

ANNOUNCEMENT NO. 86 - 4 NOVEMBER 2020

# INTERIM REPORT THIRD QUARTER 2020



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## Conference call and audiocast

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

Participants can join the audiocast to view and listen to the live presentation, while conference call participants have the ability to ask questions at the end of the call.

The accompanying presentation will be available on NORDEN's website prior to the conference call and audiocast.

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

### Webcast link:

<https://edge.media-server.com/mmc/p/soo44shs>

### Dial in details for conference call:

Danish participants: (+45) 3272 0417

International participants:

UK: +44 (0) 2071 928338

USA: +1 646 741 3167

Confirmation code: 7437989

The audiocast will be recorded and made available on NORDEN's website subsequently.

## Further information

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# KEY POINTS

## THIRD QUARTER 2020



### Results

Adjusted Result\* for Q3 2020: USD 27 million (Q3 2019: USD -4 million).

- Asset Management: USD 6 million (USD -4 million).
- Dry Operator: USD 31 million (USD 3 million).
- Tanker Operator: USD -10 million (USD -3 million).

Adjusted Result\* for the first nine months of 2020: USD 85 million (first nine months of 2019: USD -8 million).



### Markets

- Asset Management: New-building prices and asset values in dry cargo remained stable.  
Conversely, tanker asset prices and period rates continued the decline from the previous quarter albeit at a slower pace and has since stabilised.
- Dry cargo: Spot markets continued to improve in Q3 driven by strong Chinese import.
- Tankers: Spot rates have dropped considerably from the high Q2 level and continue to be impacted by reduced oil demand.



### Business highlights

- Asset Management: NORDEN has utilised the low dry asset price levels to pursue dry asset acquisitions.
- Dry Operator: Outstanding result based on proactively chartering period vessels during Q2 and optimising regional positioning during Q3. With relatively low capital requirements, the result corresponds to a very attractive risk adjusted return.
- Tanker Operator: Difficult quarter mitigating worst effects through reducing exposure and optimising cover.



### Guidance

NORDEN raises its expectations for the full-year Adjusted Result to USD 90-120 million (previously USD 70-110 million). This is based on higher expectations for the Dry Operator business unit.

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

In addition, the Company has decided to initiate a new share buyback programme of up to USD 20 million.



### Values

Change in value of NORDEN's owned vessels and newbuildings: -3%.

**“NORDEN continues to deliver strong results in volatile and challenging markets suppressed by the COVID-19 pandemic. Q3 has shown Dry Operator's significant ability to create value based on its asset light operations, delivering an outstanding result by capitalising on optimal regional positioning of the fleet and generating record high activity. On this basis, we once again raise our guidance for the full-year Adjusted Result to USD 90-120 million”.**

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

*CEO Jan Rindbo*



# KEY FIGURES AND RATIOS FOR NORDEN

USD million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>Income statement</b>					
Revenue	656.0	650.3	1,886.3	1,928.4	2,583.9
Contribution margin	110.7	64.3	327.8	189.2	295.0
EBITDA	87.1	45.4	262.1	133.1	217.5
Profit/loss from sale of vessels etc.	0.0	4.1	0.0	-4.8	-3.6
Profit/loss from sale of vessels in JV	0.0	0.0	-1.5	0.0	0.0
Depreciation, amortisation and impairment losses	-52.3	-37.0	-150.1	-109.5	-156.9
EBIT	35.2	11.6	108.7	18.6	56.8
Financial items, net	-6.8	-9.2	-20.1	-26.0	-32.7
Profit/loss for the period	26.5	0.5	83.2	-13.2	19.2
Adjusted Result for the period <sup>1)</sup>	26.5	-3.6	84.7	-8.4	22.8
<b>Statement of financial position</b>					
Total assets	1,883.1	1,698.5	1,883.1	1,698.5	1,742.4
Equity	902.7	819.4	902.7	819.4	859.0
Liabilities	980.4	879.1	980.4	879.1	883.4
Invested capital	1,280.5	1,274.9	1,280.5	1,274.9	1,283.5
Net interest-bearing debt	-377.8	-455.5	-377.8	-455.5	-424.5
Cash and securities	325.5	190.9	325.5	190.9	209.3
<b>Cash flows</b>					
From operating activities	160.6	40.1	329.7	144.5	280.5
From investing activities	-61.8	-56.6	-67.6	-58.0	-90.9
- hereof investments in property, equipment and vessels	0.5	-24.8	-3.5	-34.7	-102.7
From financing activities	-43.1	-21.4	-158.0	-140.0	-211.2
<b>Environmental and social figures</b>					
EEOI (gCO <sub>2</sub> /tonnes-mile) <sup>5)</sup>	9.6	9.4	9.0	8.6	8.7
LTIF (million working hours) <sup>6)</sup>	0.0	0.6	0.6	1.1	1.5

USD million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>Share related key figures</b>					
Number of shares of DKK 1 each (including treasury shares)	40,700,000	42,200,000	40,700,000	42,200,000	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	38,583,633	39,659,033	38,583,633	39,659,033	39,311,533
Number of treasury shares	2,116,367	2,540,967	2,116,367	2,540,967	2,888,467
Earnings per share (EPS)	0.68	0.01	2.13	-0.33	0.48
Earnings per share (EPS) (DKK)	4.34	0.09	14.16	-2.21	3.20
Diluted earnings per share (diluted EPS)	0.68	0.01	2.14	-0.33	0.48
Diluted earnings per share (diluted EPS) (DKK)	4.35	0.09	14.19	-2.21	3.20
Book value per share (excluding treasury shares) <sup>2)</sup>	23.4	20.7	23.4	20.7	21.9
Book value per share (excluding treasury shares) (DKK) <sup>2)</sup>	149.0	142.0	149.0	142.0	146.0
Share price at end of period (DKK)	103.2	93.4	103.2	93.4	106.7
Price/book value (DKK) <sup>2)</sup>	0.69	0.66	0.69	0.66	0.73
<b>Other key figures and financial ratios</b>					
EBITDA ratio <sup>3)</sup>	13.3%	7.0%	13.9%	6.9%	8.4%
ROIC <sup>4)</sup>	11.0%	4.1%	11.3%	2.2%	5.0%
ROE <sup>4)</sup>	11.5%	0.3%	12.4%	-2.1%	2.3%
Equity ratio	47.9%	48.2%	47.9%	48.2%	49.3%
Total no. of ship days for the Group	41,613	35,867	111,781	104,144	138,327
USD/DKK rate at end of the period	635.99	685.66	635.99	685.66	667.59
Average USD/DKK rate	637.11	671.24	663.19	664.35	667.03

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

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

<sup>3)</sup> The ratios were computed in accordance with "Recommendations and Financial Ratios" issued by the Danish Association of Financial Analysts. However, "Profit and loss from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios" in the Annual Report for 2019. The figures are adjusted for the Company's holding of treasury shares.

<sup>4)</sup> Figures are annualised.

<sup>5)</sup> The Energy Efficiency Operational Indicator (EEOI) is a measurement of efficiency and is defined as the amount of CO<sub>2</sub> emitted per tonne of cargo transported 1 mile.

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



# COMMENTS ON THE DEVELOPMENT OF THE THIRD QUARTER AND YEAR-TO-DATE 2020

## Results

The Adjusted Result for the third quarter of 2020 amounted to USD 27 million (USD -4 million) and was achieved in very volatile market conditions. The result was mainly driven by a very strong Dry Operator performance. Asset Management also contributed with a positive result, while Tanker Operator was impacted by a challenging market.

Depreciations increased both for the third quarter and for the first nine months of 2020, mainly due to recognition of more right-of-use assets in Asset Management and Tanker Operator compared to last year. EBIT amounted to USD 35 million in the third quarter of 2020 (USD 12 million) and USD 109 million (USD 19 million) for the first nine months.

