.2	0.2
Total financial income	**11.2**	**0.2**
Interest expenses	13.6	5.2
Fair value adjustment, derivatives	0.3	0.1
Interest expenses on lease liabilities	34.5	28.3
Total financial expenses	**48.4**	**33.6**

2.5 Taxation

Amounts in USD million	2022	2021
Tax on profit for the year	7.6	5.3
Adjustment of tax regarding previous years	-0.3	-0.8
Total	**7.3**	**4.5**

The Company entered the Danish tonnage tax regime for a binding 10-year period from 2021. The Danish Group companies are jointly and severally liable for the tax on the Group's jointly taxed income in Denmark.

3.1 Tangible assets

Amounts in USD million	Vessels	Property and equip-ment	Prepay-ments on vessels and new-buildings	Total
2022				
Cost at 1 January	23.3	54.5	83.4	161.2
Additions	23.8	0.3	86.0	110.1
Disposals	-	-1.2	-165.2	-166.4
Cost at 31 December	47.1	53.6	4.2	104.9
Depreciation at 1 January	-	-5.8	-	-5.8
Depreciation	-0.6	-0.6	-	-1.2
Disposals	-	1.2	-	1.2
Depreciation at 31 December	-0.6	-5.2	-	-5.8
Carrying amount at 31 December	**46.5**	**48.4**	**4.2**	**99.1**

Vessels above relate to two vessels sold to third parties with a repurchase option where NORDEN, at the same time, entered into long lease contracts. These transactions have been treated as financing transactions and the received proceeds are part of the loans.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.1 Tangible assets (continued)

Amounts in USD million	Vessels	Property and equip-ment	Prepay-ments on vessels and new buildings	Total
2021				
Cost at 1 January	-	53.2	13.5	66.7
Additions	-	1.3	93.2	94.5
Transferred during the year	23.3	-	-23.3	-
Cost at 31 December	23.3	54.5	83.4	161.2
Depreciation at 1 January	-	-5.2	-	-5.2
Depreciation	-	-0.6	-	-0.6
Depreciation at 31 December	-	-5.8	-	-5.8
Carrying amount at 31 December	**23.3**	**48.7**	**83.4**	**155.4**

Capital commitments
The Company has entered into agreements for future delivery of newbuild-ings and declared purchase options, etc.

The remaining contract amount is payable as follows:

Amounts in USD million	2022	2021
<1 year	-	32.3
2 to 3 years	-	-
>3 years	-	-
Total	**-**	**32.3**

3.2 Investments in subsidiaries

Amounts in USD million	2022	2021
Cost at 1 January	440.0	439.9
Divestments*	-5.5	-
Additions*	16.1	0.1
Cost at 31 December	450.6	440.0
Value adjustments at 1 January	246.3	363.9
Share of profit for the year	45.7	40.4
Divestments	-1.8	-
Depreciation internal profit/loss	-0.5	-0.5
Dividends received	-	-157.5
Value adjustments at 31 December	289.7	246.3
Carrying amount at 31 December	**740.3**	**686.3**

*In 2022, the Company established "NORDEN Japan K.K.". Norient Product Pool ApS merged with Dampskibsselskabet NORDEN A/S with the merger date 1 January 2022.

Refer to note 5.6 "Group structure" in the Consolidated Financial Statements. No significant restrictions apply to distributions from subsidiaries.

3.3 Investments in joint ventures

Amounts in USD million	2022	2021
Cost at 1 January	-	-
Cost at 31 December	-	-
Value adjustments at 1 January	-0.1	0.1
Share of profit/loss for the year	-0.1	-0.2
Profit/loss from sale of shares	0.2	-
Value adjustments at 31 December	-	-0.1
Transferred to other payables due to negative equity	-	0.1
Carrying amount at 31 December	**-**	**-**

