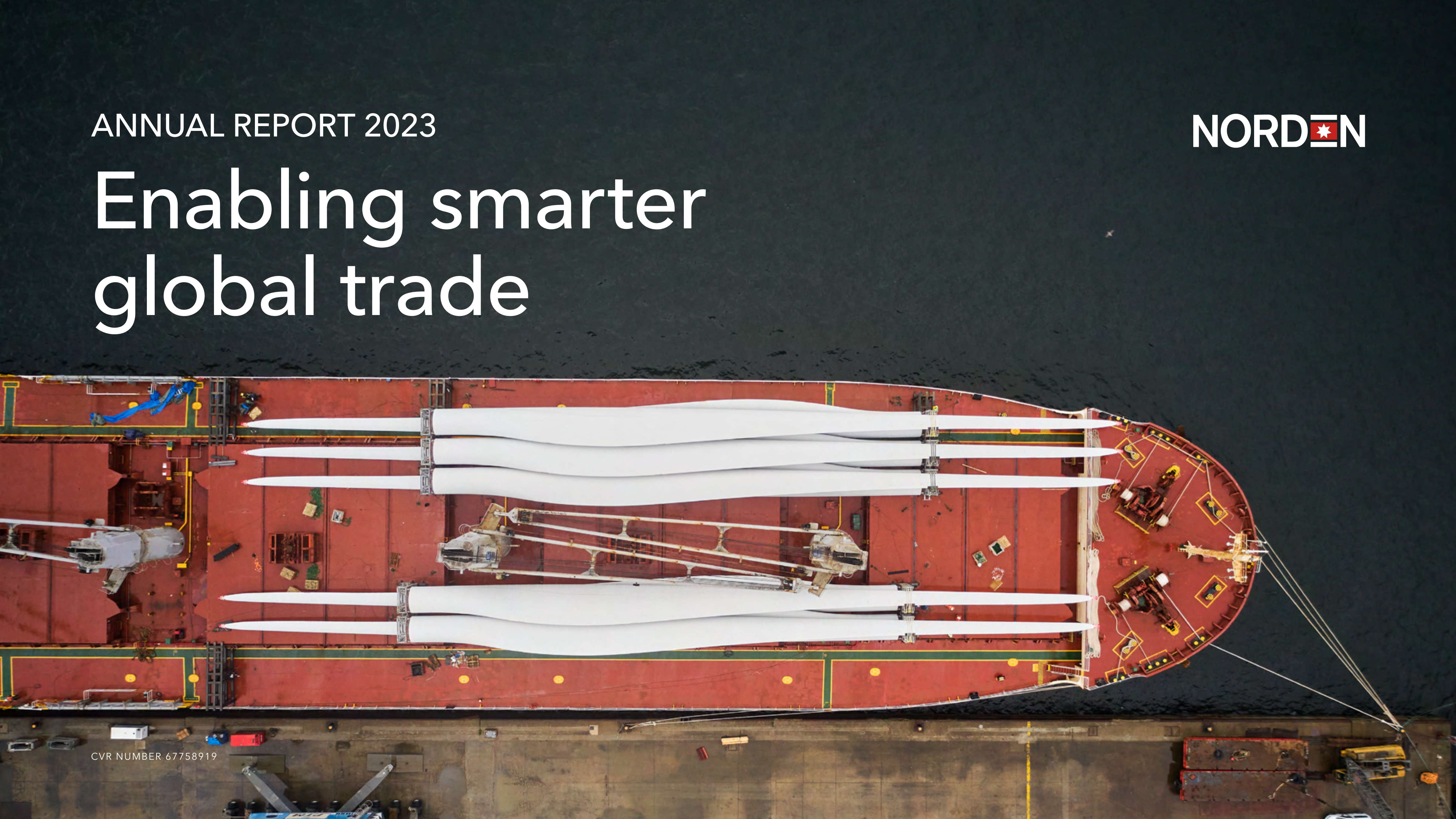
ANNUAL REPORT 2023

NORDEN

Enabling smarter global trade



CVR NUMBER 67758919

TABLE OF CONTENTS

2023 in five minutes

CEO Jan Rindbo presents NORDEN's annual results in a brief video
norden.com/investor

Related reports and information

Remuneration Report 2023
Statutory statement on Corporate Governance 2023
ESG performance data

Follow NORDEN online

www

In brief

INTRODUCTION TO NORDEN

WE ENABLE SMARTER GLOBAL TRADE

Vessels operated
475
on average in 2023

Tonnes of cargo carried
130m
in 2023

Data points processed daily
9.4bn
to support decisions

We are
52
nationalities at NORDEN

LETTER FROM THE CHAIR AND THE CEO

In a year characterised by volatility and uncertainty, NORDEN delivered a net profit of USD 400 million and a ROIC of 32% - the fifth best result in company history. The strong financial performance has been delivered despite declining freight rates and is a testament to the strength of our agile business model.

In addition to delivering a strong financial performance, we have executed on our strategic plans and strengthened our business model, focusing on expanding the services and products we offer our customers. With an increased focus on decarbonisation driven by new regulations and increased demand from our customers, we are dedicated to continue our work of preparing for a more sustainable future. Thank you to all NORDEN employees for the strong commitment and engagement during the year, making the positive development possible.

Strong performance in more challenging markets

After a 2022 characterised by record-high freight rates and profitability for the global shipping industry, 2023 has been more challenging and less predictable due to weaker global economic

growth, unwinding of supply chain bottlenecks and rising geopolitical events - a situation that we expect will persist in the coming year.

The reduced global economic growth and uncertain macroeconomic outlook experienced during the year, particularly in the US and Europe, affected the overall global demand, and at the same time external factors related to the conflict in Ukraine, the Panama Canal and Suez Canal, during the fourth quarter had an impact on the supply situation.

Dry cargo spot rates generally declined compared to last year, despite a strong rebound in the last quarter of the year. Imports to China grew significantly, despite headwinds from lower economic activity and a challenged property market, but were partly offset by negative volume growth in the rest of the world. In addition, a normalisation in the port congestion from an all-time high level during the pandemic leading to higher effective capacity growth, was a key driver for lower freight rates and a more challenging market in dry cargo.

For the tanker market, spot rates also declined during the year but remained at attractive levels. Reduced market worries and inefficiencies in the supply chains compared to 2022 after the start of the conflict in Ukraine, have been key drivers for the lower rates.

Despite all these topics and the more volatile market, we reported a net profit of USD 400 million, which is at the high end of the initial guidance (USD 330-430 million), a free cash flow of USD 265 million as well as a ROIC of 32%, leading to the fifth best result in NORDEN's 152-year history. This reconfirms that our strategy and agile business model work well, not only in times with positive underlying market conditions, but also in times with a more challenging and less predictable outlook for the industry.

Back in 2022, we lowered our market exposure to the dry cargo market by increasing the earnings coverage, which, in combination with a strong contribution from the exposure to the tanker market, has been the key drivers for the strong result in 2023. During 2023, we de-risked the portfolio by selling and chartering out a number of tanker vessels benefiting from the positive market situation.

At the same time, we have increased the deferred exposure in dry cargo from 2025 and onwards by entering into new long-term leases with options and in total 17 new-buildings, based on the expected favourable long-term market outlook from a low orderbook and expected recovery in global demand.

While investing in the business and strategy to capture the growth opportunities, NORDEN continues to distribute cash to shareholders through dividends and share buy-back programmes of in total USD 436 million in 2023, as a key strategic element. The total cash distribution has now been brought close to 1.1 billion in the past five years.

A year of strategic execution

In 2023, NORDEN outlined a new strategy for 2023-2025 reconfirming our strategic direction as a provider of ocean-based freight services catering to the significant growth and value opportunities in the market.

Looking back, 2023 has been a productive and successful year in respect of executing on our strategic ambitions, both in terms of expanding the current product and service offering to our customers, but also in creating a foundation for the climate solutions of the future.

> A key milestone in expanding our offering to our customers has been the acquisition and integration of Projects & Parcelling - NORDEN's first ever acquisition that was completed during the summer. Bringing the expertise and skills of Projects & Parcelling into NORDEN have early on created both customer and cost synergies.

During the year, we also expanded the business by establishing a Capesize operation, after having invested in five own Capesize vessels. This, in combination with the Projects & Parcelling activities, makes NORDEN a global provider of ocean-based freight services for bulk and project cargo of all sizes.

With the increased focus on decarbonisation in shipping, most recently illustrated by shipping being included in the EU ETS system from 1 January 2024, NORDEN continues to develop and invest in solutions to help our customers decarbonise their supply chains.

"

A critical part of decarbonising our business is to ensure access to renewable fuels. Therefore, NORDEN in 2023 acquired a strategic minority stake in MASH Makes, a Danish-Indian biofuel scale-up, which researches, develops and produces renewable fuels. First biofuel trial for use on vessels is expected in 2024.

Entering the next year of our strategy period, the core elements in our strategy of enabling smarter global trade is to be: customer-focused within ocean-based freight services, integrated port logistics and climate solutions based on an agile and asset-light business model, a high-performing organisation and enabled by data analytics and risk management.

Customer focus and decarbonisation as key growth drivers
As a global provider of ocean-based freight services for bulk and project cargo, we can optimise and decarbonise our customer's supply chains. By providing tailored solutions to our customers, we have a solid foundation to further grow our business in the coming years.

Our customers' increased need for support and advisory services in solving complexity in their supply chains and, at the same time, reduce emissions will be a key part of our future growth strategy.

While the dry cargo and tanker market have historically been characterised as commoditised and fragmented, we expect to see an increased need for redesigning supply chains and focusing on decarbonisation, flexibility and data analytics. NORDEN is well-positioned towards the changing customer needs with our heritage of being a trusted, innovative and reliable partner.

NORDEN continues to work on new initiatives towards reaching our ESG target of net zero by 2050, and helping customers lowering their scope 3 emissions. By voluntarily lowering the speed levels of our fleet of around 475 vessels, we have improved fuel efficiency and lowered consumption per tonne-mile, contributing to an overall reduction in emissions by 9% Y/Y in 2023, well on track towards our reduction target for 2030.

Empowering employees with analytics
Our business model is based on an agile capacity management strategy, and for the past several years, we have worked on successfully integrating data analytics and artificial intelligence, into our business. Today, data is a core element of our business, and by enabling our people to utilise our data to enhance decision-making, we have created a foundation where we are able to respond to changes in the market and, at the same time, service our customers with efficient and reliable services and products.

With technology being an integrated part of the daily operations and decision-making, our success and performance are largely driven by our employees' expertise and engagement, particularly in times that are less predictable and more volatile.

Looking into 2024
Entering 2024, the macroeconomics and geopolitical situation in Ukraine and the Middle East are still expected to impact the market outlook in relation to dry cargo and tankers, adding to higher uncertainty and volatility than usually.

We initially expect that profitability for 2024 will be lower compared to 2023 with a full-year guidance for 2024 of a net profit in the range of USD 150-250 million, and with significantly higher earnings and returns compared to before the pandemic. This as margins in dry cargo are set to be weaker due to near-term market dynamics, while tanker market conditions will support attractive margins.

We are well-positioned with our business model to cope with the expected market volatility and our strong capital structure gives us the ability to act on opportunities that might arise, while, at the same time, return cash to our shareholders. For 2023, the Board proposes a year-end dividend of DKK 10 per share, bringing the total dividend for the year to DKK 45 per share, reflecting a pay-out ratio of 53%.

Whatever conditions we will face in 2024 and beyond, our strong values and purpose, combined with a high-performing organisation, will ensure a successful long-term development of NORDEN.

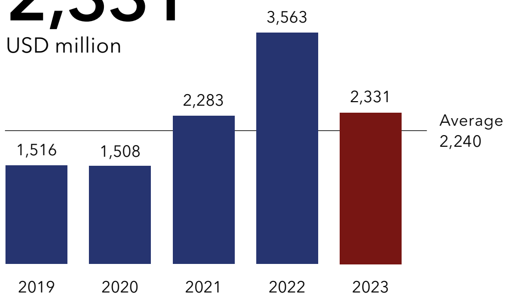
Klaus Nyborg
Chair of the Board of Directors

Jan Rindbo
CEO

FINANCIAL HIGHLIGHTS

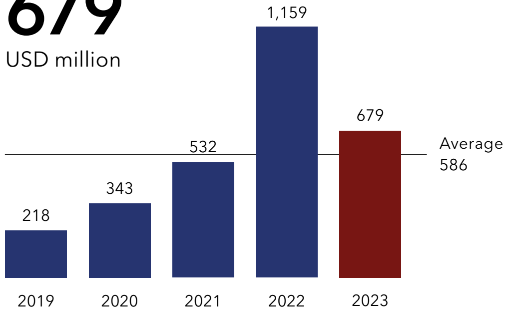
TCE revenue

2,331
USD million



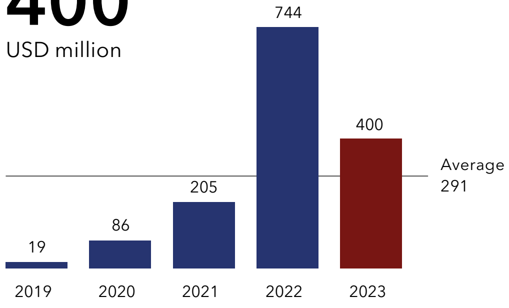
EBITDA

679
USD million



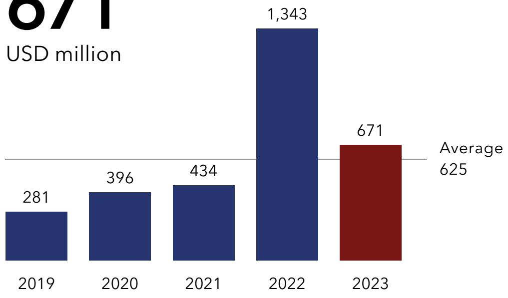
Profit for the period

400
USD million



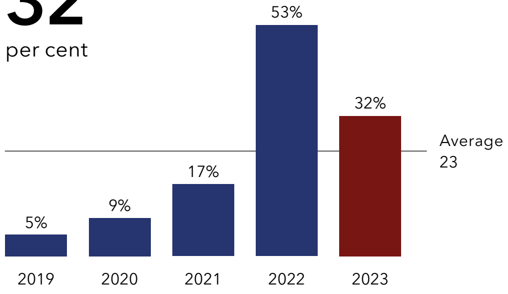
Cash flow from operations

671
USD million



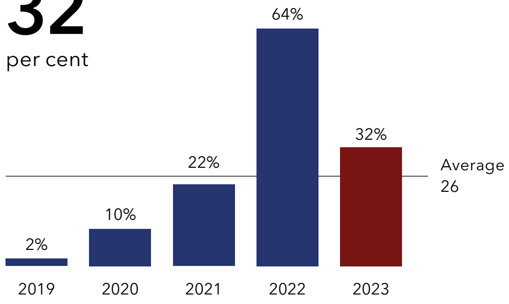
ROIC after tax

32
per cent



ROE

32
per cent



BUSINESS UNITS

Profit/loss

Freight Services & Trading

133
USD million

Assets & Logistics

267
USD million

ESG HIGHLIGHTS

With NORDEN playing a leading role in global trade, we have a pivotal role in shaping a more sustainable future for the shipping industry and help our customers decarbonise their supply chains.

Targeting net-zero emission by 2050, our decarbonisation initiatives are an integrated part of the strategy and daily operations in NORDEN.

We are committed to upholding high social responsibilities and strong corporate governance, as we recognise it as key strategic pillars to foster a high performing organisation.

ENVIRONMENT

Emission reduction

-9%

reduced emissions per tonne-mile

During 2023, we successfully reduced emission intensity per tonne cargo transported by 9% Y/Y, indicating that we are on track to reach our medium-term target of a minimum reduction of 16% by 2030 based on 2022 as baseline.

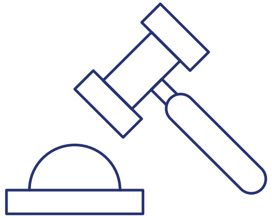
SOCIAL

Diversity

41%

share of underrepresented gender among employees

The share of the underrepresented gender among employees was 41% in 2023, up from 39% in 2022, reaching our target of 40%.



GOVERNANCE

Anti-corruption

100%

of staff completed e-learning course

During the year, all employees have passed an anti-corruption e-learning course, to ensure the organisation is aware of and comply with the programme.