Net financial items amounted to a net cost of USD 6.8 million (USD 9.2 million) in the third quarter, mainly due to lower interest expenses resulting from lower effective interest rates and change in cross currency swaps. The profit for the third quarter of 2020 amounted to USD 27 million (USD 1 million).

## Share buyback

The share buy-back programme initiated on 19 August 2020 was completed on 28 October 2020, with 650,100 shares repurchased, equalling approx. USD 10 million.

In addition, NORDEN has decided to initiate a new share buyback programme of up to USD 20 million.

## Cash flows

Cash flow from operating activities for the third quarter was USD 161 million (USD 40 million), positively impacted by an increase in EBITDA and positively impacted by the development in net working capital of USD 69 million.

## Liquidity

NORDEN maintains a strong liquidity position. At the end of the third quarter, NORDEN had available liquidity of USD 446 million, which consists of USD 326 million in cash supplemented by USD 120 million in undrawn credit facilities. As of 30 September 2020, NORDEN had CAPEX commitments of USD 162 million mainly related to outstanding newbuilding payments. NORDEN committed to 'sale and

lease back' agreements on two of the vessels to be delivered in Q2 2022.

## Equity

As at 30 September 2020, total equity amounted to USD 903 million (USD 819 million). The development in equity was mainly affected by the profit for the period, fair value adjustment on cash flow hedges, distribution of dividends and share buybacks.

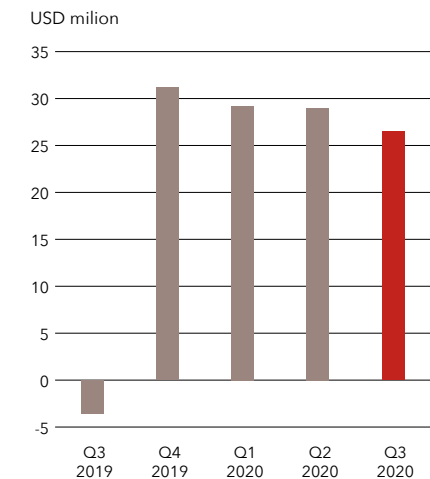
## Impairment assessment

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

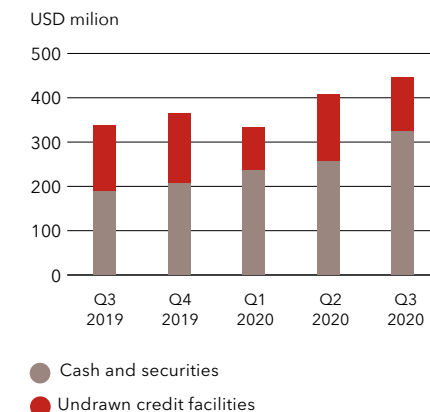
## Energy efficiency operational indicator (EEOI)

EEOI measures carbon emissions relative to transport volumes and is used to track carbon efficiency; the lower the number,

## Adjusted Result for the period



## Available liquidity





# COMMENTS ON THE DEVELOPMENT OF THE THIRD QUARTER AND YEAR-TO-DATE 2020 CONTINUED

the higher the efficiency (see page 4 for definition and development).

NORDEN performs better than industry average, however, EEOI increased by 2.6% compared to the same period last year. This was mainly driven by a large increase in the Handysize dry cargo vessel type, which due to its smaller size is less efficient in terms of EEOI.

## **Lost time injury frequency (LTIF)**

LTIF is an indication of the level of safety on board. The higher the rate; the higher the number of accidents where a crew member was unable to return to work for 24 hours (see page 4 for definition and development). NORDEN operates by the principle that no injury or environmental incident is acceptable, and all employees must return home from work safely.

NORDEN has worked closely together with technical management partner Synergy Marine Group to ensure safety onboard our vessels during the period. In line with the second quarter, the third quarter passed without any Lost Time Incident and reflects our continuous efforts towards safe working practices during all aspects of the operations.



# SELECTED SEGMENT FIGURES

## THIRD QUARTER 2020

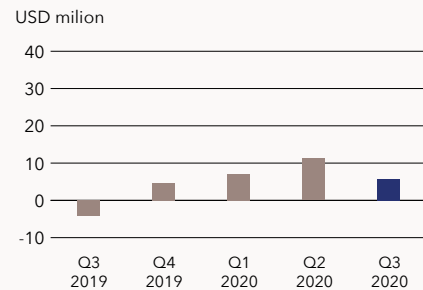
USD million	Asset Management	Dry Operator	Tanker Operator	Total
Contribution margin	58.3	53.9	-1.5	110.7
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	52.1	37.9	-2.9	87.1
Profit/loss from operations (EBIT)	13.1	31.8	-9.7	35.2
Profit/loss for the period	5.7	30.8	-10.0	26.5
Profit/loss from the sale of vessels	0.0	0.0	0.0	0.0
<b>Adjusted Results for the period</b>	<b>5.7</b>	<b>30.8</b>	<b>-10.0</b>	<b>26.5</b>

### Adjusted Result for the period

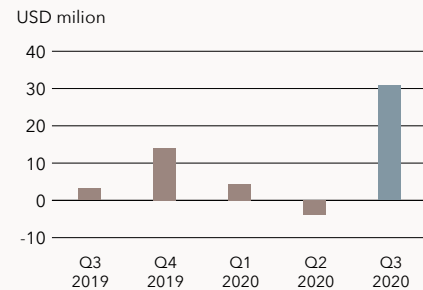
USD 27 million

### Adjusted Result for the last 5 quarters

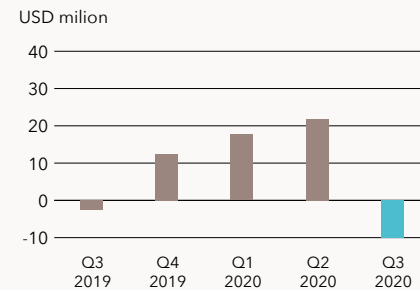
#### Asset Management



#### Dry Operator



#### Tanker Operator



For further information on the segments see note 2.

### Cash flows from operating activities

USD 161 million

### Change in value of NORDEN's owned vessels and newbuildings

-3%



# ASSET MANAGEMENT

## SHIFTING EXPOSURE FROM TANKERS TO DRY CARGO

- Adjusted Result Q3: USD 6 million
- Attractive dry cargo asset opportunities pursued
- Well protected against spot weakness in tankers

### Results and activity

Asset Management delivered an Adjusted Result of USD 6 million (USD -4 million) corresponding to an EBIT of USD 13 million. During the quarter, the business unit witnessed improvements in the dry cargo market and a high degree of cover in the declining tanker market.

Newbuilding prices and asset values in dry cargo remained stable during the quarter, and NORDEN has utilised the low

price levels to pursue asset acquisitions. NORDEN continues to shift the exposure in Asset Management away from Tankers and more towards Dry Cargo.

During the quarter, NORDEN has entered into a contract to acquire 1 secondhand Supramax bulk carrier and 2 Supramax bulk carrier newbuildings with delivery in 2022, in addition to the 4 similar vessels ordered during the previous quarter. This asset activity is very much in line with the Company's strategy of agile asset trading and active management of NORDEN's cyclical market exposure, and 2 of the newbuildings ordered in Q2 have already been resold and taken back on time charter with considerable optionality.

After the end of the quarter, NORDEN has sold 1 Panamax bulk carrier and 2 MR

tankers, one of which has already been delivered to the buyer.

The value creation from the installed scrubbers was lower in Q3 than in H1 due to a significant lowering of the price spread between low and high sulphur fuel oil.