3.3 Investments in joint ventures (continued)

Investments in joint ventures comprise:	Ownership	Ownership
NORDEN SYNERGY Ship Management A/S, Denmark*	50%	50%
Key figures (100%) for joint ventures are:		
Revenue and other income	2.4	3.3
Costs	-2.5	-3.6
Total profit/loss	**-0.1**	**-0.3**
Share of profit/loss of NORDEN	**-0.1**	**-0.2**
Non-current assets	-	0.1
Current assets	-	0.6
- of this, cash and cash equivalents	-	0.4
Non-current liabilities, debt	-	-
Current liabilities	-	-0.8
Total carrying amount	**-**	**-0.1**
Share of carrying amount of NORDEN	-	-
Transferred to other payables due to negative equity	-	-
Carrying amount of NORDEN	**-**	**-**

*NORDEN SYNERGY Ship Management A/S was sold as of 31 July 2022.

No significant restrictions apply to distributions from joint ventures.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.1 Financial risk management

Refer to note 4.1 "Financial risk management" in the Consolidated Financial Statements.

4.2 Derivatives

Refer to note 4.2 "Derivatives" in the Consolidated Financial Statements.

4.3 Share capital

The share capital consists of 37,000,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

Distribution to shareholders

Amounts in USD million	2022	2021
Interim dividend for the year	279.5	-
Dividend for the prior year	96.7	53.0
Share repurchases for the year	129.8	33.1
Total	506.0	86.1

The net cash distribution to shareholders in the form of dividends and share repurchases amounts to USD 506 million, compared with a free cash flow of USD 1,079 million.

Dividends

	2022	2021
Interim dividend per share, DKK	60.0	-
Final proposed dividend per share, DKK	30.0	18.0
Available for distribution, USD million	972.0	772.1

4.3 Share capital (continued)

The total dividend related to 2022 amounts to USD 424.7 million (DKK 90 per share), corresponding to a payout ratio of 57.1%. The 2022 final dividend of USD 145.2 million (DKK 30 per share) is expected to be distributed pending approval at the Annual General Meeting.

Interim dividends of USD 141 million (DKK 30 per share) were paid in August 2022 and USD 139 million (DKK 30 per share) in November 2022. Amounts excluding dividend declared on treasury shares.

Treasury shares

	Market value, USDm	Treasury shares in %	2022	2021
Holding at 1 January	61.8	6.22	2,436,939	2,894,467
Purchases			3,327,721	1,481,230
Transfers			-316,648	-438,758
Cancellations			-2,200,000	-1,500,000
Holding at 31 December	**194.7**	**8.78**	**3,248,012**	**2,436,939**

Treasury shares are acquired for the purpose of hedging in connection with share-based payment and in connection with share buy-back programmes.

The Company is authorised by the general meeting to acquire treasury shares in the period until next year's annual general meeting at a total nominal value not exceeding 15% of the share capital at the market price applicable at the time of acquisition with a deviation of up to 10%.

Share buy-back programmes

NORDEN initiated four share buy-back programmes in 2022. The share buy-back programmes were initiated pursuant to the authorisation granted to the Board of Directors.

The details of the four share buy-back programmes can be found in the following table:

Period	Limit* of share capital	Number of shares acq.	Cost of shares acq., DKK	Avg. price of shares acq.
4 Nov 21 - 28 Feb 22	10%	754,900	120,816,462	159
3 Mar - 30 Apr 22	10%	814,921	198,723,547	243
6 Jul - 16 Aug 22	15%	357,700	106,373,379	296
18 Aug - 1 Nov 22	15%	841,200	291,827,249	345
3 Nov 22 - 7 Feb 23	15%	559,000	205,951,180	368
		3,327,721	**923,691,817**	**277**

*applicable at the time of acquisition with a deviation of up to 10%

The figures in the above table only include shares acquired through share buy-back programmes in 2022.