Read more about our ESG here

KEY FIGURES & FINANCIAL RATIOS

Amounts in USD million	2023	2022	2021	2020	2019
Income statement					
Revenue	3,691.9	5,312.4	3,551.8	2,597.8	2,583.9
Contribution margin	795.4	1,365.9	649.6	435.6	295.0
EBITDA	678.6	1,159.1	532.2	342.5	217.5
Profit/loss from sale of vessels, etc.	79.0	79.4	7.7	-18.2	-3.6
Depreciation, amortisation and impairment losses	-335.2	-449.7	-295.5	-201.9	-156.9
EBIT	421.6	791.6	245.5	119.4	56.8
Financial items, net	-11.4	-39.7	-34.8	-26.7	-32.7
Profit for the year	400.1	743.5	204.5	86.0	19.2
Statement of financial position					
Total assets	2,343.9	2,755.4	2,453.5	1,824.8	1,742.4
Equity	1,197.9	1,330.7	993.3	902.5	859.0
Liabilities	1,146.0	1,424.7	1,460.2	922.3	883.4
Net working capital	39.1	-32.6	150.9	54.5	91.8
Invested capital	1,242.5	1,303.2	1,631.0	1,246.3	1,283.5
Net interest-bearing debt	-44.6	27.5	-637.7	-343.8	-424.5
Cash and securities	557.2	842.3	410.7	331.6	209.3
Statement of cash flows					
Cash flow from operating activities	670.8	1,342.9	433.9	396.0	280.5
Cash flow from investing activities	-48.4	57.9	2.6	-45.1	-90.9
- of this investments in property, plant and equipment	-272.9	-205.5	-92.1	-27.1	-102.7
Cash flow from financing activities	-932.7	-1,151.7	-261.9	-228.2	-211.2
Free cash flow	264.6	1,078.8	40.3	144.5	73.8
Dividends distributed	308.9	376.2	53.0	14.6	12.0
Share buy-back	127.5	129.8	33.1	24.0	9.4

Please see definitions in the "Alternative performance measures" and in the "Key figures and finacial ratios" sections within this report.

	2023	2022	2021	2020	2019
Environmental and social figures					
EEOI (gCO_2/tonne-mile)	9.0	9.9	9.7	8.8 [1]	8.7 [1]
LTIR (days per million working hours)	1.0	0.8	0.8	0.6	1.5
Average number of employees (FTEs)	466	425	385	391	395
Share of lowest represented gender	41.0%	39.7%	38.6%	35.5%	33.4%
Share-related key figures and financial ratios					
No. of shares of DKK 1 each (incl. treasury shares)	34,000,000	37,000,000	39,200,000	40,700,000	42,200,000
No. of shares of DKK 1 each (excl. treasury shares)	31,567,588	33,751,988	36,763,061	37,805,533	39,311,533
Number of treasury shares	2,432,412	3,248,012	2,436,939	2,894,467	2,888,467
Earnings per share (EPS), DKK [2]	85.4	150.0	34.3	14.5	3.2
Diluted earnings per share (diluted EPS), DKK [2]	85.0	149.1	34.3	14.5	3.2
Dividend per share, DKK	45.0	90.0	18.0	9.0	2.5
Book value per share, DKK [2]	255.9	274.9	170.0	144.6	145.9
Share price at year end	321.0	418.3	166.4	109.6	106.7
Other key figures and financial ratios					
Gross margin	21.5%	25.7%	18.3%	16.8%	11.4%
EBITDA ratio	18.4%	21.8%	15.0%	13.2%	8.4%
ROIC	32.4%	53.4% [3]	16.6% [3]	8.8% [3]	4.5% [3]
ROE	31.6%	64.0%	21.6%	9.8%	2.3%
Payout ratio	53.1%	57.1%	49.1%	65.3%	76.6%
Equity ratio	51.1%	48.3%	40.5%	49.5%	49.3%
Price/book value	1.3	1.5	1.0	0.8	0.7
Total no. of vessel days	172,116	171,932	170,270	153,195	138,327
USD/DKK rate at year end	674.5	697.2	656.1	605.8	667.6
USD/DKK average rate for the year	689.3	708.3	629.2	653.4	667.0

[1] Disclosed based on legacy methodology and not comparable to the methodology adapted since 2021. See Annual Report 2022 for old methodolgy.
[2] Converted based on the USD/DKK exchange rate at end of period.
[3] Restated from disclosed figures in 2019-2022 Annual Report, due to changed methodology. See Alternative performance measures on page 155 and Key figures and financial ratios on page 156 for further details.

OUTLOOK 2024

Based on the current market outlook, NORDEN expects a net profit for 2024 in the range of USD 150-250 million (FY 2023: USD 400 million).

Our full-year guidance for 2024 includes gains on sale of vessels from already signed and agreed transactions of USD 59 million (FY 2023: USD 79 million).

Freight Services & Trading
We expect margins per day in 2024 to be lower compared to 2023 (FY 2023: USD 816 per day) and with margins in the first half of 2024 expected to be materially lower due to increasing charter costs due to tight supply-demand balance related to the disruptions from the Panama Canal and Red Sea.

Assets & Logistics
For 2024, we expect Assets & Logistics will continue to benefit from high earnings coverage in both dry cargo and tankers at profitable levels. Furthermore, gains from vessel sales and subleases is expected to contribute positively to the results for the year.

Seasonality and uncertainty
Given the current macroeconomic and geopolitical situation, recently in the Red Sea and Middle East and the restrictions on the Panama Canal, the freight market uncertainty and volatility are expected to remain very high during 2024.

With an agile business model and high coverage across dry cargo and tankers in Assets & Logistics, NORDEN is well-positioned to manage this uncertainty and adjust market exposure accordingly.

NORDEN's net position by early February 2024
By early February 2024, NORDEN had a total of 6,291 open tanker equivalent vessel days in 2024 across both business units. In dry cargo, the exposure was a total of 4,036 open equivalent vessel days in 2024, including a short position for February and March in the Freight Services & Trading unit, where the position remains dynamic in accordance with short-term market expectations.

Cash distribution policy
To improve the financial flexibility and optimise the value creation to shareholders, the future cash distribution policy of NORDEN will be based on a pay-out ratio of minimum 50% of the net profit, which the Board of Directors have the flexibility to allocate between dividends and share buy-back programmes.

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.

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 2024 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

OUR BUSINESS MODEL

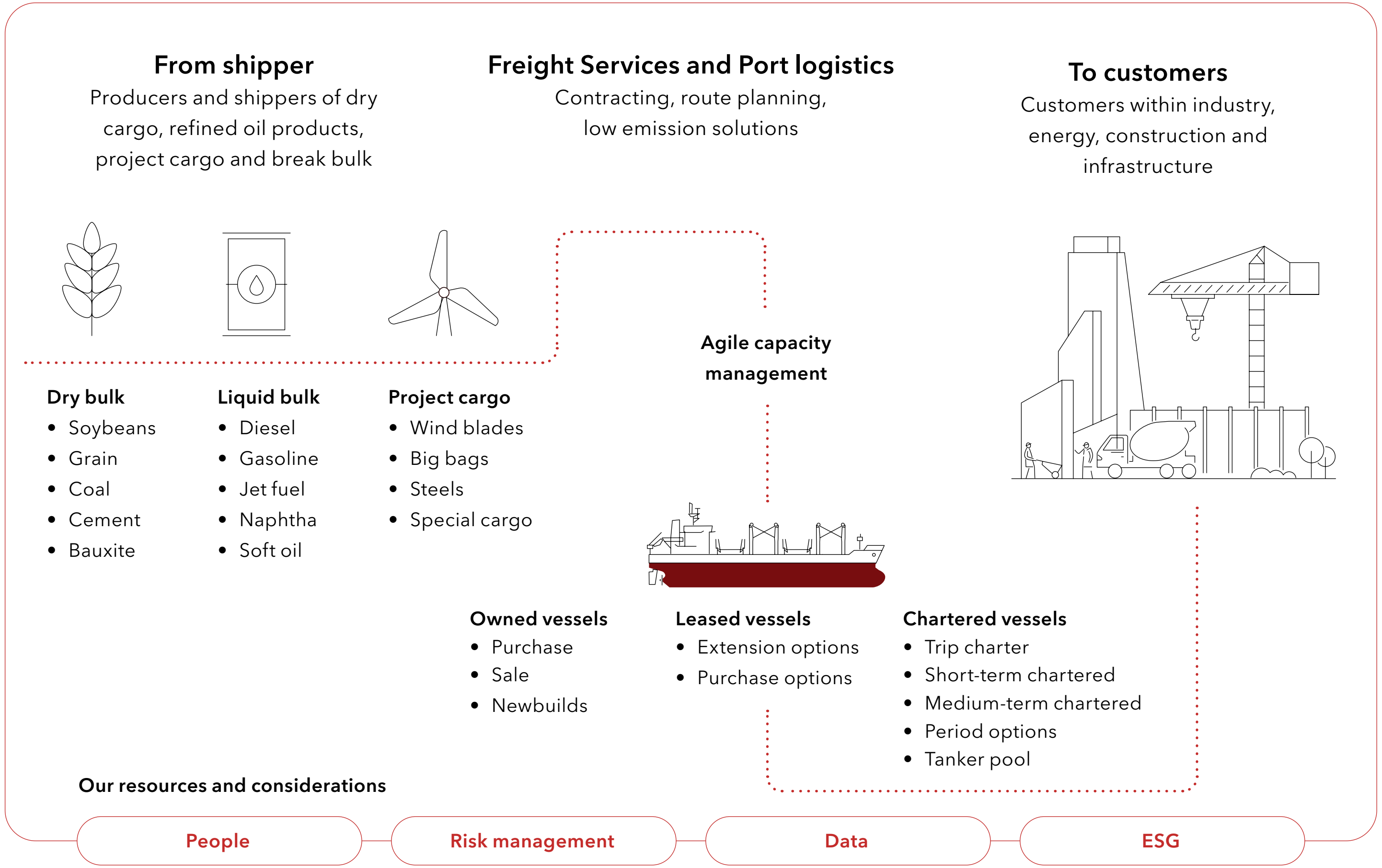
Founded in 1871 and with 14 offices across 6 continents and close to 500 employees ashore, NORDEN is a global provider of ocean-based freight services for dry and liquid bulk and project cargo of all sizes. We integrate freight solutions with port logistics, helping our customers optimise and decarbonise their supply chains.

We provide tailored solutions based on flexibility, reliability and intelligence, delivered by our global team of professionals. Our agile business model ensures stability by continuously adapting our fleet to market developments and customer demand, utilising our tonnage through spot cargo, COA's, time-charters and FFA's.

Based on an agile capacity management model, we operate a diversified fleet of around 475 vessels ranging from Handysize (10,000 dwt) to Capesize (200,000 dwt) and MR tankers through our owned and leased fleet, our tanker pool and externally chartered tonnage.

The ability to adjust our fleet to market trends by adjusting the operated fleet using chartered vessels and the optionality from extension and purchase options from the leased fleet, allow us to navigate the complexities and cyclicality of the shipping industry to improve cost efficiency and create more stable earnings and returns.

Our integrated port logistics solutions aim at helping clients solve port infrastructure bottlenecks using floating transfer stations to load larger vessels off-shore, optimising supply chain efficiency and reducing emissions.



STRATEGY UPDATE

Strong start to the strategy execution

During the year, continued macro trends and geopolitical events have impacted global trade and our markets, bringing volatility and increased complexity to the global supply chains. At the same time, decarbonisation of supply chains has become an even more important part of our customers agenda.

We see the global macro trends as opportunities and supportive for our strategy, both commercially and in terms of our asset-light and agile business model.

Looking ahead, we see the following four major macro trends continue to affect shipping and our business.

- Geopolitical complexity
- Market volatility
- Digitalisation
- Decarbonisation

Overall, we have seen an increase in market volatility in recent years and expect this to continue in the coming years. Both the geopolitical complexity, with for example the conflicts in Ukraine and the Middle East, and the macroeconomic situation, have led to increased market volatility, impacting both demand and supply in the market.

When it comes to digitalisation and especially decarbonisation, we foresee that these trends in the medium to long-term will fundamentally change the market conditions and composition of the shipping industry. While digitalisation has already been on the agenda for several years, we see decarbonisation accelerating in terms of demand from our customers and increasing regulations in the coming years. Creating solutions and services that can enable our customers to decarbonise their global supply chains will therefore become an increasingly important part of our business.

To adapt to these macro trends, our strategy is focused on enabling smarter global trade through customer-focused freight services and climate solutions based on a high-performing organisation, an asset-light business model as well as data analytics and risk management.

Customer-focused freight services, logistics and climate solutions

For us, customer focus is the curiosity to understand our customers' needs, being the trusted advisor in providing solutions and services. It is a deep-rooted collaboration with our freight customers, pool partners, shipowners and brokers to provide value-added services and products within freight services, logistics and climate solutions to our customers.

Regarding our climate solutions, 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 continuously develop innovative low-emission freight solutions and embed our decarbonisation ambitions into every decision we make.

Asset-light business model

With market conditions turning from exceptional to more volatile, the asset-light and agile business model of NORDEN has proven its value, creating an average ROIC of 23% in the past five years and continuous profitability over the period, despite volatile underlying markets. Looking ahead, the dynamics of the global shipping market call for a higher degree of flexibility in the asset-base, both to ensure more stable profitability and returns, but increasingly also to adopt to the decarbonisation agenda and new technologies.

> With the optionality in our business model, both in terms of extension options and purchase options on our long-term leases, we are in a position to benefit from an upturn in the market, while protecting down-side risk in case the market conditions turn unexpect-edly weak. At the same time, we ensure access to the newest technologies from the shipyards through our portfolio of leased vessels.

High-performing organisation

The combination of an asset-light business model where our fleet is constantly adopted to market developments and an integrated freight service with a high customer focus requires a global team of highly skilled professionals across the company in all functions in order for NORDEN to succeed. To ensure that, we have updated our Soulship programme, a global culture and development programme.

Data analytics and risk management

A key part of the strategic and operational platform in NORDEN relates to using data analytics in our daily operations to optimise decisions related to chartering of vessels when it comes to fuel efficiency and emissions. At the same time, we have built our own risk management system which accurately measures NORDEN's total position on a daily basis, in terms of our own and chartered vessels, cargoes, optionality, bunkers and other exposures.

2023 – a year of strategic execution

Looking back at 2023, the year has been characterised by high activity and strong progress on the execution of the strategic priority to bring our customers more in focus by trading-up on the services and solutions we offer. At the same time, we continued the focus on strengthening our ESG profile and our people.

As regards our priority to focus more on our customers by trading up, we have, during the year, achieved several major milestones:

Entering Capesize

During the year, we initiated our Capesize operation with five owned vessels. Expanding into Capesize means that we can now service our customers across all dry cargo vessel segments and therefore ensure the most cost-efficient and climate-friendly solutions.

Expanding into Projects & Parcelling activities

The strategic expansion into Projects & Parcelling has led to commercial synergies from entering new markets and building new customer relations, as an example in wind energy, capital goods and engineering sectors. In addition, the combined businesses have early in the integration phase led to significant cost synergies from increased capacity utilisation and lower operating costs.

Investing in the supply of renewable fuels

On the decarbonisation agenda, NORDEN in 2023 achieved some important strategic progress by acquiring a minority stake in MASH Makes – a Danish-Indian biofuel scale-up that is in the late develop-ment stage of its first biofuel production, which NORDEN expects to conduct the first trial of on board a vessel in 2024.

Low emission products off to a good start

During the year, NORDEN signed the first emissions reduction freight contract, expected to reduce emissions by up to 25% for the client and the first book-and-claim transactions were conducted externally, confirming that decarbonisation products will become a key part of NORDEN's growth strategy in the coming years.

Strategic focus areas for 2024

In order to deliver on our long-term strategic direction and ambi-tions, we have outlined four key focus areas to enable our short-term strategic direction.

1. The customer

Customer focus is an essential part of growing our business by providing integrated and tailored services and products. Under-standing our customers' needs and being a trusted partner in a market with higher complexity is seen as a huge opportunity. We see both the digitalisation and especially the decarbonisation trends as key value drivers in adding value to our customers and improving the customer relationship.

2. High-performing organisation

We believe that diverse, specialised and dedicated teams are key in developing innovative solutions and driving the future growth of our business. In order to maintain a high-performing organisation, we will continue to develop our leadership, talent and people to improve the foundation for innovation and customer relationships.

3. Trading up

Based on the strong strategic execution during 2023, we are in a unique position to trade up with our customers. Having built a business platform within both Capesize and Projects & Parcelling, now operating a full-scale dry cargo business brings new opportunities for growth in 2024. Our strong business platform combined with a solid capital structure also adds to the opportunities of value creation and inorganic investments, as seen in 2023 with the acquisition of Projects & Parcelling.

4. ESG

A key strategic focus point will be ESG and particularly decarbonisation, as we have an obligation to reduce our own emissions, while at the same time, helping our customers reduce emissions in their supply chains. On the social part of ESG, we will continue to focus on elements such as diversity, equity and inclusion to attract talent and create a high-performing organisation.

Launching a strategic scorecard

As a part of our strategy update, NORDEN has decided to introduce a strategic scorecard from the financial year 2024. The scorecard outlines the key performance indicators (KPIs) and targets with the purpose of measuring and communicating the underlying development of our strategic and operational initiatives set out in our strategy, to illustrate to the market the value creation of our business.