### Asset Management fleet and value

NORDEN has taken delivery of 1 owned Supramax bulk carrier newbuilding and 1 time-chartered MR tanker newbuilding.

At the end of the quarter, the Asset Management fleet consisted of 108 vessels, of which 45 were owned and 63 were leased. Split by vessel type, the Asset Management fleet consisted of 47 product tanker vessels and 61 dry cargo vessels. The current portfolio of leased vessels comes with significant optionality through

### Asset Management fleet values

USD million	Dry cargo	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	438	437	875
Broker estimated value of certain charter parties attached to owned vessels	11	10	21
Carrying amount / costs	467	531	998
Market value vs. book value	-18	-84	-102
Theoretical value of purchase and extension options	24	31	55

### Asset Management key figures

USD million	2020 Q3	2019 Q3	Last 4 Quarters
Contribution margin	58.3	42.6	223.7
O/A costs	-6.2	-5.4	-22.5
EBIT	13.1	9.3	52.0
Adjusted Result	5.7	-4.2	28.7

### Asset Management fleet

	Dry Cargo	Tankers	Total
<b>Active fleet</b>			
Owned vessels <sup>1)</sup>	13	24	37
Leased vessels <sup>1)2)</sup>	38	14	52
<b>Total active</b>	<b>51</b>	<b>38</b>	<b>89</b>
<b>For delivery</b>			
Owned vessels <sup>1)</sup>	8	0	8
Leased vessels <sup>1)2)</sup>	2	9	11
<b>Total for delivery</b>	<b>10</b>	<b>9</b>	<b>19</b>
Purchase options	39	23	62
Period option days	38,281	15,780	54,061

1) Incl. J/Vs and sold vessels for future delivery

2) Minimum lease period in excess of 2 years

### Asset Management fleet

# 108





# ASSET MANAGEMENT

## SHIFTING EXPOSURE FROM TANKERS TO DRY CARGO

62 purchase options and a total of 54,061 optional days.

Based on the average of 2 independent broker valuations, the market value of NORDEN's owned fleet including new-building orders was estimated at USD 875 million at the end of the third quarter. This is a decrease of 3% compared to the end of the second quarter for the vessels owned throughout the period.

### Dry cargo asset and period market

Asset markets have remained stable with both Supramax and Panamax bulk carrier values concluding the quarter in line with the end of Q2. The improvements in spot rates helped push up the forward rates, and the 2021 forward rate for Panamax bulk carriers increased by almost USD 1,000 per day during the third quarter. The ongoing impact of the virus still poses a challenge and ongoing threat to the market. Looking ahead, dry cargo markets are expected to continue the gradual improvements as the global dry cargo activity slowly improves over time. As part of this, Chinese import demand is expected to continue at fairly strong levels on the back of government-driven stimulus.

Vessel ordering activity has been extremely limited in 2020, and order books are below 7% of the fleet, which is the lowest level witnessed for more than 25 years.

This should create a foundation for continued improvements through 2021 and beyond.

### Tanker asset and period market

Indicative asset prices and period rates continued the decline from the previous quarter, albeit at a slower pace and has since stabilised with the price of a 5-year-old MR tanker decreasing by 5%, and the 1-year T/C market stabilising at USD 14,000 per day over the period.

For the remainder of the year, and continuing into 2021, NORDEN expects the tanker asset prices and period rates to remain at low levels as any resurgence in COVID-19 will continue to negatively affect global oil demand. If the hopes of widespread distribution of a vaccine mate-

rialise during 2021, and economic activity returns to previous levels, sentiment is expected to positively affect period rates and asset prices as 2022 draws near.

Similar to dry cargo vessels, the order books for new tanker vessels are at the lowest level in 20 years, around 7% of the fleet, providing an element of support in a very challenging market.

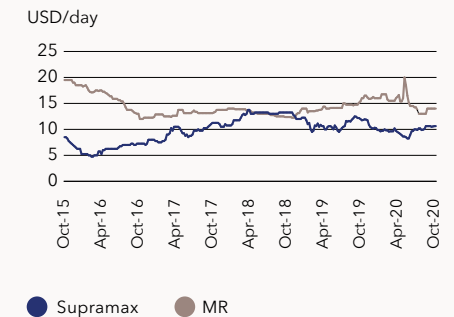
### Technical management outsourcing on track

The new joint venture with Synergy Marine Group - officially named NORDEN SYNERGY Ship Management - is progressing as planned. The transfer of technical management for tanker vessels has been completed without any disruptions to the trading of the fleet.

Asset Management TCE, USD per day

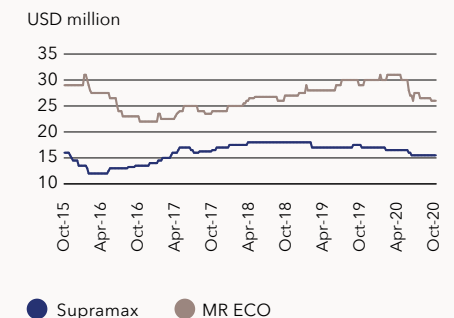
	Q3 2020		Q1-Q3 2020	
	Days	TCE	Days	TCE
<b>Tankers</b>				
Handysize	722	13,951	2,540	13,739
MR	2,660	16,253	7,774	16,300
LR1	154	19,329	513	19,066
<b>Tanker total</b>	<b>3,536</b>	<b>15,917</b>	<b>10,827</b>	<b>15,830</b>
<b>Dry Cargo</b>				
Handysize	501	11,549	1,542	10,848
Supramax	2,494	11,786	6,925	11,083
Panamax	1,779	14,705	5,069	13,269
<b>Dry Cargo total</b>	<b>4,774</b>	<b>12,849</b>	<b>13,536</b>	<b>11,875</b>

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



Source: Clarksons

Asset values 5-year old (USD million)



Source: Baltic Exchange



# DRY OPERATOR

## OUTSTANDING RESULT THROUGH ACTIVE MANAGEMENT

- Adjusted Result Q3: USD 31 million
- Adjusted Result last 4 quarters: USD 45 million
- Outstanding result based on proactive management of position

### Results and activity

The third quarter was a significant quarter for Dry Operator, realising an Adjusted Result for the quarter of USD 31 million (USD 3 million). For the first nine months, Dry Operator has realised a sizeable Adjusted Result of USD 31 million and well on its way to reaching a result above both 2018 and 2019. With relatively low capital requirements, the result corresponds to a very attractive risk adjusted return.

Dry Operator has throughout Q3 been able to generate substantial margins during a period with relatively low spot rates. Dry Operator entered Q3 with a position skewed towards tonnage, having actively chartered in short period vessels at upfront costs during the previous quarter. The subsequent regional positioning of the vessels allowed NORDEN to make

substantial margins above market average on the return voyages.

The business unit's ability to anticipate and capitalise on market moves is reinforced by the agile business model established by Dry Operator.

Dry Operator benefitted from an increasing number of customers (shipowners and cargo customers) seeking a solid partner in uncertain times. With record high activity and growth in the third quarter, this bodes well for the future growth ambitions for the Dry Operator activities.

Dry Operator managed a total of 28,604 vessels days in Q3, corresponding to an average fleet size of 311 vessels.

In the last 4 quarters, Dry Operator has generated an Adjusted Result of USD 45 million. The result is the outcome of a total of 99,558 vessel days handled by Dry Operator in the last 4 quarters, with an average Adjusted Result per vessel day of USD 456.

### Market development and outlook

The dry cargo spot market stabilised and continued to improve during Q3. This was based on demand driven by Chinese im-

ports stemming from agricultural demand as well as domestic Chinese stimulus packages, which created opportunities for attractive regional positioning of the fleet. On the export side, Brazil has showed an uptake in iron ore shipments, providing a vital base for the dry cargo trade going forward.