The total cost of DKK 923,691,817 was deducted from retained earnings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.4 Proposal for the distribution of profit

Amounts in USD million	2022	2021
Reserve for net revaluation according to the equity method	45.2	-117.8
Proposed final dividend	159.2	107.1
Interim dividends paid	279.5	-
Retained earnings	259.6	215.2
Total	**743.5**	**204.5**
Proposed final dividend per share, DKK	30.0	18.0

4.5 Loans and bonds

Amounts in USD million	2022	2021
Current debt, <1 year	1.0	4.6
Non-current debt, 1-5 years	122.2	134.0
Non-current deb, >5 years	5.1	6.3
Total	**128.3**	**144.9**
Mortgages and security		
As security for loans	8.3	22.8
- number of buildings pledged	2.0	2.0
- carrying amount	46.6	47.0
- mortgaged amount	13.6	14.4

The subsidiaries guarantee debt in the Parent Company amounting to USD 0 million (2021: USD 14 million) at the reporting date.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.6 Leases - lessee

The nature of the leasing activities
The majority of the lease contracts are time charter contracts on vessels, office spaces, and other equipment from external parties under non-cancellable operating lease agreements.

The time charter leases have been entered with a lease period of up to five years. Leases have varying terms, including options to extend and options to purchase.

Amounts recognised in the statement of financial position
Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the period:

Amounts in USD million	2022	2021
Right-of-use assets		
Cost at 1 January	1,135.1	701.5
Additions	270.3	482.7
Remeasurements	111.2	69.3
Disposals	-214.2	-118.3
Cost at 31 December	**1,302.4**	**1,135.2**
Depreciation at 1 January	-475.9	-267.1
Depreciation	-469.3	-310.4
Disposals	171.3	101.5
Depreciation at 31 December	**-773.9**	**-476.0**
Carrying amount at 31 December	**528.5**	**659.2**
Lease liabilities		
Lease liabilities at 1 January	713.9	496.7
Additions	347.9	502.2
Remeasurements	111.9	71.6
Instalments	-523.5	-326.1
Disposals	-44.6	-30.5
Lease liabilities at 31 December	**605.6**	**713.9**

Amounts recognised in the income statement
Set out below are the amounts related to right-of-use assets and lease liabilities recognised in the income statement:

Amounts in USD million	2022	2021
Expenses related to the service component of right-of-use assets	331.7	261.5
Expenses/gains related to short-term leases	1,793.1	1,311.4
Espenses/gains related to derecognition of leases	-2.8	-
Depreciation of right-of-use assets	469.3	310.6
Interest expenses related to lease liabilities	34.5	28.3

Leases with future commencement date
The Company has entered into lease agreements with future commencement dates, which will affect the statement of financial position as follow below, when the time-chartered vessels will be delivered, and the Group obtains control of the asset.

Daily running cost
The Company has elected to separate lease and non-lease components. For these contracts, the consideration is allocated based on the relative stand-alone prices between the lease and non-lease component.

For time charter contracts, the non-lease component is the technical management services provided to operate the vessel. The future effect in the income statement related to the non-lease component (daily running costs) as is shown below.

Extension options
Some leases include an option to be extended for one additional year at a time. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors.

At the lease commencement date, the Company assesses whether it is reasonably certain that the extension option will be exercised. The Company reassesses whether it is reasonably certain that the extension option will be exercised if there is a significant event or significant changes in circumstances within its control.

If all available extension options at year end were exercised when possible, the right-of-use asset and corresponding lease liability would increase by the following amounts in each future year (undiscounted and excluding non-lease component).

	<1 year		1-5 years		>5 years		
Amounts in USD million	Assets & Logistics	Freight Services & Trading	Assets & Logistics	Freight Services & Trading	Assets & Logistics	Freight Services & Trading	**Total**
2022							
Leases with future commencement date	45.3	-	139.6	-	-	-	**184.9**
Extension options	37.3	19.6	344.3	9.6	168.7	-	**579.5**
Daily running cost	165.3	76.2	305.0	15.1	7.7	-	**569.3**
2021							
Leases with future commencement date	99.0	19.6	15.4	-	-	-	**134.0**
Extension options	25.6	31.5	301.5	41.8	153.0	-	**553.4**
Daily running cost	182.0	95.3	286.0	39.8	4.9	-	**608.0**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.7 Leases – lessor and COAs

This note provides information on leases where the Company is the lessor.