The performance of our KPIs will be measured based on a five-year rolling average per year and disclosed quarterly, as we focus less on the short-term quarterly cyclicality and seasonality in our business and more on the long-term development.

Value creation to shareholders

A key performance indicator for NORDEN is the value creation derived from our business, and that we are able generate a positive return on invested capital (ROIC) above our weighted average cost of capital (WACC). Since 2019, the average ROIC has been 23% per year, confirming that our strategy of operating an agile business model, despite the cyclical nature of the industry, over a medium-term period can generate attractive returns and cash flows to shareholders.

While we still expect some fluctuations in returns from one year to the other owing to the volatility in the dry cargo and tanker markets, our target is to generate an average ROIC of a minimum of 12% per year based on a five-year rolling average, driven by the constant focus on cost effectiveness in the operations and variable invested capital.

Growth

Even with the dry cargo and tanker markets being highly fragmented, we believe NORDEN's leading market position with a full-scale freight services portfolio gives opportunities to grow the business both organically and inorganically in the coming years.

Through a combination of customers demanding more reliable and decarbonised solutions and NORDEN having a trusted and strong operational platform, we intend to grow the number of vessel days by a minimum of 5% per year (CAGR) on a rolling five-year basis, which is above the expected market growth. By comparison,

Strategic scorecard

Value creation Return on Invested Capital (ROIC) - avg. 2019-2023	23%	**Rolling five years** Average a min of **12%** per year
Growth Total number of vessel days - baseline 2019-2023	CAGR 7%	**Rolling five years:** CAGR a min. of **5%** per year
Profitability Margin per day in FST - avg. per day 2019-2023	USD 1,206	**Rolling five years:** Average a min. of **USD 500** per day
Decarbonisation Development in emission intensity (EEOI) – baseline FY 2022	-9%	**Target by 2030 latest:** Reduction a min. of. **16%**
Shareholder returns Total shareholder returns (TSR) - avg. 2019-2023	41%	**Rolling five years:** Average a min. of **10%** per year

NORDEN has in the past five years grown the number of vessel days by 7% per year (CAGR).

Improved customer focus will be a key driver for capturing the opportunities we expect to come from intensified focus on decarbonisation as we also expect to grow the integrated activities within Port Logistics adding to commercial synergies to the freight services.

Profitability

NORDEN is targeting a higher degree of stability in earnings and returns relative to the industry, based on our agile business model, which ensures a lower fixed cost base and capital investments combined with a diversification within bulk and project cargo freight services. Increasing growth in our port logistics and pool tanker activities will contribute to a relatively higher and more stable profitability.

On a five year-rolling basis, we target for Freight Services & Trading to generate an average minimum margin of USD 500 per vessel day, which should be compared to an average of USD 683 per vessel day from 2019 to 2023, excluding the historically exeptional year in 2022. As guided, we expect the margin per day for 2024, based on the current market outlook, to be below the target due to significantly lower margins for the first half-year of 2024.

Decarbonisation

A strategic KPI for NORDEN is decarbonisation of our business and our customers' supply chains, through the way we operate our business, but also by being able to provide our customers with decarbonised services and solutions. Combining our agile capacity management model with our data analytics gives us the options to operate the most fuel-efficient vessel for each trade lane and thereby reduce the emissions for NORDEN and our customers.

NORDEN has made it a long-term target to achieve net-zero emissions by 2050 and a medium-term target to lower emissions intensity by a minimum of 16% by 2030, from a baseline of 2022.

Shareholder returns

Finally, creating value for shareholders is a key element in NORDEN's strategy both through cash distribution from dividends and share buy-backs and a positive share price performance.

While NORDEN's share price performance is, at times, impacted by external factors, including global macroeconomics and geopolitical events, we are still targeting a total shareholder return (TSR) of on average, a minimum of 10% per year on a five-year rolling basis. In the past five years, the annualised total shareholder return (TSR) on the NORDEN share has totalled 41% per year, outperforming both the dry-cargo and tanker industries and the overall equity benchmark indexes.

©Office Design by Cushman & Wakefield Singapore, Photography by Owen Raggett

RISK MANAGEMENT

Risk management is an integrated part of our business
At NORDEN, risk management is an integrated part of our strategy and how we conduct business. We work strategically with risk to generate value and optimise our risk-reward profile, while at the same time recognising that there are certain risks associated with conducting business in the shipping industry.

Risk management is an integral part of NORDENs culture, where our freight professionals have the authority to operate within set boundaries clearly defined by rules and limits. This is achieved through implementing a robust risk framework, explicitly defining the risk appetite, and by continuously monitoring the risks.

Managing risk
The Board of Directors is responsible for defining the overall risk framework and capital allocation, ensuring that the appropriate structures and processes are in place to manage any risks in the daily operations.

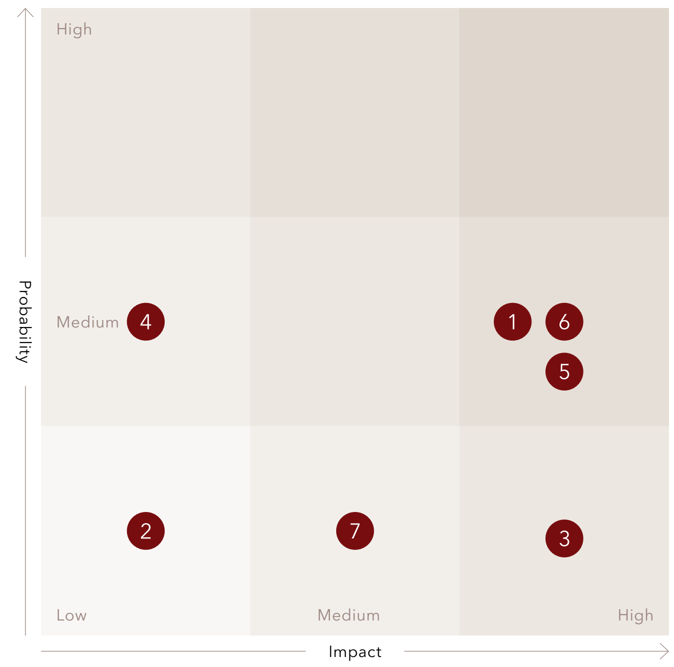
- Risk capital allocation for positions is given to the CEO, who will distribute the risk capital between business units according to the overall risk strategy.
- Unused risk capital is safeguarded for future opportunities, and, depending on the current capital structure, can be partly or fully distributed to shareholders.

To support the independence of the risk management at NORDEN, a dedicated risk management team is responsible for implementing the risk framework within the business and reports directly to the Risk Committee.

Furthermore, the risk management team is responsible for identifying, measuring, reporting, and monitoring positions.

To ensure this can be done in an appropriate manner, the risk management team has developed a rigorous risk management system that ensures full transparency to provide the freight professionals with a live overview of their positions, thus enabling them to make instant decisions when market opportunities arise.

Regulatory risks are also covered by the risk management system, and strong governance processes are in place to ensure compliance with all applicable laws and regulations.



Key risks
1. Freight market risk
2. Other market risks
3. Liquidity risk
4. Credit risk
5. Sanctions risk
6. Cyber security risk
7. Oil spill risk

	1 Freight market risk	2 Other market risks	3 Liquidity risk	4 Credit risk
Key risks	• Asset price changes. • Changes in market levels, both overall but also between regions, vessel types, etc.	• Changes to bunker prices, both overall but also between products. • Changes to foreign exchange levels • Changes to interest rates.	• Breach of covenants. • Not able to make payments.	• Loss of outstandings related to ongoing and completed voyages. • Loss of market values related to chartered in vessels or cargoes.
Risk appetite	Our risk appetite towards freight and asset markets is high, and we actively take selected risks based on our current risk strategy.	Our risk appetite towards other market risks is low.	Our risk appetite towards liquidity is low, and we have implemented procedures to ensure we can handle liquidity needs even in distressed situations.	Our risk appetite towards credit exposure is: • moderate in the front, where the margins we realise from servicing clients with lower credit ratings provide attractive returns. • low for all other periods as the cumulative default probability increases with time.
Mitigating actions	Freight market risks are subject to our risk framework: • we have transaction authorities in place for all traders in all parts of the organisation. • we have implemented limits on profit centres, business units and on group level. Traders are able to access their live position, which also means any change in market dynamics will quickly be reflected in our position.	These market risks are hedged to the extent possible.	Liquidity risks are subject to our risk framework: • short-term volatility in cash flows should be possible to cover with available funds. • longer-term volatility in cash flows should be possible to cover by a solid capital base containing assets that can be converted to funds within the required amount of time.	Credit risks are subject to our risk framework: • all clients must be rated before any business can be conducted. • transaction authorities are subject to the internal rating of clients. • limits on profit centres, business units and on group level.
Impact	High	Low	High	Low
Probability	Medium	Low	Low	Medium

	5 Sanctions risk	6 Cyber security risk	7 Oil spill risk
Key risks	• Fines. • Reputational damage. • Significant costs related to ongoing voyages. • Not being able to retrieve outstanding amounts. • Loss of market values related to chartered in vessels or cargoes.	• Significant economic losses. • Reputational damage.	• Reputational damage.
Risk appetite	Our risk appetite towards sanctions is zero, and risks are eliminated to the extent possible.	Our risk appetite towards cyber security is zero, and risks are eliminated to the extent possible.	Our risk appetite towards oil spills is zero, and risks are eliminated to the extent possible.
Mitigating actions	Our fully dedicated sanctions team works proactively on mitigating sanctions risk by: • ensuring that a sound sanctions compliance culture is implemented in all parts of the organisation. • ensuring that appropriate controls and relevant processes are in place.	We have a dedicated cyber security team that works proactively on mitigating cyber security risks through: • running awareness programmes and regular exercises to ensure our colleagues are fully aware of cyber security and the impact this may have on them, our company and our clients. • ensuring that relevant processes are in place to reduce the risk of cyber security threats, but also appropriate procedures for business continuity and disaster recovery. Part of our setup also includes multiple data locations with emergency capacity for the IT environment and data backups allowing for mirrored critical systems.	We seek to mitigate oil spill risk by operating a well-maintained fleet, combined with the use of respectable ship managers responsible for a strong safety performance. Potential financial impact is covered by insurances taken out with recognized international insurance companies.
Impact	High	High	Medium
Probability	Medium	Medium	Low

CASE STORY

USING DATA ANALYTICS TO LOWER EMISSION INTENSITY

A key element in NORDEN's ESG strategy is decarbonising the business and achieving net-zero emissions by 2050, based on medium-term reduction of a minimum of 16% in emission intensity by 2030 using 2022 as baseline.

Lowering the emission intensity like we have managed in 2023 and at the same time operating an agile capacity management model with around 30 external vessels being chartered in per week requires strong focus on the process of assessing vessel efficiency and operations prior to the charter decisions.

NORDEN handles more than 9 billion data points every day, and by combining the use of AI with the experienced efficiency of all vessels operated by NORDEN over many years, it has been possible to build a unique model enabling our people to make well-informed and optimal decisions for the company, our customers and the climate.

The model is instrumental and seamlessly integrated into every chartering decision made. Quantifying vessel efficiencies depends on parameters such as vessel design, vessel trading history, vessel maintenance and paint. The dataset is combined with historical satellite-based vessel positions, meteorological data and even data on local water quality in the areas in which the vessel has been traded.

SHAREHOLDER INFORMATION

2023 was a year with high volatility in the financial markets due to the underlying macroeconomic uncertainties linked to the recession fears from historically high inflation in the US and Europe combined with significant hikes in interest rates from central banks. The NORDEN total share price return (TSR) adjusted for dividends of DKK 65 per share was negative by 7% measured in USD, while the share price performance was -23%.

Total shareholder return of 455% in the past five years
The NORDEN share has in the past five years generated a positive total shareholder return (TSR) of 455% or 41% annualised measured in USD, including the payout of dividends of DKK 156.5 per share. The share price in the same period has generated a positive performance of 247%.

For 2023, the overall share price performance was negatively affected by a combination of lower earnings and weaker outlook for the dry cargo market and negative investor sentiment related to global economic growth, especially the outlook for China. Historically high inflation rates in the US and Europe combined with significant hikes in interest rates have led to recession fears affecting cyclical sectors like shipping and transportation negatively.

NORDEN aspires to benchmark its total shareholder returns, not only towards our peers within dry cargo and tankers, but more against the global MSCI World Transportation index and the Danish benchmark index KAX CAP. These indices reflect the global transportation sector and the overall performance of the Danish equity market. Comparing total share return in NORDEN over the past five years since we changed our strategic focus towards an asset-light business model, the NORDEN share has significantly outperformed both the MSCI World Transportation Index and the KAX CAP index, with these indexes generating a positive total return of 67% and 77% measured in USD, respectively, in the past years. It confirms that while short-term performance of the NORDEN share price might be volatile due to fluctuations in rates, in the long term our strategy creates value to shareholders.

From 1 January 2023, the NORDEN share advanced from the NASDAQ Mid Cap to the Large Cap segment, as NORDEN's market capitalisation surpassed EUR 1 billion in value. By the end of the year, the market cap was DKK 10.9 billion (EUR 1.46 billion)

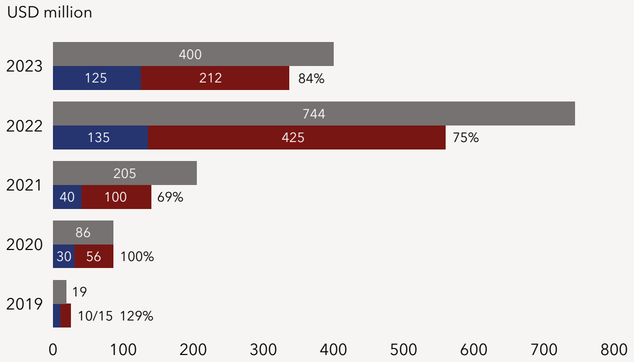
Continued high shareholder cash returns through dividends and buy-back programmes.
Based on historical high earnings levels combined with a strong free cash flow generation and capital structure, NORDEN in 2023 continued the high cash distribution to shareholders through dividends and share buy-backs. The Board of Directors decided to pay interim dividends for 2023 after every quarterly result, totalling DKK 35 per share.

The interim dividends count as part of the Company's dividend policy of distributing a minimum of 50% of the net full-year profit. The Board of Directors recommends subject to approval by the annual general meeting that a final dividend of DKK 10 per share

Financial calendar 2024

8 February	Annual report 2023
12 March	Annual General Meeting
25 April	Interim report – first quarter
8 August	Interim report – second quarter and first half-year
31 October	Interim report – third quarter

Cash distributed to shareholders (USD million)
By the end of December 2023



● Dividends ● Share buybacks ● Profit/loss

Note: Dividends are based on the same financial year as the results, not the year of distribution. The dividend amounts outlined exclude dividends related to treasury shares held by NORDEN.

be paid to the shareholders, which in addition to the already paid interim dividends brings the total dividend to DKK 45 per share and a payout ratio of 53%.

The share capital was nominally USD 5.4 million by the end of 2023 (USD 5.9 million) divided into 34 million shares of DKK 1 each. Each share has one vote. On 21 March 2023 it was decided to reduce the share capital through the cancellation of 3 million treasury shares.

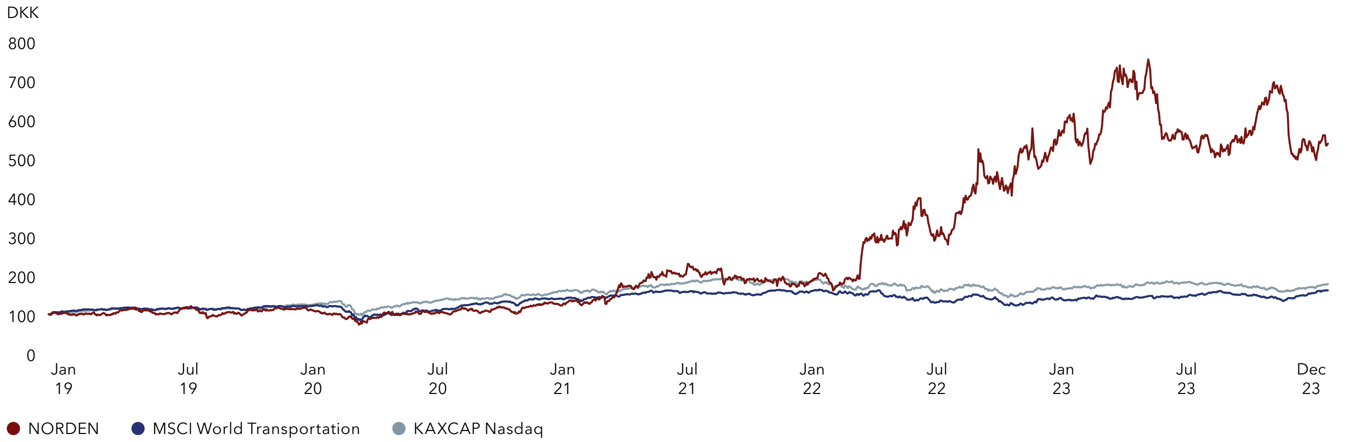
In 2023, a total of 2,257,440 shares were acquired in share buy-backs at a total purchase price of USD 128 million. The shares were purchased at an average price of DKK 390. Following this, NORDEN had 2,432,412 treasury shares or 7.2% of the total share capital at the end of 2023. In the past five years NORDEN in total have bought back 9 million shares equal to USD 324 million in value.