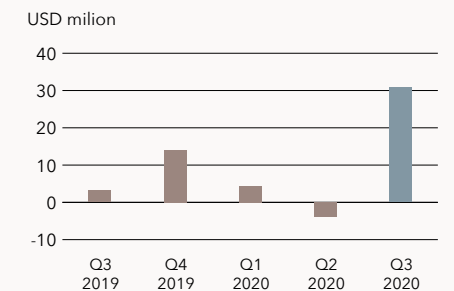
Average Supramax and Panamax rates were 89% higher than in Q2.

Dry Operator expects an Adjusted Result for Q4, which is better than the same period last year. On this basis, the full-year Adjusted Result is expected to be significantly above that for both 2018 and 2019.

### Dry Operator key figures

USD million	2020 Q3	2019 Q3	Last 4 Quarters
Contribution margin	53.9	18.6	115.6
O/A costs	-16.0	-9.3	-45.6
EBIT	31.8	4.8	50.2
Adjusted Result	30.8	3.2	45.4
Vessel days	28,604	26,185	99,558
Adj. result per vessel day (USD/day)	1,077	122	456

### Dry Operator Adjusted Result by quarter



### Average number of vessels operated in the third quarter

# 311



# TANKER OPERATOR

## CHALLENGING PERIOD, EVEN FOR THE Q3 SEASON

- Adjusted Result Q3: USD -10 million
- Adjusted Result last 4 quarters: USD 42 million
- Reducing exposure and protecting income in difficult market

### Results and activity

As expected, Q3 became a challenging period for Tanker Operator, generating an Adjusted Result of USD -10 million (USD -3 million). For the first nine months, Tanker Operator has realised an Adjusted Result of USD 30 million.

The result is impacted by very weak spot rates, even for the Q3 season. In anticipation of this, Tanker Operator already started reducing its market exposure in Q2 continuing into Q3 by redelivering vessels to third parties as the contracts expired, as well as renewing period vessels at lower rates.

In addition, a number of Forward Freight Agreements were made, effectively providing cover against weak rates during both Q3 and Q4. Further, Tanker Operator has chartered out vessels to third parties to reduce its near-term exposure.

The Company's Handysize tankers generated average daily earnings of USD

10,465 per day while the earnings in the MR fleet amounted to USD 15,202 per day. In the last 4 quarters, Tanker Operator has generated an Adjusted Result of USD 42 million. The result is the outcome of a total of 41,671 vessel days handled by the business unit during the last 4 quarters, with an average Adjusted Result per vessel day of USD 1,005.

The business unit operated 11,972 vessel days, corresponding to an average fleet size of 130 vessels in Q3. The Tanker Operator fleet was on average 50 vessels, while the remaining 80 vessels were in commercial management as part of the NORDEN owned Norient Product Pool. This includes 28 MR tankers added to the pool from Diamond S.

Tanker Operator generated management fee income totalling USD 3 million during Q3, booked as Other Operating Income.

The pool operated with a lower share of NORDEN vessels during the period, following the aforementioned reduced expo-

sure. The ability to optimise the regional exposure of the fleet has been an important factor in protecting operator income during the weak market.

### Market development and outlook

Unlike Q2, the tanker spot rates were not supported by demand for floating storage. Significant reductions in global oil demand, combined with drawing down inventories built up during previous quarters, were reflected in the low spot market rates for Handysize and MR averaging USD 8,200 per day and USD 12,700 per day respectively.

For the remainder of the year, and continuing into 2021, NORDEN expects the tanker rates to remain at low levels with continued low oil demand. With oil market development closely connected to overall economic activity, the ongoing impact of COVID-19 will be the main theme to follow. Any signs of stabilisation in the global outbreak will be able to affect sentiments in tanker rates, as will signs of vaccine development.

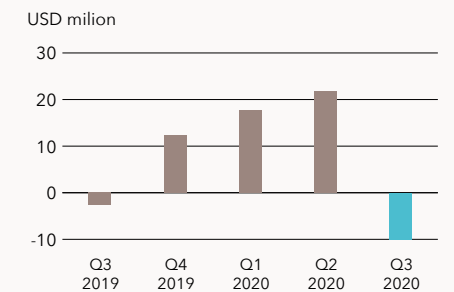
### Tanker Operator TCE, USD per day

	Q3 2020		Q1-Q3 2020	
	Days	TCE	Days	TCE
Handysize	1,424	10,465	4,089	15,542
MR	3,284	15,202	10,367	18,575
<b>Total</b>	<b>4,708</b>	<b>13,769</b>	<b>14,456</b>	<b>17,717</b>

### Tanker Operator key figures

USD million	2020 Q3	2019 Q3	Last 4 Quarters
Contribution margin	-1.5	3.1	94.3
O/A costs	-1.4	-4.2	-18.9
EBIT	-9.7	-2.5	44.8
Adjusted Result	-10.0	-2.6	41.9
Vessel days	11,972	9,063	41,671
Adj. result per vessel day (USD/day)	-835	-287	1,005

### Tanker Operator Adjusted Result by quarter



### Average number of vessels operated in the third quarter

130



# OUTLOOK FOR 2020

## Guidance

NORDEN raises its expectations for the full-year Adjusted Result to USD 90-120 million (previously USD 70-110 million). This is based on higher expectations for the Dry Operator business unit.

## Asset Management

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

## Dry Operator

Dry Operator expects an Adjusted Result for Q4 which is better than the same period last year. On this basis, the full-year Adjusted Result is expected to be significantly above that for both 2018 and 2019. The expectations are based on higher margins per vessel day as well as growth in activity levels measured in the number of vessel days.

## Tanker Operator

Tanker Operator expects an Adjusted Result which is around the same level as in 2019. After a strong first half-year, tanker spot rates have decreased significantly, and the normal seasonal improvement during Q4 is not expected to have a significant effect this year. Results for the business unit in the second half-year are expected to be much weaker than in the first half of 2020.

## Risk and uncertainties

The above expectations are subject to uncertainty related to the development in the COVID-19 pandemic and its impact on global trade.

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

## Events after the reporting date

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

“NORDEN raises its guidance for an Adjusted Result for 2020 to USD 90-120 million”