Amounts in USD million	2022	2021
Amounts recognised in the income statement		
Revenue from sublease financial income*	3.3	1.8
Gain on derecognised right-of-use assets*	69.4	16.4
Amounts recognised in the statement of cash flow		
Instalment on sublease receivables	63.3	29.5
Receivables from subleasing		
Receivables from subleases at 1 January	33.4	39.1
Additions	146.7	40.0
Disposals	-9.8	-15.6
Remeasurements	2.3	-0.6
Payments received	-63.3	-29.5
Receivables from subleases	**109.3**	**33.4**

*Included in revenue

Income as lessor
Amounts regarding operating lease income comprise the agreed time charter rates. The lease and service components will be recognised as revenue under the same pattern of transfer to the customer.

Sublease receivables
Set out in the table to the right are the carrying amounts of receivables from subleasing recognised and the movements during the period.

COAs with customers
The Company leases out vessel under non-cancellable operating lease agreements. The leases have varying terms, escalaton clauses and renewal rights.

Separate disclosure on owned vessels, cf. note 3.1 "Tangible assets" and right-of-use assets, cf. note 4.6 "Leases - Lessee", leased out under operating leases, is not provided as entering time charter out contracts is an integral part of the business and no vessels are designated as time charter out vessels.

Amounts in USD million	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	**Total**
2022							
Sublease receivables, contractual undiscounted payments	92.3	23.7	-	-	-	-	**116.0**
Expected share of COAs with customers	389.6	137.3	57.1	34.1	18.1	55.0	**691.2**
Expected income as lessor	307.0	95.8	44.5	0.4	-	-	**447.7**
2021							
Sublease receivables, contractual undiscounted payments	28.1	9.2	-	-	-	-	**37.3**
Expected share of COAs with customers	454.5	79.6	58.3	51.4	29.9	68.6	**742.3**
Expected income as lessor	213.1	47.2	14.3	-	-	-	**274.6**

Separate disclosure of the lease components and the service income components has not been provided as it is impracticable to establish this disclosure.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

5.1 Fees to auditor appointed at the general meeting

Amounts in USD million	2022	2021
"Other external costs" include the following fees to PricewaterhouseCoopers:		
Statutory audit	0.4	0.4
Other assurance services	0.1	-
Tax consultancy	0.1	0.4
Other services	0.1	-
Total	**0.7**	**0.8**

The fee for non-audit service performed by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is USD 0.3 million (2021: USD 0.4 million) and comprises assurance, accounting and tax advisory services.

5.2 Share-based payment

Refer to note 2.2 "Share-based payment" in the Consolidated Financial Statements.

5.3 Unrecognised contingent liabilities

The Company guarantees the subsidiaries' lease liabilities towards external counterparties and the subsidiaries' newbuilding liabilities. The Group's total lease liabilities and newbuilding commitments are disclosed in note 4.7 "Leases - lessee" and note 3.1 "Tangible assets", respectively, in the Consolidated Financial Statements.