When combining share buy-backs, interim dividends and proposed dividends for the year, NORDEN has returned more than USD 1.1 billion to shareholders since 2019 or close to 70% of the market value by the of 2023.

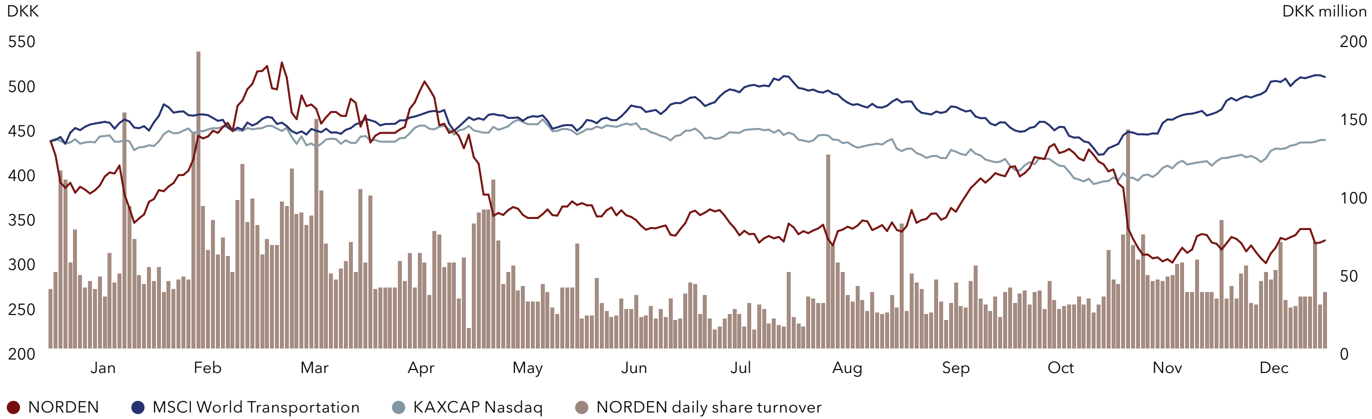
At year end, the Board of Directors had obtained a one-year authority to acquire treasury shares at market price up to a nominal value not exceeding 15% of the share capital and a standing authority to increase the nominal value of the share capital by up to DKK 4,220,000. The latter is effective until March 2025.

NORDEN has during the year bought back bonds for USD 2.9 million, meaning that the company holds a total nominal amount of USD 28.4 million of bonds, and the remaining nominal amount outstanding is USD 71.6 million.

Total shareholder return past five years



Share price performance and turnover 2023



Trading volume and turnover

On average, 126,474 shares were traded on a daily basis on NASDAQ Copenhagen in 2023 compared to 147,290 shares in 2022, reflecting a decrease in daily trading of 14%. The average daily trading value (turnover) on NASDAQ Copenhagen increased by 14% from DKK 42.5 million in 2022 to DKK 48.3 million in 2023, reflecting an increase in the average share price during the year of 31%. Ongoing share buy-back programmes are expected to have contributed to high stabilisation in the share price.

Investor relations

In August 2023, NORDEN has further strengthened the focus on investor relations and its dialogue with existing and new investors and analysts, by establishing an Investor Relations function with reference to the CEO.

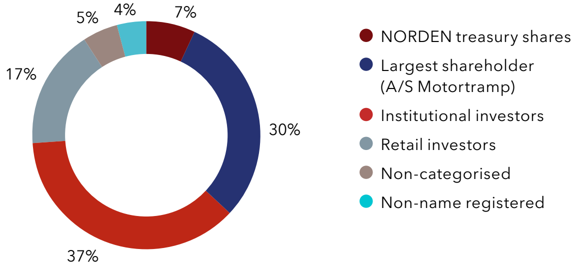
During the year, NORDEN has conducted a wide range of investor presentations, including local events, physical meetings, bank seminars, shipping conferences, roadshows with institutional investors as well as online live webinars to engage with retail investor audiences. At year end 2023, NORDEN was actively covered by five equity analysts and two credit analysts.

At the end of 2023, NORDEN's share capital was held by approx. 27,700 shareholders with 62% located in Denmark, 18% in the US, 7% in the Ireland and 13% in the rest of the world. NORDEN owned 7.2% of the share capital in treasury shares, whereas A/S Motortramp owned 30% as the largest shareholder. Of the remaining share capital, 37% were held by institutional investors and 17% by retail investors.

Disclosure regarding change of control

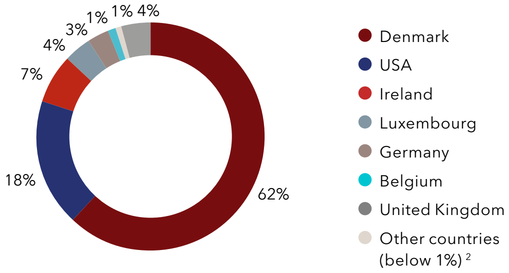
The Danish Financial Statements Act requires listed companies to disclose information in relation to change-of-control provisions. In the event of a change of control in the Company, bank agreements may be subject to renegotiation. No other important agreements are in place with business partners which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

Shareholder composition*



* Of the total share capital at 31 December 2023

Shareholder nationality [1]



[1] Of the total share capital at 31 December 2023
[2] 'Other' includes nations below 1 per cent ownership of share capital

Master data – NORDEN share

Share capital	DKK 34 million
Total number of shares	34,000,000 of DKK 1
Treasury shares (NORDEN)	2,432,412 (7.2%) (at 31 December 2023)
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 71.6 million
Nominal amount bought back by NORDEN	USD 28.4 million
Original amount issued	USD 100 million
Maximum issue amount	USD 150 million
Duration and type	3-year senior unsecured
Coupon	SOFR +5.01%
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

MARKET DEVELOPMENTS

Decreased spot rates, but vessel values holding up well
In contrast to the exceptional positive development seen in 2022, the overall market development in 2023 for the dry cargo and tanker markets was, with average spot rates, lower during the year. In Q4, the impact from the Panama Canal and the redirection of vessels away from the Suez Canal combined with stronger demand led to a strong spike in dry cargo rates, especially in Capesize.

Average spot rates in dry cargo declined by up to 50% in 2023, with Capesize being an exception where rates were unchanged, in response to a normalisation of the global congestion situation combined with more modest global demand growth throughout most of the year, excluding China. During 2023 the congestion levels in dry cargo normalised to pre-pandemic levels, adding to a significant increase in the effectiveness of the global fleet capacity.

While the market conditions in 2023 were more volatile, the fundamentals for dry cargo are still intact. Even though the lower spot rates led to reduced earnings in the sector and the global economy experienced record-high inflation and interest rate hikes, the underlying vessel values in dry cargo were high and stable. A key factor for this development has been the tight yard capacity resulting in limited scheduled deliveries for the coming years and historical low order-book to fleet ratio, particular in the Capesize segment.

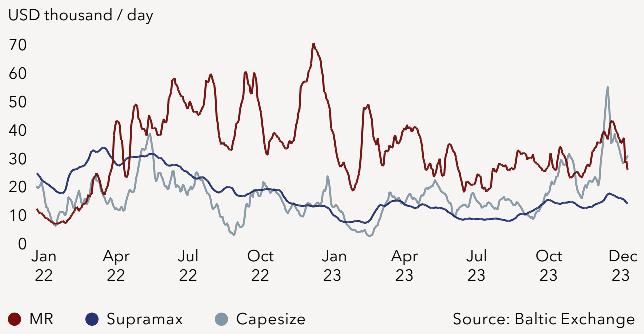
Also the product tanker market experienced lower spot rates during the year from an all-time high, triggered by fewer inefficiencies and market worries, which back in 2022 resulted in a spike in spot rates on the back of the conflict in Ukraine and afterwards embargo and restrictions on Russian oil export. However, the spot rates were still from a historical perspective at very profitable levels entering into 2024.

While the orderbook for MR tanker vessels during the year started to increase, driven by the attractive rates and increasing focus on ordering of low carbon emission vessels, the combination of high newbuild prices, increased interest rates and uncertainties related to the medium-term demand outlook have led to more modest contracting during 2023 and still a low orderbook.

Looking ahead into 2024, we expect the dry cargo market to remain volatile due to expected moderate increase in demand from China and the rest of the world. Macroeconomics, recession risks and impact from Chinese financial stimulus will be important drivers for the fundamental demand outlook. For the product tanker market, the rates are expected to stay at an attractive level in 2024, but still being very volatile.

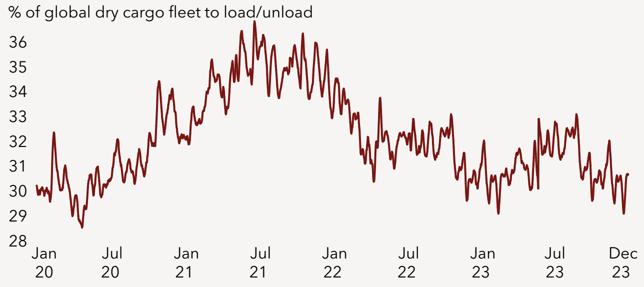
At the same time, the disruptions caused by the weather related disruptions in the Panama Canal and the current re-routing of vessels from the Red Sea towards the Cape Horn contribute to higher inefficiency and reduced effect supply. With a tight supply and demand balance in both dry cargo and product tanker markets, we foresee the market disruptions to have significant impact on the market and spot rates in the coming year.

Spot rates



Source: Baltic Exchange

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



Source: IHS Markit

As decarbonisation will play a more important role for the shipping industry due to new regulations like the EU ETS and IMO (EEXI and CII intensity and rating system) and increasing demand from customers for low-emission freight services, we foresee a pressing need for replacement of the global dry cargo and product tanker fleet. This will structurally tighten the balance of supply-demand, especially in dry cargo from 2025 and onwards.

Lower freight rates in Dry cargo with stable asset values

As highlighted, the key reason for the correction in spot rates in dry cargo during 2023 was less driven by the demand situation due to strong demand from China. Unravelling of inefficiencies and congestion built up during the post-pandemic times, especially in China, led to an increase in effective supply and, in addition, dry cargo vessels returned from operating in the container market.

In 2023, the global volumes grew by 4% Y/Y, driven by growth in imported volumes to China of 12% Y/Y and a decline in volumes for the rest of the world of 2% Y/Y. Measured in tonne-mile, global demand increased by 6% Y/Y.

While the increase in volumes in China impacted by easier comparable from a lower baseline due to the reopening after the pandemic, the demand situation was surprisingly robust, taking into account the weaker economic growth and massive slowdown in the domestic property sector. The higher volumes to China were driven by substantially higher imported volumes of coal (+48% Y/Y), iron ore (+7% Y/Y) and minor bulks (+3% Y/Y), including bauxite.

The situation in Ukraine had a limited overall impact on the global dry cargo market in 2023.

Overall, the nominal global supply increased by 3% Y/Y in 2023, while the effective capacity, adjusted for an improvement in the global congestion of around 3% Y/Y and return of dry cargo capacity, increased adding to the imbalance and decline in rates.

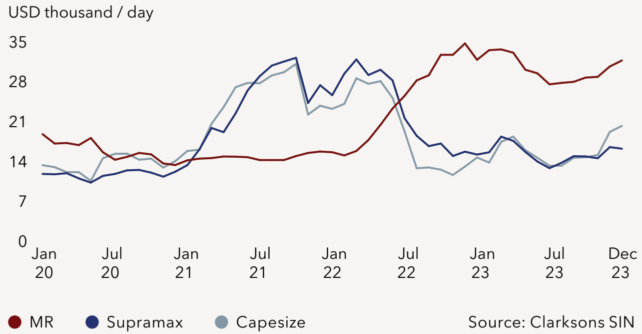
As indication for the development in spot rates, the average Supramax spot rates decreased by 49% compared to 2022 to USD 11,240 per day, while the average Capesize spot rate, due to strong imported volumes to China, based on a strong rally at the end of the year increased by 1% Y/Y to USD 16,389 per day.

The 1-year time charter (T/C) rate for Supramax and Capesize vessels was not impacted by the lower earnings and spot rates, as for Supramax, the charter rate increased 5% to USD 14,250 per day at the end of 2023 and for Capesize from USD 12,850 per day at the end of 2022 to USD 18,950 per day at the end of 2023 or up 47% Y/Y.

The high degree of stability in the charter market and general by limited free yard capacity was also reflected in both second-hand and new-building asset values. Asset prices for a 5-year old Supramax vessel increased by 6% to USD 28.5 million at the end of 2023, while, for Capesize, 5-year second-hand values increased by 28% Y/Y to USD 51.9 million by the end of 2023.

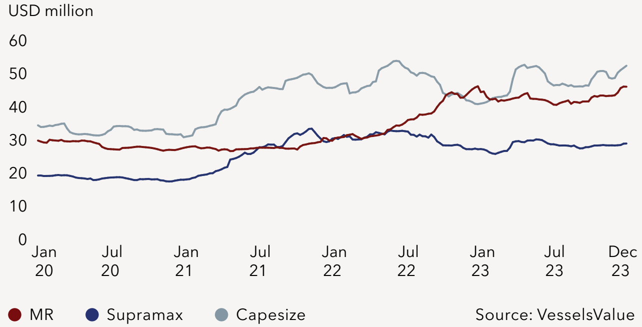
With the contracting in dry cargo at 4% or 36,540 million DWT in 2023, the new-building orderbook at the end of the year was 8% of the fleet. Based on the current orderbook and forecast for new orders in the coming years, the projected net supply growth will be in the level of 2-3% per year adding to our fundamentally positive view on the outlook for the dry cargo market from 2025 and onwards. Demand is expected to grow by a similar 2-3% per year in the next years.

1-year TC rate



Source: Clarksons SIN

5-year asset values



Source: VesselsValue

Volatile product tanker markets expected to continue in 2024
The extreme market tightness that was seen in 2022 in the product tanker market on the back of the supply chain disruptions from the conflict in Ukraine and subsequent sanctions on Russian export, was partly mitigated during 2023.

The spot rates are still positively impacted by some inefficiencies leading to higher tonnage-mile distances related to the restrictions on Russian export, leading to volumes that would normally be imported to Europe, now being transported to new markets, adding to longer voyages and more waiting time.

Looking ahead, the inventories of diesel and other refined products in Europe are currently historically low, which, in a scenario where the economic activity rebounds, can trigger a spike in spot rates as the global refining capacity and supply is already tight. The situation in the Red Sea and the Panama Canal contributes to the volatility of the market.

The global volume of refined oil products transported on water in 2023 surpassed the levels seen before the pandemic, despite the weaker economic growth and manufacturing activity seen in the US, Europe and the rest of OECD. Overall, the volumes grew by 4% compared to 2022, driven especially by higher export volumes of jet fuel as the aviation industry recovered.

Average MR spot rates decreased significantly compared to 2022 to USD 29,782 per day in 2023 down 19% Y/Y. Comparing to a historical average spot rate for MR of USD 11,887 per day from 2017 to 2021, the current spot rates are still at a very profitable level.

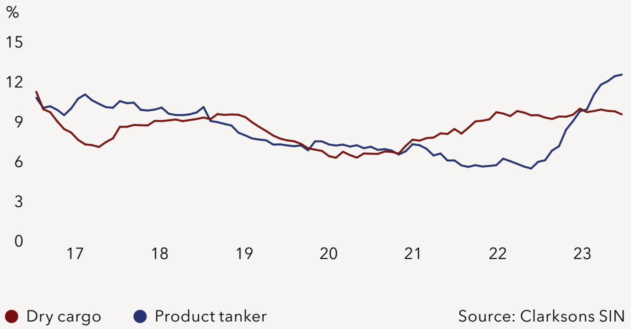
Even though the impact of the easing in the supply situation was less visible in the forward projections for the product tanker market, the 1-year T/C rate for MR Eco vessels was down 11% Y/Y at USD 30,450 per day at the end of 2023, but with major differences between the different regions.

Despite we have seen lower spot rates, increasing orderbook and expectations of more volatile rates in the near term, the asset prices for 5-year MR vessels increased by 4% Y/Y to USD 45.6 million at the end of 2023, driven by the currently tight yard capacity.

As a result of the attractive market conditions, high profitability in recent years and the first orders for lower-emission tanker vessels, the tanker orderbook over the past twelve months have started to increase, particularly within the MR segment. By the end of 2023, the overall orderbook for the global tanker fleet was 7% and with the orderbook in the MR segment of 12% up from 5% over the past year.