### Forward-looking statements

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



# STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

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

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

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

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

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

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

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

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

Hellerup, 4 November 2020

## Executive Management

**Jan Rindbo**  
Chief Executive Officer

**Martin Badsted**  
Chief Financial Officer

## Board of Directors

**Klaus Nyborg**  
Chairman

**Johanne Riegels Østergård**  
Vice Chairman

**Karsten Knudsen**

**Thomas Intrator**

**Stephen John Kunzer**

**Helle Østergaard Kristiansen**

**Jesper Svenstrup**  
(employee-elected)



# CONSOLIDATED INCOME STATEMENT

USD million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>Revenue</b>	<b>2</b>	<b>656.0</b>	<b>650.3</b>	<b>1,886.3</b>	<b>1,928.4</b>	<b>2,583.9</b>
Other operating income		4.0	3.3	13.7	11.2	16.3
Vessel operation costs	3	-549.3	-589.3	-1,572.2	-1,750.4	-2,305.2
<b>Contribution margin</b>		<b>110.7</b>	<b>64.3</b>	<b>327.8</b>	<b>189.2</b>	<b>295.0</b>
Overhead and administration costs	3	-23.6	-18.9	-65.7	-56.1	-77.5
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>		<b>87.1</b>	<b>45.4</b>	<b>262.1</b>	<b>133.1</b>	<b>217.5</b>
Profit/loss from sale of vessels etc.		0.0	4.1	0.0	-4.8	-3.6
Depreciation, amortisation and impairment losses	4	-52.3	-37.0	-150.1	-109.5	-156.9
Share of profit/loss of joint ventures	5	0.4	-0.9	-3.3	-0.2	-0.2
<b>Profit/loss from operations (EBIT)</b>		<b>35.2</b>	<b>11.6</b>	<b>108.7</b>	<b>18.6</b>	<b>56.8</b>
Financial income	6	0.6	0.1	3.1	3.4	5.1
Financial expenses	6	-7.4	-9.3	-23.2	-29.4	-37.8
<b>Profit/loss before tax</b>		<b>28.4</b>	<b>2.4</b>	<b>88.6</b>	<b>-7.4</b>	<b>24.1</b>
Tax		-1.9	-1.9	-5.4	-5.8	-4.9
<b>Profit/loss for the period</b>		<b>26.5</b>	<b>0.5</b>	<b>83.2</b>	<b>-13.2</b>	<b>19.2</b>
Attributable to:						
<b>Shareholders of NORDEN</b>		<b>26.5</b>	<b>0.5</b>	<b>83.2</b>	<b>-13.2</b>	<b>19.2</b>
<b>Earnings per share (EPS), USD</b>		<b>0.68</b>	<b>0.01</b>	<b>2.13</b>	<b>-0.33</b>	<b>0.48</b>
Diluted earnings per share, USD		0.68	0.01	2.14	-0.33	0.48

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>Profit/loss for the period</b>		<b>26.5</b>	<b>0.5</b>	<b>83.2</b>	<b>-13.2</b>	<b>19.2</b>
Other comprehensive income to be reclassified to the income statement:						
Fair value adjustment for the period, cash flow hedges	7	-35.2	-6.5	-14.5	21.2	33.7
Fair value adjustment for the period, securities		0.0	0.0	0.0	0.1	-0.3
Exchange differences on translation of foreign subsidiary		0.2	0.0	0.0	-0.1	0.0
Tax on fair value adjustment of securities		0.0	0.0	0.0	0.0	0.0
<b>Other comprehensive income, total after tax</b>		<b>-35.0</b>	<b>-6.5</b>	<b>-14.5</b>	<b>21.2</b>	<b>33.4</b>
<b>Total comprehensive income for the period, after tax</b>		<b>-8.5</b>	<b>-6.0</b>	<b>68.7</b>	<b>8.0</b>	<b>52.6</b>
Attributable to:						
<b>Shareholders of NORDEN</b>		<b>-8.5</b>	<b>-6.0</b>	<b>68.7</b>	<b>8.0</b>	<b>52.6</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	Note	30/9 2020	30/9 2019	31/12 2019
<b>Assets</b>				
Vessels	8	780.0	769.5	803.4
Right-of-use assets	9	317.9	271.4	271.0
Property and equipment		48.6	49.1	49.0
Prepayments on vessels and newbuildings	10	39.9	13.5	16.1
<b>Total Tangible assets</b>		<b>1,186.4</b>	<b>1,103.5</b>	<b>1,139.5</b>
Investments in joint ventures		11.2	12.0	11.9
Receivables from subleasing		15.8	21.3	19.2
<b>Total Financial assets</b>		<b>27.0</b>	<b>33.3</b>	<b>31.1</b>
<b>Total Non-current assets</b>		<b>1,213.4</b>	<b>1,136.8</b>	<b>1,170.6</b>
Inventories		79.4	85.2	80.5
Receivables from subleasing		15.4	13.2	11.3
Freight receivables		142.5	150.0	164.0
Receivables from joint ventures		8.1	8.8	5.8
Tax receivables		0.0	0.0	0.9
Other receivables		25.8	25.3	31.6
Prepayments		53.2	88.3	68.4
Cash and cash equivalents		325.5	190.9	209.3
		<b>649.9</b>	<b>561.7</b>	<b>571.8</b>
Vessels held for sale		19.8	0.0	0.0
<b>Total Current assets</b>		<b>669.7</b>	<b>561.7</b>	<b>571.8</b>
<b>Total Assets</b>		<b>1,883.1</b>	<b>1,698.5</b>	<b>1,742.4</b>

USD million	Note	30/9 2020	30/9 2019	31/12 2019
<b>Equity and liabilities</b>				
Share capital		6.7	6.7	6.7
Reserves		-5.6	-3.3	8.9
Retained earnings		901.6	816.0	843.4
<b>Total Equity</b>		<b>902.7</b>	<b>819.4</b>	<b>859.0</b>
Loans		286.0	271.4	268.4
Lease liabilities	9	228.5	214.6	198.7
<b>Total Non-current liabilities</b>		<b>514.5</b>	<b>486.0</b>	<b>467.1</b>
Loans		37.6	45.1	34.9
Lease liabilities	9	151.2	115.3	131.8
Provisions		0.0	3.4	0.0
Trade payables		138.0	132.8	117.6
Tax payables		3.8	5.4	0.0
Other payables		67.3	30.2	58.5
Deferred income		68.0	60.9	73.5
		<b>465.9</b>	<b>393.1</b>	<b>416.3</b>
Liabilities relating to vessels held for sale		0.0	0.0	0.0
<b>Total Current liabilities</b>		<b>465.9</b>	<b>393.1</b>	<b>416.3</b>
<b>Total Liabilities</b>		<b>980.4</b>	<b>879.1</b>	<b>883.4</b>
<b>Total Equity and liabilities</b>		<b>1,883.1</b>	<b>1,698.5</b>	<b>1,742.4</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

USD million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Profit/loss for the period		26.5	0.5	83.2	-13.2	19.2
Reversal of items from the income statement		61.2	53.2	177.0	146.1	206.7
Change in working capital		68.9	-17.2	57.3	7.1	50.5
Instalments on sublease receivables		4.3	3.9	12.9	7.6	11.7
Income tax, paid		-0.3	-0.3	-0.7	-3.1	-7.6
<b>Cash flows from operating activities</b>		<b>160.6</b>	<b>40.1</b>	<b>329.7</b>	<b>144.5</b>	<b>280.5</b>
Investments in vessels and vessels held for sale and other tangible assets	8	0.5	-24.8	-3.5	-34.7	-102.7
Additions in prepayments on newbuildings	10	-49.9	-2.7	-53.0	-40.6	-43.2
Investments in joint ventures		0.0	0.0	0.0	-1.0	-1.0
Proceeds from sale of vessels and newbuildings		0.0	13.1	0.0	74.4	98.3
Sale of securities		0.0	0.0	0.0	4.9	4.9
Change in cash and cash equivalents with rate agreements of more than 3 months, etc.		-12.4	-42.2	-11.1	-61.0	-47.2
<b>Cash flows from investing activities</b>		<b>-61.8</b>	<b>-56.6</b>	<b>-67.6</b>	<b>-58.0</b>	<b>-90.9</b>
Dividend paid to shareholders		0.0	0.0	-14.7	-12.0	-12.0
Acquisition of treasury shares		-6.2	0.0	-11.0	-4.2	-9.4
Proceeds from loans		70.0	92.3	132.0	299.1	219.1
Repayment of loans		-54.2	-74.0	-111.7	-311.7	-245.9
Instalments on lease liabilities	9	-45.7	-30.4	-130.2	-83.3	-124.8
Interest, received		0.4	0.0	0.8	1.5	1.5
interest, paid		-7.4	-9.3	-23.2	-29.4	-39.7
<b>Cash flows from financing activities</b>		<b>-43.1</b>	<b>-21.4</b>	<b>-158.0</b>	<b>-140.0</b>	<b>-211.2</b>
<b>Cash flow from operating, investing and financing activities</b>		<b>55.7</b>	<b>-37.9</b>	<b>104.1</b>	<b>-53.5</b>	<b>-21.6</b>