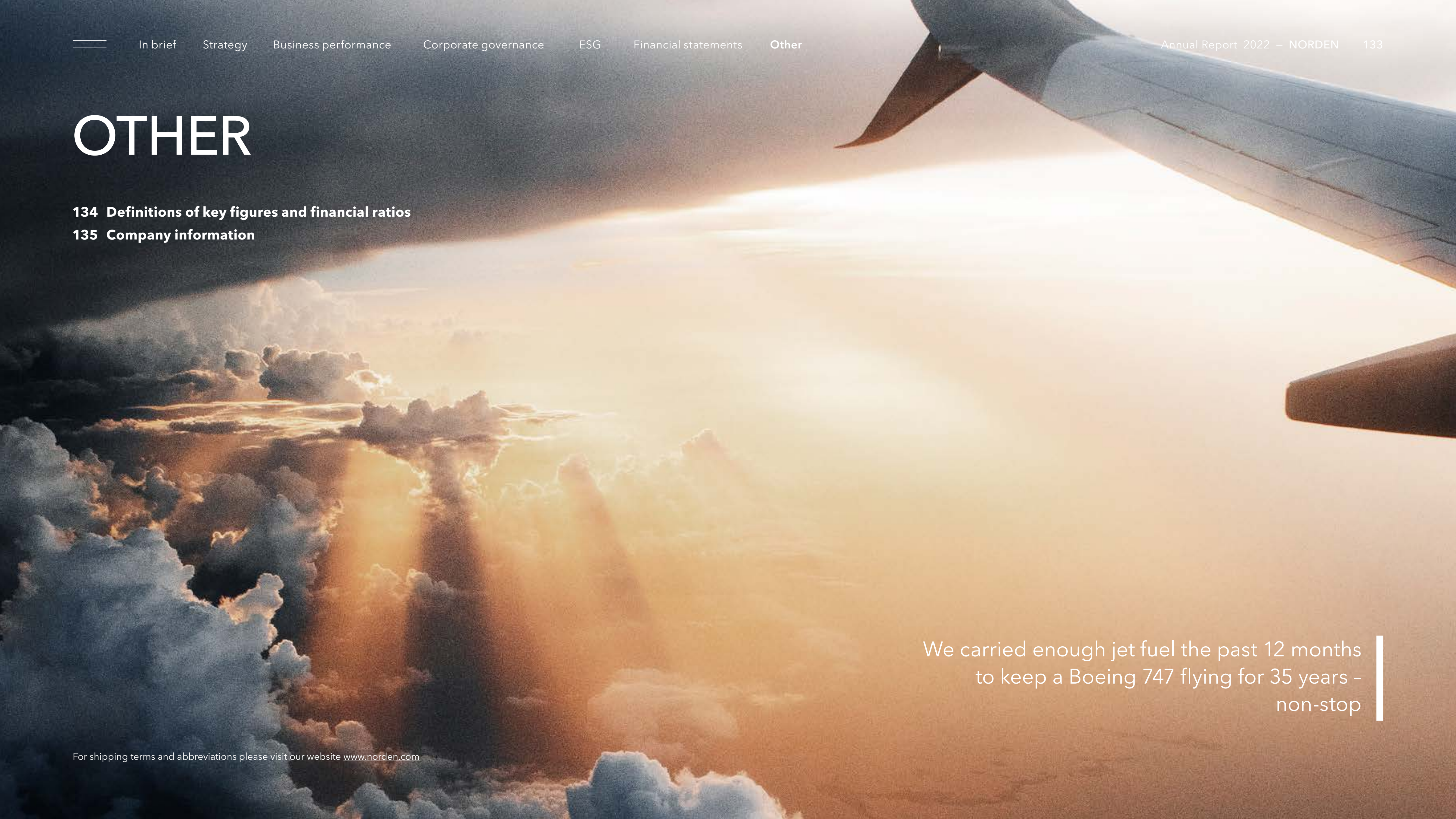
The Company has issued guarantees for loans, etc. raised by subsidiaries of USD 108 million.

The Company has provided financial support to NORDEN Shipping (Singapore) Ltd. to enable the company to meet its liabilities as regards to POLAR Navigation Ltd and NORD SUMMIT Pte. Ltd.

Other contingencies are disclosed in note 5.3 "Unrecognised contingent assets and liabilities" in the Consolidated Financial Statements.

5.4 Related party disclosures

Refer to note 5.4 "Related party disclosures" in the Consolidated Financial Statements.



OTHER

We carried enough jet fuel the past 12 months to keep a Boeing 747 flying for 35 years – non-stop

For shipping terms and abbreviations please visit our website www.norden.com

DEFINITIONS OF KEY FIGURES AND FINANCIAL RATIOS

Key figures and financial ratios are computed in accordance with "Recommendations and Financial Ratios" issued by the Danish Society of Financial Analysts.