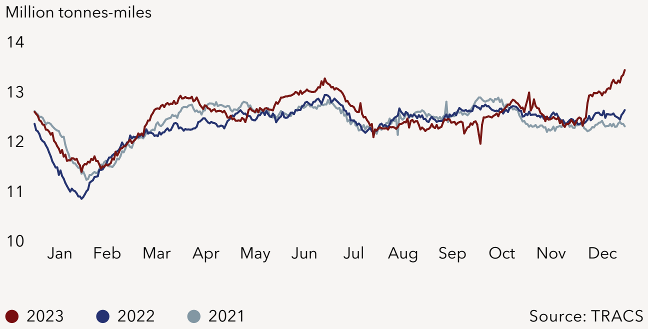
Based on the current market dynamics, with the sanctions on Russian export to EU and the situation in the Panama Canal and Red Sea continuing to impact the market efficiency, we expect the limited supply growth for MRs of around 2% in 2024 will support still attractive market rates.

Orderbook in % of global fleet



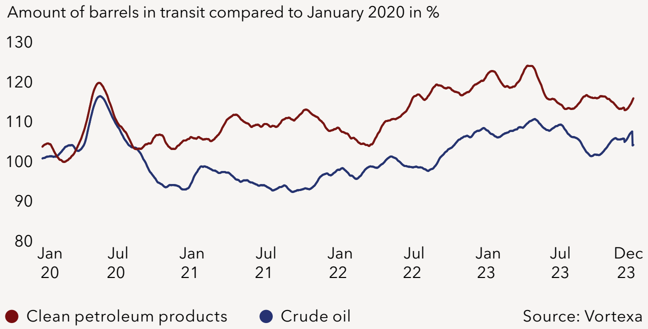
Source: Clarksons SIN

Development in global dry cargo tonnage-miles (30-days moving average)



Source: TRACS

Clean products and crude oil in transit



Source: Vortexa

Business performance

GROUP FINANCIAL REVIEW

NORDEN delivered a net profit for 2023 of USD 400 million and a return on invested capital of 32%, the fifth highest result in the history of the company and in line with our recent guidance of USD 380-420 million. Strong free cash flow of USD 265 million and solid capital structure supported a high cash distribution to shareholders of USD 436 million.

Solid performance despite challenging markets

As a consequence of the significant decrease in freight rates in both dry cargo and tankers, revenue decreased by 31% to USD 3,692 million (USD 5,312 million) and the time charter-equivalent revenue (TCE) decreased by USD 1,232 million or 35% to USD 2,331 million (USD 3,563 million). While Assets & Logistics entered the year with a high earnings coverage, the significant decrease in spot rates still impacted the activity in Freight Services & Trading negatively.

Total number of vessel days remained unchanged at 172,116 days, including the positive contribution from Projects & Parcelling.

The contribution margin decreased by USD 571 million or 42% to USD 795 million (USD 1,366 million) reflecting the lower TCE revenue, particularly in the dry cargo operator business. As a result of the agile business model and higher flexibility in cost, the gross margin was less impacted at 22% (26%).

EBITDA decreased by USD 481 million to USD 679 million (USD 1,160 millon) reflecting a margin of 18% (22%) driven by the lower TCE revenue and minor decrease in operating cost. In Freight Services & Trading, the EBITDA decreased by USD 517 million to USD 324 million (USD 842 million) because of lower spot rates in both dry cargo and product tanker markets and higher operating costs for charters in product tankers. Assets & Logistics reported an increase in EBITDA of USD 37 million to USD 354 million (USD 317 million) related to the high earnings coverage.

By the end of June, NORDEN announced the acquisition of the Projects & Parcelling activities, the first acquisition in NORDEN's history, adding a new dimension to the business activities in Freight Services & Trading. The start of the integration process has been very successful with both commercial and cost synergies generated, and for the second half year, the business contributed with an EBITDA of USD 12 million, ahead of the investment plan.

Operating profit (EBIT) decreased by USD 370 million to USD 422 million (USD 792 million) or an operating margin of 11% (15%) negatively impacted by the lower freight rates and partly offset by positive sales gains of USD 79 million (USD 79 million) and lower depreciation related to the lower value of right-of-use asset and adjusted for the acquisition of Projects & Parcelling. Positive gains from sublease contracts of USD 65 million were recognised during the year as chartered vessels were re-chartered out to cover the earnings.

As a result of the cost-effective business model, the conversion ratio, despite the significantly lower activity level, only decreased from 52% in 2022 to 43% in 2023, adjusted for vessel sale gains.

Highlights of the year

	Freight Service & Trading	Assets & Logistics	NORDEN Group
EBITDA	**325** USD million 2022: 842 USD million	**354** USD million 2022: 317 USD million	**679** USD million 2022: 1,159 USD million
EBIT	**151** USD million 2022: 572 USD million	**271** USD million 2022: 219 USD million	**422** USD million 2022: 792 USD million
Net profit	**133** USD million 2022: 550 USD million	**267** USD million 2022: 193 USD million	**400** USD million 2022: 744 USD million

Financial items, net, amounted to USD -11 million (USD -40 million), positively impacted by the higher interest and positive cash position.

Tax expenses increased to USD 10 million (USD 8 million) due to the operating result in the year.

Net profit of USD 400 million (USD 744 million) was significantly lower reflecting the lower earnings in Freight Services & Trading of USD 133 million (USD 550 million) and increase in Assets & Logistics to USD 268 million (USD 193 million). Adjusted for sale of vessels and other items, the net profit was USD 321 million (USD 664 million).

Cash flow statement

Cash flow from operating activities decreased by USD 672 million to USD 671 million (USD 1,343 million) negatively affected by the lower EBITDA and decrease in net working capital of USD 72 million (USD 184 million), while offset by positive contributions from sublease.

Cash flow from investing activities was USD -49 million (USD 58 million), impacted by investments and pre payments of vessels of USD -350 million (USD -328 million) and proceeds from sale of vessels at USD 389 million (USD 574 million).

Free cash flow was USD 265 million (USD 1,079 million), negatively impacted by the lower operating cash flow and the acquisition of Projects & Parcelling.

Net cash flow was negative by USD -310 million (USD 250 million) impacted by cash distribution to shareholders through dividends of USD 309 million (USD 376 million) and share buy-backs of USD 128 million (USD 130 million) and instalments on lease liabilities of USD 367 million (USD 466 million).

Capital structure

On 31 December 2023, NORDEN shareholders' share of equity was USD 1,198 million (USD 1,331 million) reflecting the allocations to shareholders through the year and partly offset by the positive net profit for the period.

The solvency ratio, excluding non-controlling interest, was 51% on 31 December 2023 compared to 48% by the end of December 2022.

Total cash and cash equivalents decreased by USD 285 million to USD 557 million (USD 842 million), while the net interest-bearing debt, including IFRS 16 liabilities, was USD -45 million by the end of 2023 (USD 28 million in net cash).

As of December 2023, NORDEN has undrawn committed credit facilities of USD 200 million (USD 250 million) of which USD 200 million was directly accessible.

ROIC and Total Invested Capital

Again in 2023, NORDEN created strong value with a return on invested capital (ROIC) after tax of 32% (53%), with the lower operating result partly offset by a reduction in the invested capital of 4.7% Y/Y to USD 1,243 million (USD 1,303 million).

The reduction in the total invested capital including goodwill, confirms the flexibility of the business model and capital allocation as market conditions were weaker, leading to a decrease in the value of right-of-use assets and net working capital, offset by the acquisition of Projects & Parcelling.

CASE STORY

SERVICING CUSTOMERS ACROSS ALL DRY CARGO SEGMENTS

With an ambition of improving customer offerings and tapping into market opportunities, NORDEN entered in the beginning of 2023 the Capesize segment with the acquisition of four Capesize vessels, expanding the services to now offer freight solutions across all dry cargo segments.

"By entering the Capesize segment, NORDEN expands its offering to cover all dry cargo sizes, providing added value to our customers and partners globally. This expansion also enables us to capitalise on the most attractive market opportunities in a high-exposure segment with relatively few transactions," says Jan Rindbo, CEO at NORDEN.

By venturing into the Capesize segment, NORDEN will, among other benefits, now be able to enhance the scope of current and future logistics projects by providing customers with the optionality to upsize, thereby bringing down operational costs and complexity, while potentially reducing emissions.

FREIGHT SERVICES & TRADING

In 2023, Freight Services & Trading continued the track record of being continuously profitable with a net profit of USD 133 million. A weaker dry cargo market combined with margin pressure in the product tanker market caused by lower spot rates and higher charter costs, contributed to the significantly lower result. The acquired Projects & Parcelling activities and NORDEN tanker pool added positively to the result.

Continuously profitable in more challenging market
After an exceptional year in 2022, Freight Services & Trading was significantly impacted by the challenging market conditions in the dry cargo market, adding to a downward pressure on margins. At the same time, a combination of lower spot rates and a timing effect from higher charter costs contributed to lower margins in the product tanker operator activities.

Despite the more demanding business environment, the business unit continued the track record of a positive net profit since 2019. Even though the majority of the net profit in 2023 was related to the tanker operator business, the dry cargo business still generated a positive result.

EBITDA decreased to USD 324 million (USD 842 million), including the positive contribution from the acquired Projects & Parcelling activities, due to a significant reset in dry cargo spot rates, pressure on margins in product tankers and a decrease in the total number of vessel days by 3% to 162,442 days. Operating, overhead and administration costs decreased due to the lower activity levels and weaker market conditions.

Operating profit (EBIT) amounted to USD 151 million (USD 572 million), while net profit for the year amounted to USD 133 million (USD 550 million), reflecting the significantly lower profitability from weaker market conditions, particular in dry cargo. Margin per day amounted to USD 816 per day compared to USD 3,297 per day in 2022.

If comparing the result per day to the average from 2019 and excluding the exceptional year in 2022, the result for this year is slightly higher than the average of USD 683 per day, and still significantly higher than pre-pandemic levels.

Freight Services & Trading makes its margins from two sources, 1) Base earnings from freight services, optimisation and pool management fees and 2) Positioning earnings from directional market positions (trading activities).

Optimisation of voyages provides a base level of earnings, which is less dependent on market developments, although margins are higher in a market with a positive trend and higher freight rates. This is achieved through a constant focus on voyage scheduling

Historical performance

	Average in the past five years
Result per vessel day (USD/day)	1,206
Vessel days	155,823
Annual activity growth	8.4%

Average no. of operated vessels

Dry cargo vessels	Product tanker vessels
328	117

Key figures and financial ratios

	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Contribution margin	1,026.1	151.8	109.0	93.2	63.6	417.6
EBITDA	841.7	121.5	86.7	72.6	43.5	324.3
Overhead and administration cost	-184.4	-30.3	-22.3	-20.6	-20.1	-93.3
EBIT	572.3	72.7	38.2	37.2	2.8	150.9
Net profit/loss for the period	550.4	67.1	33.7	29.8	2.0	132.6
Number of vessel days	166,934	40,123	40,113	40,353	41,853	162,442
Result per vessel day (USD/day)	3,297	1,672	840	738	48	816

and speed setting, improved fuel efficiency, minimised ballast, and enhanced port logistics, among other areas.

By drawing on in-house data and advanced analytics, which is a core part of the daily operations and decisions in NORDEN, we can achieve a wide range of efficiencies across the business. As part of this income the business unit also conducts clip deals, which generate income on single voyages performed on third-party vessels with minimum market risk.

In addition, Freight Services & Trading generates its earnings from freight trading and market timing. These enable the business unit to adapt exposure and market positions across market segments, vessel types and world regions.

For this year, the contribution from the base earnings was lower due to lower freight rates leading to lower margins and a reduced number of vessels days, while the positioning activities contributed negatively to the profit.

Expecting improving dry cargo market during 2024

Based on the current outlook for the dry cargo market, where volumes are expected to show more moderate growth in 2024 due to the macroeconomic uncertainties, including lower economic growth in China, the business by early February 2024 still had a relatively lower exposure in the dry cargo segment of 42%, while being overweighted in the product tanker segment with 58% of the total market exposure.

As we expect the market to improve during the year, the business in early February 2024, had an open dry cargo position of in total 1,900 equivalent vessel days for the year, with a total short position of 3,943 equivalent vessel days for the remainder of the first quarter. For product tankers, the position was open by 3,407 equivalent vessel days for the remainder of 2024.

Successful integration of Projects & Parcelling

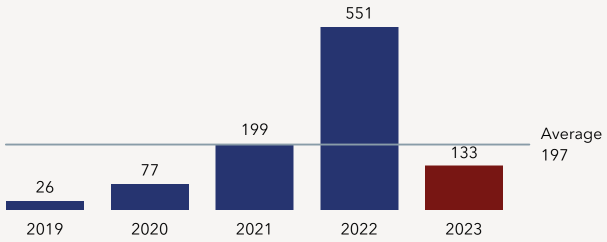
By the end of June 2023, NORDEN acquired the Projects & Parcelling activities - a business, that on a charter basis, operates around 30 vessels, servicing a large global and diversified customer base of renewable energy OEMs, engineering, mining and logistics companies.

The acquisition has enabled NORDEN to expand its freight service offerings to customers with Projects & Parcelling activities in combination with logistics and decarbonised solutions and is expected to support the commercial synergies and growth in cargo.

The main cost synergies are generated from improved capacity utilisation of own and chartered vessels, particularly in the Handy and Supramax segments, procurement of bunkers and IT/administration.

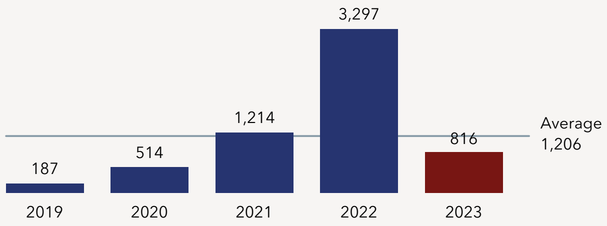
Net profit

USD million



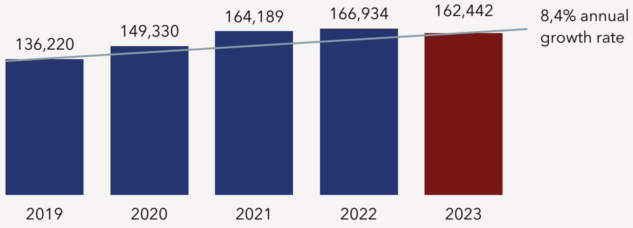
Result per vessel day

USD / day



Activity levels

No. of vessel days



After the first six months, it is concluded that the integration process has been highly successful with both commercial and cost synergies generated from the combined businesses. The financial performance has been very strong with an EBITDA of USD 12 million for the six months of 2023.

Tanker pool affected by the situation in Russia

The pool activities formerly based in the Norient product pool were relaunched as NORDEN tanker pool in 2022. The new setup offers 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.

As a consequence of the development in the product tanker market, where the restrictions and embargo on export of Russian oil have led to higher earnings and asset values, it has been challenging to expand the pool partners and capacity during 2023. In total the number of pool-operated vessels decreased by 3 vessels to 67 vessels during the year.

The tanker pool activities in 2023 generated an EBITDA of USD 7 million in 2023 compared to USD 8 million in 2022.

CASE STORY

ENABLING GLOBAL TRADE THROUGH CUSTOMISED SOLUTIONS

With the newly acquired projects and parcelling activities, NORDEN has moved into a new cargo segment now offering customers across industries tailored solutions and optimising the freight of special cargo such as for example wind blades and turbines.

"By utilising the synergies between our trade routes, diversified fleet and technical expertise, we are now able to offer our customers a specialised and lower emission solution tailored to each project and cargo type," says Jan Rindbo, CEO at NORDEN.

During 2023, NORDEN engaged in projects with several bigger renewable energy companies, shipping wind blades and wind turbines using tailored solutions, i.e. the shipment of 42 wind blades on top of an already loaded Supramax vessel from Ferrol, Spain to Corpus Christ.

ASSETS & LOGISTICS

Assets & Logistics delivered a solid performance in 2023 with an increase in net profit to USD 268 million generated by high covered earnings in dry cargo and product tankers and realising market values through sale of vessels and sublease gains. Business unit NAV by the end of the year was DKK 353 per share.

Positive contribution from high covered earnings
In 2023, Assets & Logistics benefited from the high covered earnings across dry cargo and product tankers, mitigating the more challenging market and lower spot rates. In addition, the unit took advantage of the high asset market values by realising gains from sale of vessels and subleases of vessels.

EBITDA increased to USD 354 million (USD 317 million) due to the positive contribution from higher covered rates, particularly in product tankers and slightly lower operating and administrative costs.

Net profit for the year of USD 268 million (USD 193 million) which, in addition to the higher impact from the increase in rates, also included gains on the sale of vessels of USD 79 million (USD 79 million) and gains on subleases of USD 30 million.