USD million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Liquidity at beginning of the period		142.2	99.6	92.9	115.2	115.2
Exchange rate adjustments		0.1	-1.0	1.0	-1.0	-0.7
Change in liquidity for the period		55.7	-37.9	104.1	-53.5	-21.6
<b>Liquidity at end period</b>		<b>198.0</b>	<b>60.7</b>	<b>198.0</b>	<b>60.7</b>	<b>92.9</b>
Cash and cash equivalents with rate agreements of more than 3 months, etc.		127.5	130.2	127.5	130.2	116.4
<b>Cash and cash equivalents at end period acc. to the statement of financial position</b>		<b>325.5</b>	<b>190.9</b>	<b>325.5</b>	<b>190.9</b>	<b>209.3</b>

USD million	Note	30/9 2020	30/9 2019	31/12 2019
<i>Which can be explained as follows</i>				
Demand deposits and cash balance		73.0	45.6	28.3
Money market investment		226.8	134.5	163.6
Other cash and cash equivalents		25.7	10.8	17.4
		<b>325.5</b>	<b>190.9</b>	<b>209.3</b>





# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD million	Shareholders of NORDEN			
	Share capital	Reserves	Retained earnings	Total equity
<b>Equity at 1 January 2020</b>	<b>6.7</b>	<b>8.9</b>	<b>843.4</b>	<b>859.0</b>
Total comprehensive income for the period	0.0	-14.5	83.2	68.7
Acquisition of treasury shares	0.0	0.0	-11.0	-11.0
Share-based payment	0.0	0.0	0.7	0.7
Dividends paid	0.0	0.0	-15.9	-15.9
Dividends related to treasury shares	0.0	0.0	1.2	1.2
<b>Changes in equity</b>	<b>0.0</b>	<b>-14.5</b>	<b>58.2</b>	<b>43.7</b>
<b>Equity at 30 September 2020</b>	<b>6.7</b>	<b>-5.6</b>	<b>901.6</b>	<b>902.7</b>
<b>Equity at 1 January 2019</b>	<b>6.7</b>	<b>-24.5</b>	<b>844.6</b>	<b>826.8</b>
Total comprehensive income for the period	0.0	21.2	-13.2	8.0
Acquisition of treasury shares	0.0	0.0	-4.2	-4.2
Share-based payment	0.0	0.0	0.8	0.8
Dividends paid	0.0	0.0	-12.8	-12.8
Dividends related to treasury shares	0.0	0.0	0.8	0.8
<b>Changes in equity</b>	<b>0.0</b>	<b>21.2</b>	<b>-28.6</b>	<b>-7.4</b>
<b>Equity at 30 September 2019</b>	<b>6.7</b>	<b>-3.3</b>	<b>816.0</b>	<b>819.4</b>



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 1.1 Basis of preparation

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

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

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

### 1.2 Changes in accounting policies and disclosures

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

#### Adoption of new or amended IFRSs

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

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

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

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

#### Standards not yet in force at the end of September 2020

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

Non-EU endorsed:

- Amendments to IAS 1 Classification of current and non-current financial liabilities.
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16, Interest Benchmark Reform - Phase 2 (Issued on 27 August 2020)

#### Significant accounting estimates and judgements

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

#### New business unit structure

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



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q3 2020					Q3 2019				
	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total
<b>2. Segment information</b>										
Revenue - services rendered, external	22.7	539.7	93.1	0.0	655.5	15.9	538.5	95.4	0.0	649.8
Revenue - services rendered, internal	83.1	0.0	0.0	-83.1	0.0	79.9	32.1	0.0	-112.0	0.0
Revenue - sublease financial income	0.5	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.5
Voyage costs	-1.6	-218.7	-35.1	1.5	-253.9	-2.5	-223.6	-34.1	1.6	-258.6
<b>T/C equivalent revenue</b>	<b>104.7</b>	<b>321.0</b>	<b>58.0</b>	<b>-81.6</b>	<b>402.1</b>	<b>93.8</b>	<b>347.0</b>	<b>61.3</b>	<b>-110.4</b>	<b>391.7</b>
Other operating income	-0.2	0.7	3.5	0.0	4.0	-0.1	0.2	3.2	0.0	3.3
Charter hire and OPEX element	-26.8	-267.8	-63.0	81.6	-276.0	-32.7	-328.6	-61.4	110.4	-312.3
Operating costs owned vessels	-19.4	0.0	0.0	0.0	-19.4	-18.4	0.0	0.0	0.0	-18.4
<b>Contribution margin</b>	<b>58.3</b>	<b>53.9</b>	<b>-1.5</b>	<b>0.0</b>	<b>110.7</b>	<b>42.6</b>	<b>18.6</b>	<b>3.1</b>	<b>0.0</b>	<b>64.3</b>
Overhead and administration costs	-6.2	-16.0	-1.4	0.0	-23.6	-5.4	-9.3	-4.2	0.0	-18.9
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>52.1</b>	<b>37.9</b>	<b>-2.9</b>	<b>0.0</b>	<b>87.1</b>	<b>37.2</b>	<b>9.3</b>	<b>-1.1</b>	<b>0.0</b>	<b>45.4</b>
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	4.1	0.0	0.0	0.0	4.1
Depreciation, amortisation and impairment losses	-39.4	-6.1	-6.8	0.0	-52.3	-31.1	-4.5	-1.4	0.0	-37.0
Share of profit/loss of joint ventures	0.4	0.0	0.0	0.0	0.4	-0.9	0.0	0.0	0.0	-0.9
<b>Profit/loss from operations (EBIT)</b>	<b>13.1</b>	<b>31.8</b>	<b>-9.7</b>	<b>0.0</b>	<b>35.2</b>	<b>9.3</b>	<b>4.8</b>	<b>-2.5</b>	<b>0.0</b>	<b>11.6</b>
Financial income	-0.5	0.9	0.2	0.0	0.6	0.0	0.1	0.0	0.0	0.1
Financial expenses	-6.5	-0.6	-0.3	0.0	-7.4	-8.9	-0.3	-0.1	0.0	-9.3
<b>Profit/loss before tax</b>	<b>6.1</b>	<b>32.1</b>	<b>-9.8</b>	<b>0.0</b>	<b>28.4</b>	<b>0.4</b>	<b>4.6</b>	<b>-2.6</b>	<b>0.0</b>	<b>2.4</b>
Tax	-0.4	-1.3	-0.2	0.0	-1.9	-0.5	-1.4	0.0	0.0	-1.9
<b>Profit/loss for the period</b>	<b>5.7</b>	<b>30.8</b>	<b>-10.0</b>	<b>0.0</b>	<b>26.5</b>	<b>-0.1</b>	<b>3.2</b>	<b>-2.6</b>	<b>0.0</b>	<b>0.5</b>
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	-4.1	0.0	0.0	0.0	-4.1
Profit/loss from sale of vessels, etc in joint venture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adjusted Results for the period*</b>	<b>5.7</b>	<b>30.8</b>	<b>-10.0</b>	<b>0.0</b>	<b>26.5</b>	<b>-4.2</b>	<b>3.2</b>	<b>-2.6</b>	<b>0.0</b>	<b>-3.6</b>