Book value per DKK 1 share	=	Year-end equity / Number of shares at year-end, excluding treasury shares
Contribution margin	=	Revenue plus other operating income less vessel operating costs
Dividend yield	=	Dividend per share x 100 / Share price
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation, defined as profit/loss for the year before depreciation, amortisation and impairment losses, profit/loss from sale of vessels etc., share of profit/loss of joint ventures, financial income, financial expenses and tax *NORDEN deviates from the recommendation in the calculation of EBITDA as gains and losses from sale of vessels have been included in the operating profit (EBIT).*
EBITDA ratio	=	EBITDA x 100 / Revenue
EEOI (gCO_2/tonnes-mile)	=	The Energy Efficiency Operational Indicator (EEOI) is a measurement of energy efficiency and is defined as the amount of CO_2 emitted per tonne of cargo transported 1 nautical mile.
Equity ratio	=	Equity at year end x 100 / Total assets
Free cash flow		Cash flow from operating activities less cash flow from investing activities adjusted for change in cash and cash equivalents with rate agreements of more than 3 months, etc. less installments on lease liabilities, plus financial payments, received, less financial payments, paid.
Invested capital	=	Equity plus net interest-bearing debt at year-end
Lost-Time Incident Rate (LTIR)	=	Lost time incident rate (LTIR) is calculated based on the number of work-related accidents which causes a seafarer to be unable to work for more than 24 hours per 1 million working hours due to work-related injury.
Net interest-bearing debt	=	Interest-bearing debt less cash and securities at year-end, defined as loans (current and non-current) plus lease liabilities (current and non-current) plus bonds less securities and cash and cash equivalents
Net profit or loss per DKK 1 share	=	Profit/loss for the year / Number of shares at year end, excluding treasury shares
Payout ratio	=	Proposed dividend (incl. interim dividend), excluding treasury shares x 100 / Profit/loss for the year
Price/book value	=	Share price at year end per DKK 1 share / Book value per DKK 1 share
Profit from operations (EBIT)	=	Earnings Before Interest and Tax, defined as profit/loss for the year before financial income, financial expenses and tax
Return on equity in % (ROE)	=	Profit/loss for the year x 100 / Average equity
Return on invested capital (ROIC)	=	Profit/loss from operations x 100 / Average invested capital
Share price at year-end per DKK 1 share	=	The last-quoted average price on Nasdaq Copenhagen for all trade in the company share at the reporting date
Total shareholder return	=	The total return of a share to an investor based on share price performance and dividends. Dividends are assumed to have been reinvested in the share. Return is based on USD
USD exchange rate at year end	=	The USD exchange rate quoted by the National Bank of Denmark at year end

COMPANY INFORMATION

Company information
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52 Strandvejen
2900 Hellerup
Denmark
Telephone: +45 3315 0451

CVR no.: 67 75 89 19
Financial year: 1 January - 31 December
Municipality of domicile: Gentofte

Website: norden.com
Email: direktion@norden.com

Annual general meeting
The annual general meeting will take place on Thursday 9 March 2023 at 2pm and will be held as a hybrid event with both physical and virtual attendance possible.

Board of Directors
Klaus Nyborg, Chair
Johanne Riegels Østergård, Vice Chair
Karsten Knudsen
Helle Østergaard Kristiansen
Christina Lerchedahl Christensen
Henrik Røjel
Stine Maria Gøttrup

Executive Management
Jan Rindbo, CEO
Martin Badsted, CFO

Auditor
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
44 Strandvejen
2900 Hellerup
Denmark

Since 1871, NORDEN has built a reputation for providing stability in an industry defined by volatility. We leverage the intelligence we have gathered, acquired and developed to deliver solutions that are tailored to the realities of the marketplace – delivering results our customers and investors can rely on.

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NORDEN Trust powered by intelligence