At year end 2023, the net asset value (NAV) of the business unit portfolio (including NORDEN's net cash position) decreased to USD 1,654 million or DKK 353 per share. Of the total NAV, the gross cash position accounted for DKK 102 per share by end of 2023.

The market value of both owned and leased vessels was USD 1,355 million (USD 1,302 million) at year end, with owned vessel values exceeding book values by USD 164 million (USD 199 million). The value of the leased tanker portfolio alone accounted for USD 220 million (USD 291 million).

While the underlying market values of own and leased vessels were relatively stable, adjusting for the sale of vessels, the continued cash distribution to shareholders through dividends and share buy-backs impacted the NAV through lower cash positions, offset by a lower number of outstanding shares from the initiated share buy-back programmes.

In relation to sensitivities of NAV, a change in the freight rates (FFA) of +/-10% for 2024 will impact the estimated market value of leased vessels with USD -113 million and USD +93 million respectively.

During the year, we have de-risked our market exposure in tankers by divesting and chartering out vessels, while increasing the deferred exposure in dry cargo through orders of 6 supramax newbuilds and 11 leased new-buildings with delivery from 2025 and investments in 5 capesize vessels.

Net asset value of Assets & Logistics[1]

USD million	Dry cargo	Tankers	Total
Market value of owned vessels	572	420	992
Estimated market value of leased vessels and cover portfolio	143	220	363
Total Assets & Logistics portfolio value	715	640	1,355
Net cash position			478
New-building instalments			-260
Other net assets			81
Total business unit NAV			1,654
Business unit NAV per share, DKK			353
Market value of owned vessels vs carrying amounts	34	130	164

Key figures and financial ratios

	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Contribution margin	339.8	92.6	93.7	108.6	82.9	377.8
EBITDA	317.4	86.7	87.8	104.2	75.6	354.3
Overhead and administration cost	-22.4	-5.9	-5.9	-4.4	-7.3	-23.5
EBIT	219.3	83.1	76.0	69.0	42.6	270.7
Profit/loss from sale of vessels	79.4	41.7	27.0	7.3	3.0	79.0
Net profit/loss for the period	193.1	83.1	74.5	68.8	41.1	267.5

Looking ahead, Assets & Logistics have continued high earnings coverage in both dry cargo and product tankers, reflecting a more balanced market view on both segments. For the product tanker segment, the total number of vessel days are 11,355 days of which 67% are covered at average rates of USD 22,468 per day. In dry cargo, the total number of vessel days are 21,498 days of which 100% are covered at average rates of USD 13,140 per day.

Realising values while maintaining high optionality

In 2023, the business unit has been very active in asset trading with a total of 11 purchases and 10 vessels sold, primarily in the product tanker segment, where 6 vessels were sold, while in dry cargo 4 vessels were sold and 11 vessels purchased during the year.

By the end of 2023, the owned fleet of dry cargo and tanker vessels amounted to 19 vessels, of which 11 vessels were MR tanker vessels and 8 dry cargo vessels ranging from Handysize to Capesize.

In addition, Assets & Logistics has a unique optionality of purchase and extension options for dry cargo and product tanker vessels, which may potentially provide significant attractive opportunities during 2024 and in the coming years.

The portfolio by the end of 2023 included in total 81 purchase options split between 52 options in dry cargo and 29 in product tankers. Of these, 59 options were callable before the end of 2026. In addition to the purchase options, NORDEN had a total of 64,423 extension option days at the end of 2023, which adds to the upside in a scenario where the dry cargo and product tanker markets start to rally.

Optimising efficiency in the first logistics project

Back in 2022, NORDEN signed and commenced the first ten-year port logistics project with a mining customer, operating a transshipment solution in Gabon, Central Africa. Since project start, approximately 5 million tons of manganese ore have been shipped via our operation and loaded onto Capesize vessels, contributing to significantly lower costs and emissions for our customer.

The focus for 2023 has been on optimising the efficiency of operations, including the assets in operation, which has led to new investments in cost efficiency improvement.

NORDEN sees the port logistics activities as an attractive strategic growth area in the coming years, as it contributes to reducing complexity in the supply chains and lowering emissions.

Assets & Logistic's capacity & cover levels and rates

	2024	2025	2026
Dry cargo			
Cover levels	100%	38%	24%
Average cover rate per day	13,140	11,569	11,883
Tankers			
Cover levels	67%	46%	17%
Average cover rate per day	22,468	21,880	21,699

Assets & Logistics fleet overview

	Dry cargo	Tankers	Total
Active fleet			
Owned vessels	8	11	19
Leased vessels[1]	41	23	64
Total active	49	34	83
Contracted future changes			
Owned vessels (net entries & exits)	4	-4	-
Leased vessels[1] (entries only)	15	6	21
Total future changes	19	2	21
Total vessels	68	36	104
Purchase options	52	29	81
Extension option days	43,915	20,508	64,423

Logistics assets	Floating transfer staton	Tugboats	Barges
Project-based assets (active)	2	5	3
Contracted future changes (entries)	-1	-	-
Total	1	5	3

[1] Minimum lease period in excess of years

Corporate governance

CORPORATE GOVERNANCE

For NORDEN, it is important to ensure responsible, long-term governance of the Company aligned with long-term shareholder interests.

NORDEN's governance principles and structure are set out to ensure alignment with long-term shareholder interests to enable prudent management of NORDEN 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 a Executive Management. No individuals are part of both management bodies. The shareholders have the ultimate authority over the Company and 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.

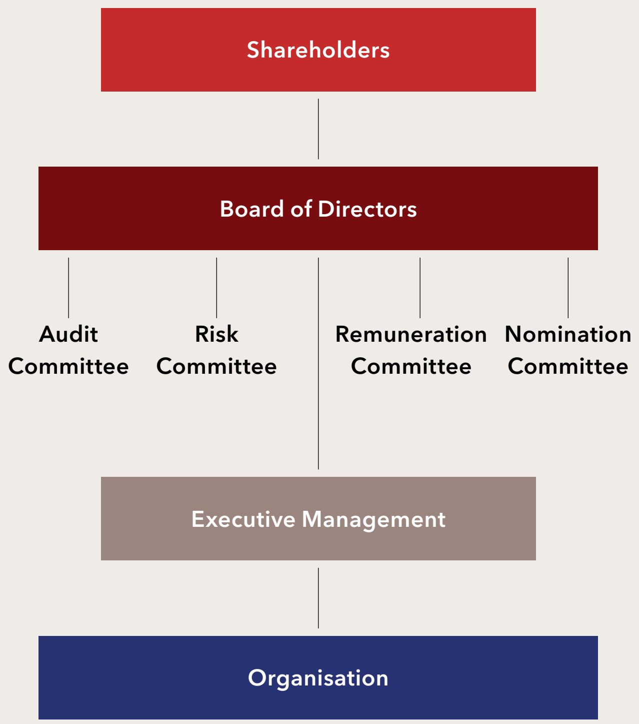
The Board of Directors is made up of nine members. Six are elected for a term of one year by the shareholders, while three members are elected for a term of three years by the employees. The Board of Directors determines and approves strategies, policies, overall goals and budgets for the Company. In 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 determines on 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 first level of management comprises the CEO and CFO, who makes up the Executive Management. The Executive Management 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 second management level include employees with managerial responsiblities and refers directly to the Executive Management team.

The Articles of Association are available 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 share-

Governance structure



holders' 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.

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 by 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 2023, the Board of Directors held 13 board meetings. The attendance rate was 100%.

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 p. 39.

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
- ESG competences

The Board of Directors and the Executive Management conducted a self-assessment of the composition, qualifications and dynamics of the Board of Directors in 2022. The assessment concluded that the Board of Directors possesses relevant skills and has good working relationships and dynamics. A similar assessment is planned for 2024.

Board composition and remuneration

At the annual general meeting in March 2023, Klaus Nyborg, Johanne Riegels Østergård, Karsten Knudsen and Robert Hvide Macleod were re-elected as board members. Vibeke Bak Solok and Ian McIntosh were elected for the vacant seats after Helle Østergaard Kristiansen and Stephen John Kunzer, who did not accept re-election.

During 2023, the employee representative Stine Maria Gøttrup ended her employment with NORDEN and therefore also resigned from the Board of Directors. Instead, William Boatwright 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% underrepresented gender 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 in 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 2023. Specific board remuneration can be found in the Remuneration Report 2023 available for ten years at https://norden.com/about/governance/remuneration.

Following eight years of unchanged remuneration, the Board will for 2024 propose an increase in Board remuneration. The Board will present its proposal on the Annual General Meeting.

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 2023.

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 on Corporate Governance at https://norden.com/about/governance/governance (in accordance with section 107b of the Danish Financial Statements Act).

Planned board activity for 2024

The Board of Directors has planned 12 board meetings for 2024. The Annual General Meeting will be held on 12 March 2024.

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:

- Vibeke Bak Solok (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 with 100% attendance.

Risk Committee

The Risk Committee consists of:

- Karsten Knudsen (Chair)
- Robert Hvide Macleod
- Ian McIntosh

The purpose of the committee is to assist the Board of Directors in its over sight of the Group'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 with 100% attendance.

Remuneration Committee

The Remuneration Committee consists of:

- Klaus Nyborg (Chair)
- Karsten Knudsen
- Robert Hvide Macleod
- Ian McIntosh

The committee is responsible for supervising the implementation of the Group'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 six meetings with 100% attendance.

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 seven meetings with 100% attendance.

BOARD OF DIRECTORS

				
	Klaus Nyborg	**Johanne Riegels Østergård**	**Karsten Knudsen**	**Robert Hvide Macleod**
Position	Chair Managing Director	Vice Chair Managing Director	Board Member Managing Director	Board member Owner
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 (Chair of Investment Committee), Karen og Poul F. Hansen Familiefond (BM) and Return APS (BM)	A/S Motortramp (BM), D/S Orients Fond (BM), LOMAX A/S (BM), Design Eyewear Group International A/S (BM), Green Box A/S (VCB), EPOKE A/S (BM), JRO A/S (MD)	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)	Monitra Ltd. (CB), Highlander Tankers (CB), Hans Hvide Invest 1 & 2 (CB), Oberon Investments Limited (CB), Energynest (BM), Monitra Norway AS (BM), NOMA Capital (BM), Pharos Group (BM), Rankedin (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 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	2012 (Chair since 2015)	2016 (Vice Chair since 2017)	2008	2022
Term expires	2024	2024	2024	2024
Attendance 2023*	100%	100%	100%	90%
Committees and attendance 2023	Audit Committee (100%), Remuneration Committee (100%), Nomination Committee (100%)	Nomination Committee (100%), Audit Committee (observer)	Audit Committee (100%), Risk Committee (100%), Remuneration Committee (100%)	Risk Committee (100%), Remuneration Committee (100%)
Independent/ Not independent**	Independent	Not independent	Not independent	Independent
Born in	1963	1971	1953	1979
Gender	Male	Female	Male	Male
Nationality	Danish	Danish	Danish	Norwegian
No. of shares	1,700	499	2000	0

BOARD OF DIRECTORS

	 **Ian McIntosh**	 **Vibeke Bak Solok**	 **Henrik Røjel**	 **Christina Lerchedahl Christensen**	 **William Boatwright**
Position	Board member	Board member CEO at Lunar Bank	Board member Head of Fuel Efficiency and Decarbonisation	Board member Business Application Manager	Board member Senior Commercial Manager – Climate Solutions
Other directorships	Member of the Impact Finance and Markets advisory board of The Nature Conservancy	Nordic Solar A/S (BM)	Elected by the employees	Elected by the employees	Elected by the employees
Relevant skills	Experience with management, strategy, investment, risk management, international commodity trade, asset management as well as reducing carbon footprint of global supply chains. Experience as CEO in one of the world's largest commodity trade corporations	Experience in strategy, finance, management, risk management, fintech and digitalisation in major Danish organisations. Experience as a senior executive in the property and banking sectors as well as from having been a partner and state-authorised public accountant in an international auditing firm			
Board member since	2023	2023	2021	2021	2023
Term expires	2024	2024	2024	2024	
Attendance 2023*	100%	100%	100%	100%	100%
Committees and attendance 2023	Remuneration Committee (100%), Risk Committee (100%)	Audit Committee (100%)			
Independent/ Not independent**	Independent	Independent	Not independent	Not independent	Not independent
Born in	1961	1970	1987	1989	1990
Gender	Male	Female	Male	Female	Male
Nationality	British	Danish	Danish	Danish	American
No. of shares	950	900	-	1000	-

SENIOR MANAGEMENT

	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) and D/S Orients Fond (BM)	
Employed in	2015	2005
Born in	1974	1973
No. of shares	70,241	20,709
No. of restricted shares	31,305	16,447

Remuneration for the Executive Management can be found in the Remuneration Report 2023 available for ten years on NORDEN's website https://norden.com/investor/governance/remuneration

	Christian Vinther Christensen	**Anne Heidi Jensen**	**Henrik Lykkegaard Madsen**	**Heidi Nykjær Persson**
Position	Chief Operating Officer, Freight Services & Trading	Chief Operating Officer, Assets & Logistics	Head of Asset Management	Head of People and Sustainability
Education	Trained in shipping and has completed executive training programmes at Duke CE	Holds a Bachelor of Commerce and has 25+ years of experience from the oil and gas industry	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
Employed in	2017	2024	2010	2018
Born in	1970	1972	1962	1968

* Member of Senior Management as per 1 January 2024

ESG

ESG IN NORDEN

As a global provider of ocean-based freight services, NORDEN plays a decisive and leading role in our industry in creating a sustainable future for global trade, our customers and an organisation built on diversity, engagement and strong compliance. In 2023, we made material progress on the environmental agenda towards our target of achieving net-zero emission by 2050.

While NORDEN works proactively with all elements of our ESG strategy, our key strategic focus areas are reducing emissions from our vessels and Diversity, Equity & Inclusion (DE&I). During 2023, we recognised several material successes with an improvement in tonnage-adjusted fleet Energy Efficiency Operating Indicator (EEOI) of 9% Y/Y and reaching our diversity target of 40% for the lowest represented gender in our workforce.

In 2024, we will continue the work towards an even more sustainable business model based on existing and new climate and diversity initiatives.

Our strategic sustainability priorities
Based on our strategy of being a global provider of ocean-based freight services and port logistics solutions, NORDEN has high ambitions across the sustainability agenda and has the potential to lead the development and improvements of our industry.

Our strategy since 2017 has evolved around data, and by building on the strong foundation that is already in place, NORDEN has the ability to utilise the strong foundation to disclose ESG data in accordance with the adopted reporting and accounting standards.

E: Strong execution on the decarbonisation agenda
Our commitment and responsibilities for decarbonising our business and our customers' supply chain continue to be more and more important and they are therefore an integrated and fundamental part of our strategy and our daily operational decisions.

The global climate emergency has for a long time stressed the need for accelerating a sustainable future and focus on decarbonisation across industries, not only setting long-term targets, but also committing to initiatives with immediate decarbonisation effect. Today, environmental focus is an enabler for smarter global trade and offering low-carbon emission products to our customers. Being a leading player in the shipping industry that accounts for 90% of the world’s transported goods, but at the same time 3% of the global carbon emissions and a critical part of our customers' scope 3 emissions, we have the responsibility to focus on reducing our environmental impact and our customers' supply chains.

On the environmental agenda, we have already set ambitious targets to reach net-zero emissions by 2050 supported by short-term targets of yearly reductions in our EEOI of a minimum of 2% per year, equivalent to a medium-term target of a reduction in EEOI of minimum 16% by 2030. The targets for reductions in EEOI are part of NORDEN’s strategic scorecard and management’s remuneration scheme.

During 2023, NORDEN reduced the EEOI on its entire fleet by 9% Y/Y to 9.0 grammes of CO_2 per cargo nautical mile. The reductions are mainly related to fuel efficiency and speed, driven by our decision to operate our vessels at lower speed levels. The reduction in EEOI is mainly a result of our efforts, besides having experienced some tailwind effects from decreased optimal speeds in the industry.

In the short term, focus on efficient operation of our operated vessels will be core in our decarbonisation strategy, which includes voluntarily reducing the vessel speeds below what is economically optimal, phasing out the 5% worst polluting vessels from our fleet when chartering in capacity, scheduling consistent hull cleanings to decrease resistance and improve fuel savings to benefit our customers and continue to invest in fuel transparency ensuring fuel quality and better efficiency.

In order to measure the fuel efficiency of our operated fleet and be able to support our customers with transparency and reliable data, we utilise our in-house data analytics capabilities. NORDEN is well-positioned to make the most optimal assessments for our business, our customers and the climate by utilising our data model that handles more than nine billion data points every day, combining efficiency data for own vessels with data for chartered vessels.