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



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q1-Q3 2020					Q1-Q3 2019				
	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total	Asset Management	Dry Operator	Tanker Operator	Eliminations	Total
<b>2. Segment information</b>										
Revenue - services rendered, external	87.9	1,413.2	383.8	0.0	1,884.9	64.1	1,557.5	305.3	0.0	1,926.9
Revenue - services rendered, internal	222.2	0.0	0.0	-222.2	0.0	227.0	38.6	0.0	-265.6	0.0
Revenue - sublease financial income	1.4	0.0	0.0	0.0	1.4	1.5	0.0	0.0	0.0	1.5
Voyage costs	-1.5	-677.6	-138.2	2.9	-814.4	-6.6	-688.4	-110.6	1.6	-804.0
<b>T/C equivalent revenue</b>	<b>310.0</b>	<b>735.6</b>	<b>245.6</b>	<b>-219.3</b>	<b>1,071.9</b>	<b>286.0</b>	<b>907.7</b>	<b>194.7</b>	<b>-264.0</b>	<b>1,124.4</b>
Other operating income	0.4	-0.4	13.7	0.0	13.7	1.2	0.2	9.8	0.0	11.2
Charter hire and OPEX element	-79.7	-649.5	-192.7	219.3	-702.6	-97.1	-870.9	-184.8	264.0	-888.8
Operating costs owned vessels	-55.2	0.0	0.0	0.0	-55.2	-57.6	0.0	0.0	0.0	-57.6
<b>Contribution margin</b>	<b>175.5</b>	<b>85.7</b>	<b>66.6</b>	<b>0.0</b>	<b>327.8</b>	<b>132.5</b>	<b>37.0</b>	<b>19.7</b>	<b>0.0</b>	<b>189.2</b>
Overhead and administration costs	-16.3	-35.2	-14.2	0.0	-65.7	-15.6	-28.1	-12.4	0.0	-56.1
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>159.2</b>	<b>50.5</b>	<b>52.4</b>	<b>0.0</b>	<b>262.1</b>	<b>116.9</b>	<b>8.9</b>	<b>7.3</b>	<b>0.0</b>	<b>133.1</b>
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	-4.8	0.0	0.0	0.0	-4.8
Depreciation, amortisation and impairment losses	-113.6	-15.0	-21.5	0.0	-150.1	-97.0	-10.4	-2.1	0.0	-109.5
Share of profit/loss of joint ventures	-3.3	0.0	0.0	0.0	-3.3	-0.2	0.0	0.0	0.0	-0.2
<b>Profit/loss from operations (EBIT)</b>	<b>42.3</b>	<b>35.5</b>	<b>30.9</b>	<b>0.0</b>	<b>108.7</b>	<b>14.9</b>	<b>-1.5</b>	<b>5.2</b>	<b>0.0</b>	<b>18.6</b>
Financial income	1.2	1.7	0.2	0.0	3.1	3.0	0.4	0.0	0.0	3.4
Financial expenses	-19.9	-2.2	-1.1	0.0	-23.2	-28.6	-0.7	-0.1	0.0	-29.4
<b>Profit/loss before tax</b>	<b>23.6</b>	<b>35.0</b>	<b>30.0</b>	<b>0.0</b>	<b>88.6</b>	<b>-10.7</b>	<b>-1.8</b>	<b>5.1</b>	<b>0.0</b>	<b>-7.4</b>
Tax	-1.1	-3.8	-0.5	0.0	-5.4	-1.5	-4.3	0.0	0.0	-5.8
<b>Profit/loss for the period</b>	<b>22.5</b>	<b>31.2</b>	<b>29.5</b>	<b>0.0</b>	<b>83.2</b>	<b>-12.2</b>	<b>-6.1</b>	<b>5.1</b>	<b>0.0</b>	<b>-13.2</b>
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	0.0	0.0	0.0	0.0	4.8	0.0	0.0	0.0	4.8
Profit/loss from sale of vessels, etc in joint venture	1.5	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
<b>Adjusted Results for the period*</b>	<b>24.0</b>	<b>31.2</b>	<b>29.5</b>	<b>0.0</b>	<b>84.7</b>	<b>-7.4</b>	<b>-6.1</b>	<b>5.1</b>	<b>0.0</b>	<b>-8.4</b>

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



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>3. Expenses by nature</b>					
Vessel operating costs	549.3	589.3	1,572.2	1,750.4	2,305.2
Overhead and administration costs	23.6	18.9	65.7	56.1	77.5
<b>Total</b>	<b>572.9</b>	<b>608.2</b>	<b>1,637.9</b>	<b>1,806.5</b>	<b>2,382.7</b>
These costs can be split by nature:					
Voyage costs excluding bunker oil	137.9	118.1	396.6	368.7	493.7
Bunker oil	116.0	140.5	417.8	435.3	574.0
Expenses related to the service component of right-of-use assets	44.1	30.0	124.1	82.7	122.2
Expenses related to short-term leases	231.9	282.3	578.5	806.1	1,039.0
Operating costs owned vessels excluding seafarers	9.9	6.9	26.9	21.6	37.7
Other external costs	4.1	4.7	14.9	15.2	23.9
Staff costs inclusive seafarers	29.0	25.7	79.1	76.9	92.2
<b>Total</b>	<b>572.9</b>	<b>608.2</b>	<b>1,637.9</b>	<b>1,806.5</b>	<b>2,382.7</b>
<b>4. Depreciation</b>					
Vessels	12.2	11.0	35.9	33.3	44.6
Right-of-use assets	39.8	25.7	113.4	75.6	111.5
Property and equipment	0.3	0.3	0.8	0.6	0.8
<b>Total</b>	<b>52.3</b>	<b>37.0</b>	<b>150.1</b>	<b>109.5</b>	<b>156.9</b>
<b>5. Share of profit/loss of joint ventures</b>					
Profit/loss from shares in joint ventures	0.4	-0.9	0.5	-0.2	-0.2
Share of loss from sale of vessels	0.0	0.0	-1.5	0.0	0.0
Share of impairment of tangible assets	0.0	0.0	-2.3	0.0	0.0
<b>Total</b>	<b>0.4</b>	<b>-0.9</b>	<b>-3.3</b>	<b>-0.2</b>	<b>-0.2</b>

USD million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
<b>6. Financial income and expenses</b>					
Interest income	0.4	0.3	0.8	1.2	1.5
Fair value adjustment, cross currency swaps	0.1	0.0	0.4	0.0	0.0
Exchange rate adjustments	0.1	-0.2	1.9	2.2	3.6
<b>Total financial income</b>	<b>0.6</b>	<b>0.1</b>	<b>3.1</b>	<b>3.4</b>	<b>5.1</b>
Interest costs	2.4	3.5	8.3	13.8	17.1
Fair value adjustment, cross currency swaps	0.0	1.0	0.0	1.1	1.1
Interest expense on lease liabilities	5.0	4.8	14.9	14.5	19.6
<b>Total</b>	<b>7.4</b>	<b>9.3</b>	<b>23.2</b>	<b>29.4</b>	<b>37.8</b>

USD million	30/9 2020	30/9 2019	31/12 2019
<b>7. Fair value adjustment - hedging Instruments</b>			
<b>Fair value of cash flow hedge</b>			
Fair value adjustment at the beginning period		8.9	-24.8
Fair value adjustment for the period, net		-14.5	21.2
<b>End</b>		<b>-5.6</b>	<b>-3.6</b>
Fair value adjustment for the period, cash flow hedges can be specified as follows:			
Bunker hedging		-10.3	-2.0
FFA hedging		2.4	-4.6
Foreign currency risk hedging		2.3	3.0
<b>End</b>		<b>-5.6</b>	<b>-3.6</b>

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



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	30/9 2020	30/9 2019	31/12 2019
<b>7. Fair value adjustment - hedging Instruments - continued</b>			
As of 30 September 2020, outstanding hedging contains:			
<b>Bunker hedging</b>			
Beginning, 1 January	-2.6	-26.9	-26.9
Fair value adjustments	-37.0	28.0	28.1
Realised contracts, transferred to vessel operating costs	29.3	-3.1	-3.8
<b>End</b>	<b>-10.3</b>	<b>-2.0</b>	<b>-2.6</b>
<b>FFA hedging</b>			
Beginning, 1 January	10.7	1.5	1.5
Fair value adjustments	21.9	-10.9	12.5
Realised contracts, transferred to revenue	-30.2	4.8	-3.3
<b>End</b>	<b>2.4</b>	<b>-4.6</b>	<b>10.7</b>
<b>Foreign currency risk hedging</b>			
Beginning, 1 January	0.8	0.5	0.5
Fair value adjustments	1.5	2.5	0.3
<b>End</b>	<b>2.3</b>	<b>3.0</b>	<b>0.8</b>