In addition to our operational focus on improving the fuel efficiency, we expect to grow the number of voyages with low-emission biofuel alternatives in the coming years, building on our newly developed and certified book & claim system enabling carbon insetting directly into the shipping logistic supply chain. During the year, we had a commercial breakthrough signing the first low-carbon emission contract with the Canadian mining company Teck and secured the first carbon-insetting transactions.

The investment in the biofuel producer MASH Makes is a strategic investment made with the rationale of engaging directly in the development and supply of alternative fuel sources, which will be an important pathway to further reduce our emissions in future and to offer direct decarbonised supply chain solutions to our customers.

Currently, the long-term perspectives for what the optimal zero-emission technologies for dry cargo and tanker shipping remain uncertain and therefore, NORDEN prioritises initiatives with a more immediate positive impact. In 2023, we secured our first leased newbuilding with the option of dual-fuel methanol design. To reach our long-term net-zero emission target by 2050, we are committed to investing in net-zero emission technologies, as already included in our target of only ordering zero-emission vessels from 2030.

S: NORDEN is a people-driven business

NORDEN continuously works to strengthen our position as an attractive employer, offering an inclusive and engaging working environment, in which all employees have equal opportunities for realising their potential - all elements critical for operating a high-performing organisation.

We have committed to constantly improving and, while monitoring the impact of organisational development, we exceed targets set for DE&I. We are very satisfied to see a continued positive trend and that NORDEN in 2023 reached our target of 40% of the lowest represented gender across our workforce.

A key priority for NORDEN is setting high standards for health and safety for seafarers on board NORDEN-owned vessels. During the year, we saw an increase in the overall Lost Time Incident Rate (LTIR) to 1.0 based on four minor incidents in 3.9 million exposure hours on board NORDEN-owned vessels. We continue the work of improving our health and safety with several campaigns being launched, targeting both the nature of the specific injuries, but also general safety and health awareness across the organisation.

NORDEN facilitates the opportunity for its employees and their children as well as children of seafarers on NORDEN-owned vessels to apply for scholarships via Orient’s Fond, primarily funded by portions of NORDEN's generated profits. NORDEN plays an active role in this opportunity, ensuring these scholarships are available to candidates within the maritime community.

G: Trust is key for our stakeholders

Being a global company that operates in regions where concepts of integrity and good business ethics vary, it is critical for NORDEN to strive to uphold the highest standards for business conduct in our operations and protect our values and heritage to maintain the role as trusted partner by our customers and to the public.

NORDEN has an Employee and Supplier Code of Conduct that outlines the ethical, social and environmental standards all employees and suppliers are expected to follow. It serves as a guide for decision-making and maintaining high standards of business conduct. The Code is provided to new hires during onboarding and must be acknowledged annually to ensure comprehension of any updates.

During the year, all eligible employees passed an anti-corruption e-learning course, to ensure the organisation is aware of and complies with the programme.

To achieve our ambitions of creating a sustainable business model, sustainable procurement is another key priority, which is being anchored in the procurement operating model of NORDEN. In 2023,

Strategic ESG collaborations

Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping

SEA CARGO CHARTER

MACN Maritime Anti-Corruption Network

RSB Roundtable on Sustainable Biomaterials www.rsb.org we were able to assess 55% of our strategic suppliers based on our ESG criteria, surpassing our target of 30%.

ESG initiatives for 2024

Looking into 2024, we are planning to accelerate our climate and decarbonisation initiatives based on the commercial and operational breakthrough we experienced this year with the first low-emission contracts and book-and-claim transactions conducted.

We foresee an increasing demand for decarbonised solutions from our customers in order for them to reach their scope 3 targets, and NORDEN aims to be the trusted partner in that development.

NORDEN will further develop our engaging and inclusive working culture and continue the improvements seen in our priorities of increasing the share of the underrepresented gender in commercial and managerial roles.

In 2024, NORDEN will implement a new group HSEQ position to create a strategy and process for existing and new business areas within health, safety and well-being for seafearers working on our vessels.

NORDEN will likewise implement steps to further improve measuring the effectiveness of the Anti-Corruption Compliance Programme and our target is that by 2024 60% of our strategic suppliers have been screened for ESG criteria.

Reporting standards

Over the past year, NORDEN has started the implementation of the European Sustainability Reporting Standards (ESRS) in preparation for the standards becoming mandatory in the reporting year 2025.

CASE STORY

OPTIMISING FREIGHTS TO DECARBONISE CUSTOMERS' SUPPLY CHAINS

The Canadian mining company Teck Resources Ltd. had a goal of reducing the carbon emissions associated with the transportation of its steelmaking and coal, and therefore approached NORDEN for help with the task.

As NORDEN and Teck were already in business together, the partnership was a natural extension. The partnership aims to reduce the annual emissions from Teck shipments handled by NORDEN by 25%, or up to 6,700 tonnes of CO_2, equivalent to removing over 1,400 passenger vehicles from the road.

"With this initiative, we are now able to design customer-tailored freight emission contracts where we leverage our combined expertise to develop unique solutions that support our customers' ambitions to lower their supply chain emissions," said NORDEN CEO Jan Rindbo.

To achieve the reductions, NORDEN is utilising a range of solutions, including fuel-efficient ships and alternative fuels such as biofuel in combination with an intelligent use of advanced data analytics to optimise vessel speed and routing.

By aligning with the ESRS now, we are not only staying ahead of regulatory requirements but also reinforcing our commitment to transparent and accountable sustainability reporting. Our early alignment towards the ESRS not only demonstrates our foresight and readiness for upcoming regulatory changes but also underlines our role as a leader in sustainable practices within the shipping industry. As we transition to these standards, we have made considerable efforts to ensure our sustainability disclosures comply with the ESRS framework. This includes a thorough review and analysis of all material aspects of our business operations and their impact, ensuring that our reporting is both comprehensive and meaningful. In line with our commitment to transparency and reliability of our sustainability reporting, NORDEN has obtained limited assurance on all its preliminary asessed material metrics and targets disclosure requirements as outlined by the ESRS index on p. 80.

In conformity with the ESRS, NORDEN has performed a double materiality assessment during the reporting period. The assessment allows us to identify sustainability topics, which are material from a sustainability or financial perspective. The full description of our double materiality assessment process can be found on p. 73. In the assessment, NORDEN identified topics within climate change, pollution, DE&I, health & safety and business conduct to be material for us. In the table below, we provide a condensed overview of selected material topics and monitoring indicators for NORDEN. These highlight our sustainability focus with the monitor indicators we are actively working with.

NORDEN's material topics and monitoring indicators

Sustainability priorities	ESRS section	Material topics	Monitoring indicator	2023	2022	Ambitions
Environmental Enabling our customers to decarbonise their supply chains	E1 Climate Change	Efficient operation of our vessels	TTW EEOI on all assets (million grammes CO_2 per nautical mile)	9.0	9.9	Short term: 2% improvement per annum Medium term: 16% by 2030
		Decreasing value chain emissions	Total CO_2e emissions from scopes 1 & 2 ('000 tonnes) [1]	3,835	4,287	Reduce GHG emissions to net zero by 2050
			Total CO_2e emissions from scope 3 ('000 tonnes)	3,693	3,826	Reduce GHG emissions to net zero by 2050
Social Offering an inclusive, engaging, equal and safe working environment	S1 Own Workforce	Diversity, Equity and Inclusion	Overall Engagement Score (index)	84	83	> Index 80 by 2025
			Diversity (share of lowest represented gender)	41%	40%	Minimum of 40% share of lowest represented gender
			Retention Rate / Employee Turnover (%)	94% / 15%	94% / 9%	> 90% retention rate
	S2 Workers in value chain	Health & Safety	LTIR (per one million working hours)	1.0	0.8	< 0.8 at all time
Governance Galvanising sustainable business conduct	G1 Business Conduct	Sustainable Procurement	Suppliers screened for ESG (%)	55%	NA	60% strategic suppliers by 2024
		Anti-corruption and bribery	Staff completed e-learning course (%)	100%	99%	100% e-learning completed
			Number of convictions and the amount of fines for violation of anti-corruption and antibribery laws	0	0	0 all time

[1] Location-based Scope 2

CASE STORY

TAPPING INTO THE FUTURE SUPPLY OF RENEWABLE FUELS

To assist customers in decarbonising their supply chains and push forward the green transition of the shipping industry, NORDEN has invested in a minority stake in MASH Makes – a Danish-Indian biofuel scale-up that researches, develops and produces renewable fuels from biomass waste.

"We cannot rely solely on traditional offtake agreements with fuel suppliers to achieve decarbonisation at the necessary speed that climate change requires. We need to be a greater part of the supply chain to ensure significant volumes and attractive prices that will make NORDEN competitive in offering low emission freight solutions to our customers," says Jan Rindbo, CEO at NORDEN.

"We are humbled that NORDEN has seen a potential in our platform and decided not only to invest, but also enter a strategic partnership with us. Joining forces with a partner like NORDEN is an opportunity for us to accelerate the growth of our scale-up, as well as bring our biooil products to the marine fuel market," says Jakob Andersen, CEO of MASH Makes.

MASH Makes' first biooil product is in a late development stage and expects to conduct the first trial on-board NORDEN vessels in early 2024. Furthermore, the expectation is that MASH Makes can gradually ramp up its production and become a significant supplier to NORDEN's fleet within the next three years in strategically important locations.

ENVIRONMENT

At NORDEN, we are on the cusp of a monumental shift towards greener shipping – a transformation set to be one of the most significant in our history. With 3% of the world's carbon emissions originating from the shipping industry, there is an urgent need for a collective push towards more efficient and sustainable freight solutions. NORDEN intends to be on the frontier of change, enabling our customers to decarbonise their supply chains.

NORDEN is dedicated to assisting our customers in decarbonising their supply chains. Our commitment extends beyond our operations as we contribute to innovative solutions through collaborations in industry organisations and exploring opportunities within the upstream production of green fuels.

To focus our environmental efforts and maintain transparency and progression, we have identified two material topics on our environmental agenda: the efficient operation of our vessels and decreasing value chain emissions. The strategies and goals for these topics are an integral part of NORDEN's six climate commitments. These commitments guide our immediate actions and shape our long-term aspirations:

- **Carbon Emissions Transparency:** At NORDEN, we provide an estimated carbon emission report before every journey and a detailed post-voyage emissions breakdown. This transparency empowers our customers to consider the environmental impact alongside cost and schedule in their freight transport decisions.
- **Greener Shipping Solutions:** We are at the forefront of developing more sustainable shipping options. Our efforts range from utilising advanced analytics for optimising vessel efficiency to offering voyages powered by low emission biofuels.
- **Improving Operational Efficiency:** NORDEN wants to help decarbonise shipping with our strong emphasis on operational efficiency while growing our market share.
- **Net-zero Office Operations by 2027:** With an internal goal set by our employees in 2022, we have focused on three main areas: green building initiatives, sustainable procurement practices and eco-friendly transportation options.
- **Zero-emission Vessels from 2030:** We pledge that by 2030, all new vessels ordered by NORDEN will be equipped with zero-emission technology.
- **Net-zero Emissions by 2050:** Achieving net-zero emissions by 2050 requires a paradigm shift towards zero-carbon fuels and innovative maritime technologies. NORDEN is engaging in industry-wide partnerships to drive this change.

These initiatives and goals are not just about meeting regulatory requirements or industry standards; they reflect NORDEN's deep-rooted commitment to environmental stewardship and our proactive role in shaping a more sustainable future for global shipping.

ESRS E1: Climate Change

Impacts, risks and opportunities

Governance

Our governance model closely aligns executive remuneration with our ESG strategy and initiatives, including climate action, dedicating 15% of Executive Management's compensation to sustainability objectives. This incentive structure is anchored to critical metrics and Tank to Wake EEOI. This KPI supports our strategic commitment to achieving net-zero emissions by 2050, fostering a transition to zero-carbon shipping and delivering on our strategic objective to decarbonise our customers' value chain.

In the short term, we are focused on operational efficiency, targeting a 2% annual reduction in EEOI, equivalent to an implied medium-term target of a minimum 16% reduction in EEOI by 2030. This directly ties executive rewards to progress in reducing emissions and increasing efficiency, aligning our leadership's efforts with our ambition to lead in decarbonising our customers' value chain. NORDEN's transition plan is seamlessly integrated into its overall business strategy and financial planning, focusing on enabling customers to meet their decarbonisation commitments.

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 NORDEN's overall risk-appetite 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. The transition plan has received full approval by NORDEN's Board and is overseen by the ESG board, emphasising strong organisational commitment. In the reporting period, NORDEN reported a reduction in CO_2 equivalent emissions of 7% and a 9% improvement in fleet-normalised TTW EEOI.

Strategy
NORDEN has articulated a transition plan aimed at achieving net-zero emissions by 2050 and a short-term reduction in EEOI of 2% per annum, implying a 16% reduction in EEOI by 2030 using 2022 levels as a baseline. The progress of EEOI reduction can be found on p. 54.

In 2023, NORDEN has launched several different climate initiatives that enable us to deliver on our environmental ambitions and continuously work on implementing new initiatives. This includes voluntary speed reduction, the elimination of chartering in the 5% worst polluting vessels and scheduling consistent hull cleanings to reduce resistance and enhance fuel efficiency.

Additionally, NORDEN offers tailored green freight-solutions for our customers. Depending on the customers' needs, NORDEN can develop freight solutions for customers allowing them to reduce emissions by up to 85% on a well-to-wake (WTW) scope.

In the short to medium term, NORDEN considers our carbon insetting offering and the investment in Mash Makes as key levers for our ambition to reduce EEOI by 2% per annum. Carbon insetting is a direct reduction of GHG emissions within the industry in which they have been generated. Carbon insets create a demand for low-carbon fuel and thus contribute to financing and accelerating the decarbonisation of the industry. Carbon insetting addresses this challenge by providing a mechanism allowing us to disconnect the physical burning of biofuel on-board our vessel from the customer purchasing and claiming the associated emissions reduction. Through this mechanism, carriers such as NORDEN can sail on biofuel where possible in the fleet and offer a low-emission solution to all our customers at a competitive price, regardless of their trading routes and other constraints that would prevent them from sailing directly on low-carbon fuels. Currently, the supply of low-carbon fuels such as biofuel is limited both in terms of production and geographic availability. This means that it is not possible to offer biofuel sailing under the same conditions to all our customers looking to reduce maritime emissions within their supply chain. Therefore, carbon insetting is a vital component of delivering emission reduction in the short and medium term.

In the long term, NORDEN will be exploring the production of green fuels like ammonia or methanol to eventually provide CO_2e-neutral freight services, highlighting our commitment to pioneering sustainable shipping solutions.

Risks and opportunities
NORDEN's process for identifying and assessing climate-related physical and transition risks is conducted by an in-house team of specialists. This team thoroughly evaluates potential transitional and acute risks associated with climate-related scenarios, specifically the RCP 1.9 and RCP 8.5 pathways. These scenarios reflect a spectrum of possible future climate outcomes, from more optimistic low greenhouse gas concentration trajectories to high-emission scenarios.

2023 achievements & initiatives

- Lowered our fleet-adjusted EEOI on all assets by 9% in 2023, thus being well on our way to reach our target of 2% reduction per year and a total reduction of 16% in 2030.
- Implemented four climate initiatives with the ambition to demonstrate our proactive approach to environmental responsibility. The impact of our climate initiatives in 2023 resulted in a reduction of emissions by 5% or equivalent to running 25 vessels on green fuels.
- Invested in the future supply of renewable fuels at competitive prices by investing a minority stake in the Danish-Indian biofuel scale-up, MASH Makes, a company that produces renewables from non-food biomass, enabling 2nd and 3rd generation biofuel. It positions NORDEN at the forefront of renewable fuel research and development, promising future access to innovative biofuels.
- Entered into a green freight contract with Teck Resources Limited with the ambition to substantially reduce CO_2 emissions in their steelmaking coal supply chain. This agreement is set to cut annual emissions from Teck shipments handled by NORDEN by 25%, amounting to a reduction of up to 6,700 tonnes of CO_2e. This reduction is comparable to removing over 1,400 passenger vehicles from the road.
- Launched our carbon-insetting solution, through a Book & Claim system, to help our customers decarbonise their supply chains by bridging emission reductions made on NORDEN’s biofuel voyages with customers looking to reduce emissions.

Based on the risk analysis, the team formulates mitigation actions to manage identified risks and leverages opportunities to enhance the company's resilience. This includes incorporating weather routing systems, diversifying business activities and investing in green technology. The team also explores opportunities arising from the transition to a low-carbon economy, such as the development of new green products or services, or improvements in operational efficiency.

The company recognises that while its agile operator model typically shields it from significant impacts of physical climate risks, under the RCP 8.5 scenario, the increased frequency and intensity of extreme weather events could lead to higher risks of damage to ships and cargo, potentially eroding margins. To mitigate these risks, NORDEN is relying on extensive use of weather routing systems for pricing, securing comprehensive insurance coverage and carefully assessing freight contracts for chronic risks.