USD million	30/9 2020	30/9 2019	31/12 2019
<b>8. Vessels</b>			
Cost at 1 January	1,123.8	1,207.3	1,207.3
Additions	3.2	34.5	102.4
Disposals	-0.9	-2.9	-4.8
Transferred from prepayments on vessels and newbuildings	29.1	55.9	55.9
Transferred to tangible assets held for sale	-20.6	-208.9	-237.0
<b>Cost</b>	<b>1,134.6</b>	<b>1,085.9</b>	<b>1,123.8</b>
Depreciation at 1 January	-244.7	-284.9	-284.9
Depreciation	-35.9	-33.3	-44.6
Depreciations related to derecognised assets	0.9	2.9	4.8
Transferred to tangible assets held for sale	0.8	74.6	80.0
<b>Depreciation</b>	<b>-278.9</b>	<b>-240.7</b>	<b>-244.7</b>
Impairment at 1 January	-75.7	-126.8	-126.8
Reversed impairment on vessels disposed of	0.0	0.0	0.0
Transferred from prepayments on vessels and newbuildings	0.0	-4.2	-4.2
Transferred to tangible assets held for sale	0.0	55.3	55.3
<b>Impairment</b>	<b>-75.7</b>	<b>-75.7</b>	<b>-75.7</b>
<b>Carrying amount</b>	<b>780.0</b>	<b>769.5</b>	<b>803.4</b>



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

USD million	30/9 2020	30/9 2019	31/12 2019
<b>9. Leases - lessee</b>			
<b>Right-of-use assets</b>			
Cost at 1 January	382.6	302.8	302.8
Adjustment to opening balance	0.0	-10.3	0.0
Additions	138.3	47.8	77.4
Remeasurements	24.2	13.5	9.1
Disposals related to redelivered vessels	-18.0	-6.8	-6.8
<b>Cost</b>	<b>527.1</b>	<b>347.0</b>	<b>382.5</b>
Depreciation at 1 January	-111.5	0.0	0.0
Depreciation	-113.4	-75.6	-111.5
Depreciations related to redelivered vessels	15.7	0.0	0.0
<b>Depreciation</b>	<b>-209.2</b>	<b>-75.6</b>	<b>-111.5</b>
<b>Carrying amount</b>	<b>317.9</b>	<b>271.4</b>	<b>271.0</b>
<b>Lease Liabilities</b>			
Lease liabilities at 1 January	330.5	360.8	360.8
Adjustment to opening balance	0.0	-10.4	0.0
Additions	152.7	49.3	87.1
Remeasurements	28.9	13.5	7.4
Instalments made	-130.2	-83.3	-124.8
Disposals related to cancelled leases	-2.2	0.0	0.0
<b>Lease liabilities at end of period</b>	<b>379.7</b>	<b>329.9</b>	<b>330.5</b>

USD million	30/9 2020	30/9 2019	31/12 2019
<b>10. Prepayments on vessels and newbuildings</b>			
Cost at 1 January	16.1	29.1	29.1
Additions	53.0	40.6	43.2
Transferred to vessels	-29.1	-55.9	-55.9
Transferred to tangible assets held for sale	0.0	0.0	0.0
Transferred to other items	-0.1	-0.3	-0.3
<b>Cost</b>	<b>39.9</b>	<b>13.5</b>	<b>16.1</b>
Impairment at 1 January	0.0	-4.2	-4.2
Reversed impairment on vessels disposed of	0.0	0.0	0.0
Transferred to vessels	0.0	4.2	4.2
Transferred to tangible assets held for sale	0.0	0.0	0.0
<b>Impairment</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Carrying amount</b>	<b>39.9</b>	<b>13.5</b>	<b>16.1</b>

## 11. Related party disclosure

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

## 12. Contingent assets and liabilities

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



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 13. Overview of deliveries of owned vessels and fleet values

Vessel type	LR1	MR	Handysize	Total
<b>Asset Management's Tanker fleet at 30 September 2020</b>				
<b>Vessels in operation</b>				
Owned vessels	0	17	7	24
Leased vessels	1	13	0	14
<b>Total active fleet</b>	<b>1</b>	<b>30</b>	<b>7</b>	<b>38</b>
<b>Vessels to be delivered</b>				
Owned vessels	0	0	0	0
Leased vessels	0	9	0	9
<b>Total vessels to be delivered</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>9</b>
<b>Total gross fleet</b>	<b>1</b>	<b>39</b>	<b>7</b>	<b>47</b>
<b>Asset Management's Tanker fleet values at 30 September 2020 (USD million)</b>				
Average age of owned vessels	0	8.9	11.7	9.7
Market value of owned vessels and newbuildings*	0	352	85	437
Broker estimated value of certain charter parties attached to owned vessels	0	10	0	10
Carrying amount/cost	0	405	126	531
<b>Market value vs. book value</b>	<b>0</b>	<b>-43</b>	<b>-41</b>	<b>-84</b>
<b>Value of purchase and extension options on chartered tonnage</b>	<b>0</b>	<b>23</b>	<b>8</b>	<b>31</b>

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

Vessel type	Panamax	Supramax	Handysize	Total
<b>Asset Management's Dry cargo fleet at 30 September 2020</b>				
<b>Vessels in operation</b>				
Owned vessels	2	9	2	13
Leased vessels	16	19	3	38
<b>Total active fleet</b>	<b>18</b>	<b>28</b>	<b>5</b>	<b>51</b>
<b>Vessels to be delivered</b>				
Owned vessels**	0	8	0	8
Leased vessels	0	0	2	2
<b>Total vessels to be delivered</b>	<b>0</b>	<b>8</b>	<b>2</b>	<b>10</b>
<b>Total gross fleet</b>	<b>18</b>	<b>36</b>	<b>7</b>	<b>61</b>
<b>Asset Management's Dry cargo fleet values at 30 September 2020 (USD million)</b>				
Average age of owned vessels	6.5	3.3	7.8	4.5
Market value of owned vessels and newbuildings*	30	386	22	438
Broker estimated value of certain charter parties attached to owned vessels	3	0	8	11
Carrying amount/cost	37	392	38	467
<b>Market value vs. book value</b>	<b>-4</b>	<b>-6</b>	<b>-8</b>	<b>-18</b>
<b>Value of purchase and extension options on chartered tonnage</b>	<b>19</b>	<b>5</b>	<b>0</b>	<b>24</b>

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

\*\* Includes two newbuildings committed for sale upon delivery and leased back.





# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### Overview of deliveries of owned vessels and fleet values

Name	Vessel type	Delivery quarter
Nord Aripuana	Supramax	Q4 2020
Nord Hudson	Supramax	Q4 2020
Hull NE351	Supramax	Q1 2022
Hull NE352	Supramax	Q1 2022
Hull NE353	Supramax	Q1 2022
Hull NE354	Supramax	Q1 2022
Hull NE355	Supramax	Q2 2022
Hull NE356	Supramax	Q2 2022

### CAPEX

USD million	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Total
Newbuilding payments and secondhand purchases	16	9	5	9	5	65	32	141
Other CAPEX*	0	0	2	8	0	4	7	21

Future payments to NORDEN from sold vessels: USD 70.0 million.

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

## 14. Events after the reporting date

See page 12 in the Management Review.