As the maritime industry evolves rapidly with technological innovations, particularly in fuel sources and vessel efficiency, there is an inherent risk of our assets declining in value. This devaluation is a direct consequence of the transition towards low-emission technologies and could potentially lead to assets becoming stranded before the end of their useful life. NORDEN operates an asset-light fleet strategy, which mitigates this risk. This approach enhances our agility and flexibility, allowing us to adapt more readily to technological advancements and market shifts without incurring significant losses on asset value. By being an operator of assets, we mitigate the financial risk of declining asset prices that are tied to older, less efficient technologies.

Climate mitigation policy
As of 2023, NORDEN has not formally adopted a comprehensive climate mitigation policy. The primary reasons for this are twofold: firstly, the rapidly evolving landscape of climate science and policy has necessitated a cautious approach to ensure that any policy adopted is both current and forward-looking. Secondly, NORDEN has been in the process of ensuring extensive stakeholder engagement to align our policy with the broad interests and concerns of our customers, investors and regulatory bodies. NORDEN is committed to adopting a climate mitigation policy by the next reporting period.

EU Taxonomy

The purpose of the EU Taxonomy is to help stakeholders understand whether the economic activity of an undertaking is environmentally sustainable.

Taxonomy eligibility and alignment are expressed through three KPIs: turnover, capital expenditure (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 and CapEx, but not within the OpEx KPIs.

The EU Taxonomy tables for all KPIs are located on p. 82. Please refer to the ESG accounting policies on the EU Taxonomy for the methodology behind our eligibility alignment assessment.

Turnover: Taxonomy-eligible revenue is 78% for 2023, while Taxonomy-aligned revenue is 0% (rounded) for 2023.

Capital expenditures: Taxonomy-eligible CapEx is calculated to be 100% for 2023, while Taxonomy-aligned CapEx is 4% for 2023. NORDEN does not have any technically aligned CapEx plan, but this is to be considered within the coming years.

Operating expenditures: Taxonomy-eligible OpEx is 75% for 2023, while Taxonomy-aligned OpEx is 0% for 2023.

Risk matrix

In the table overview, we list key transitional and physical risks related to climate for NORDEN alongside mitigation and opportunities arising from these risks based on our analysis:

	Transitional risks	Mitigating actions	Opportunities
Policy & Legal	• Implementation of new regulation which impacts NORDEN more negatively than 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 able 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.	• Actively testing and operating zero-emission ships, investing in R&D related to low-carbon fuels and, from 2030, only order ships with zero-emission technology. • Investing in data analysitcs to keep developing market leading operational systems.	• Agile model allowing NORDEN to perform relatively well compared to our peers. • Offering innovative and sustainable freight solutions for 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 and 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_2e emissions by offering greener alternatives competitive with the price of carbon. • Providing logistic solutions supporting a circular economy. • Book-and-claim offering.
Reputation	• External stakeholders' 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 McKinney Møller Centre for Zero Carbon Shipping. • New and ambitious 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 the impact of chronicle risks when evaluating business opportunities.	• Expansion of logistics offerings to non-core activities via Assets & Logistics business unit.

Material topics, metrics and targets

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 by 2050. Providing transparency is the first step towards decreasing value chain emissions, mapping the full extent of our GHG emissions and focusing on the ones, where NORDEN has a material impact.

We apply a materiality threshold to our scope 3 categories to ensure focus on material sustainability topics. If any category is estimated to contribute less than 1% to the total scope 3 emissions, it falls below our materiality threshold and is deemed non-material for external reporting purposes. In line with this approach, although relevant, the following GHG scope 3 categories have been determined to be 'material', 'relevant, but not material' and 'not relevant or material':

GHG scope 3 categories

Material	Relevant, but not material	Not relevant or material
• Purchased goods and services • Capital goods • Fuel and energy-related activities • Upstream transportation and distribution • Downstream leased assets	• Waste generated in operations • Business travel • Employee commuting • Investments	• Upstream leased assets (reported in scope 1) • Downstream transportation and distribution • Processing of sold products • Use of products sold • End-of-life treatment of products sold • Franchises

Our total GHG scope 1, 2, and 3 CO_2e emissions were 7.5m tonnes – a decrease of 0.6m tonnes compared to 2022. Scope 1 CO_2e emissions have decreased by 11% year-on-year, while scope 3 CO_2e emissions have decreased by 3% year-on-year. This is mainly driven by lower emissions related to purchased goods and services and upstream emissions on bunker, offset by increasing emissions from TCO vessels. Given our target of net zero by 2050, we must reduce emissions by 3.7% on an annual basis from 2022 levels to realise this ambition.

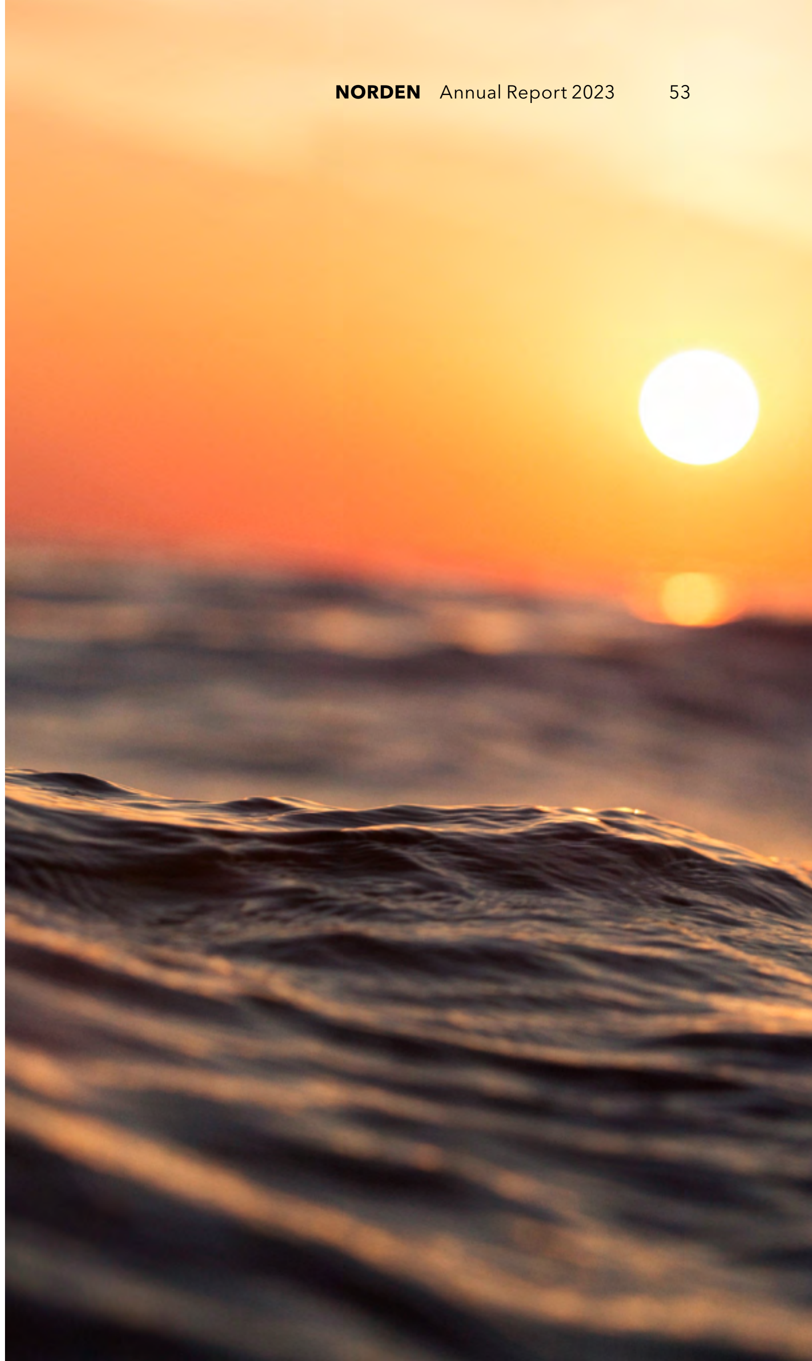
CO_2e emissions

('000 tonnes)	2023	2022	%
Scope 1 GHG emissions	**3,834**	**4,287**	**-11%**
Scope 2 GHG emissions (location-based)	**0.4**	**0.4**	**19%**
Scope 3 GHG emissions	**3,693**	**3,826**	**-3%**
- GHG 1: purchased goods and services	187	266	-30%
- GHG 2: capital goods	18	6	189%
- GHG 3: fuel and energy-related activities	823	904	-9%
- GHG 13: downstream leased assets	2,665	2,650	1%
Total GHG emissions	**7,528**	**8,113**	-7%

In the short term, NORDEN expects absolute emissions to follow vessel day activity levels and market conditions while being offset by NORDEN's climate initiatives.

Efficient operation of our vessels

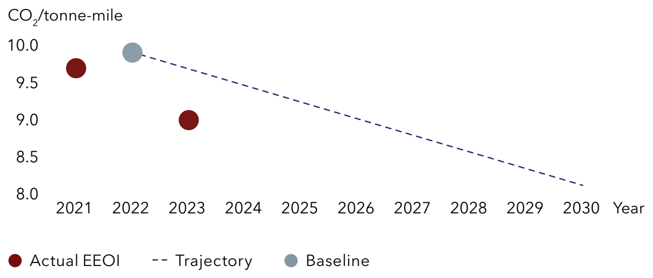
Efficient operation of vessels is an integral part of NORDEN's operator business model. We monitor the vessels' fuel efficiency using the EEOI measure. On NORDEN's owned and operated vessels, we continuously monitor fuel efficiency, determining optimal speeds



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.

During 2023, TTW EEOI on all assets decreased from 9.9 grammes CO_2/tonne-mile to 9.0, corresponding to a decrease of 9.9%. Adjusting EEOI for changes in fleet composition has a significant impact on tankers, with a like-for-like change of a negative 1.2% vs a negative 4.7% 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 which constituted a larger part of our pool activities in 2022.

Actual EEOI and EEOI trajectory



The development in EEOI is driven by a combination of our climate initiatives and market dynamics making lower speeds more attractive compared to the previous reporting period. Additionally, we have seen higher cargo and laden utilisation, improving the metric.

NORDEN's EEOI framework

NORDEN uses the EEOI metric as a performance indicator for operational efficiency. EEOI measures the relationship between CO_2 emissions from bunker fuel consumption and transport work (tonne-nautical miles). NORDEN reports three different versions of 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_2e basis.

NORDEN's primary measure is the TTW EEOI all assets presented on a fleet-adjusted basis. 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_2e emission drivers are split into speed and bunker type, while transport work drivers are determined by cargo utilisation, laden utilisation, and fleet composition. The relationship between EEOI and the drivers listed is described as:

- Speed: EEOI is positively correlated with speed.
- Bunker type: EEOI is impacted by the WTT and TTW CO_2e emissions related to the bunker type. Increasing the share of biofuel would decrease emissions and thereby EEOI.
- Cargo hold utilisation: Measures the utilisation of cargo capacity during a voyage. Cargo utilisation is a number between zero and one. Higher cargo 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 cargo utilisation is a decreasing EEOI.
- Laden 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 laden utilisation would increase transport work and decrease EEOI.
- Fleet composition: EEOI is highly impacted by fleet composition. To make EEOI more comparable, NORDEN reports performance across vessel types and outlines the fleet-adjusted EEOI, enabling a more transparent explanation of variations in the performance indicator year-on-year.

Energy consumption and mix
Perceiving energy consumption as a material sustainability impact, NORDEN reports on development in fuel consumption from crude oil and petroleum products, fuel consumption for renewable sources and energy intensity in conformity with the ESRS. By monitoring these metrics, NORDEN aims to create transparency on the share of fuel consumption from renewable sources, allowing stakeholders to see progress on a medium and long-term basis. Furthermore, it allows stakeholders to distinguish between reductions being created by operational decisions like reduced speeds and customers being willing to pay for green freight options, which is seen in an increasing share of renewable fuel consumption. Finally, we report on the share of heavy fuel oil (HFO) in our fuel consumption to provide transparency on whether reductions in air pollutants are driven by a lower share of HFO, having high emission factors for pollutants like SOx and PM2.5. Share of HFO can be found in the SASB index on p. 79.

NORDEN's fuel consumption from renewable sources increased from 14,470 MWh in 2022 to 19,790 MWh in 2023. This corresponds to 0.1% of NORDEN's fuel consumption on our operated vessels.

Metric	2023	2022
Fuel consumption from crude oil and petroleum products (MWh)	13,861,565	15,492,962
Fuel consumption for renewable sources (MWh)	19,790	14,470
Energy intensity (USD/MWh)	266	343

Summary of EEOI by vessel and type

	2023			2022			
	WTW Ops	TTW Ops	TTW	WTW Ops	TTW Ops	TTW	TTW Ops
Multi Purpose	28.5	23.9	23.9				
Handysize	11.6	9.8	9.9	12.7	10.7	11.2	-8.8%
Supramax	8.2	6.9	7.1	9.2	7.8	8.3	-11.9%
Panamax	8.4	7.1	7.4	9.4	8.0	8.2	-11.3%
Capesize			7.3				
Dry cargo	**9.2**	**7.8**	**7.9**	**10.1**	**8.5**	**8.9**	**-9.2%**
Fleet-Standardised	*9.2*	*7.8*	*7.9*	*10.2*	*8.7*	*8.9*	*-10.6%*
Handysize T	27.5	23.0	22.9	25.3	20.9	20.8	10.1%
MR	17.4	14.6	14.5	18.5	15.1	14.8	-3.3%
LR2	6.0	5.1	5.1				
Tankers	**17.9**	**15.0**	**14.8**	**19.5**	**15.9**	**15.5**	**-6.0%**
Fleet-Standardised	*17.9*	*15.0*	*14.8*	*18.8*	*15.3*	*15.0*	*-2.4%*
Total	**10.7**	**8.9**	**9.0**	**11.8**	**9.9**	**9.9**	**-10.1%**
Fleet-Standardised	*10.7*	*8.9*	*9.0*	*11.6*	*9.8*	*9.9*	*-8.5%*

In the table below, we have summarised performance from 2022 to 2023 of the key metrics that drive the development in EEOI.

Performance summary

Key metrics	2023	2022	Chg. Y/Y
TTW EEOI (g CO_2/tonne-mile)	9.0	9.9	-10%
WTW EEOI (g CO_2e/tonne-mile)	10.7	11.6	-7%
Cargo hold utilisation	81.4%	79.9%	1.5 pps
Laden utilisation	78.2%	76.8%	1.4 pps
Avg. speed (kts)	11.3	11.7	-3%
Avg. fleet DwT	61,316	59,906	2%
Renewable fuel share	0.1%	0.1%	78%

ESRS E2: Pollution

Impacts, risks & opportunities

Maritime shipping, while efficient in terms of CO_2e emissions relative to the distance and weight of goods transported, presents multifaceted environmental challenges. The varied nature of ships, their cargo, fuels and materials render them complex entities with a broad environmental footprint that spans both air and water ecosystems. In terms of pollutants, vessels, through combustion and energy transformation for propulsion and power, emit a mix of air pollutants. The primary ones include sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM). In addition, although less prevalent, ships emit non-methane volatile organic compounds (NMVOCs) and heavy metals into the air. These emissions are particularly concerning in high-traffic maritime areas and can travel great distances, affecting communities and regions far from the source. Efforts to regulate and reduce such emissions have led to a sustainability trade-off. The implementation of scrubbers to cut SOx emissions, for example, has resulted in an increased release of pollutants into the sea through wash water from scrubbers. These regulatory developments, while striving to curb high-sulphur bunker fuel use without scrubbers, illustrate the complex interplay between reducing atmospheric pollution and protecting water quality.

Another complexity is related to our ambition to improve fuel efficiency and reduce the EEOI by applying anti-fouling paint. This is a special coating applied to the hull and, in some cases, to the propeller of a vessel to slow the growth and facilitate detachment of subaquatic organisms, commonly known as fouling, which attach to the hull and have a substantial impact on the vessel's hydrodynamic performance. Specifically, it will result in increased resistance through the water due to elevated friction resulting from the considerably rougher hull surface caused by the fouling. As a direct consequence, fuel consumption is expected to rise significantly. While improving fuel efficiency and hence reducing the relative CO_2e emissions from vessel operation, there is an increased risk of water pollution related to the biocide effect of persistent anti-fouling components. The industry is starting to focus on this topic and new biocide-free coatings are available, but the effectiveness to prevent fouling growth is yet to be proven.

Pollution policy

NORDEN is following the industry standard enforced by the IMO. This approach ensures that we remain aligned with the best available practices while we await regulation from policymakers. Not complying with the regulation of the IMO may lead to financial penalties, while potentially hurting business relationships by not demonstrating a commitment to environmental compliance. Both are considered material financial risks.

Material topics, metrics and targets

Pollution to air

Perceiving air pollution to be material, NORDEN monitors and reports on emissions of NOx, SOx, PM2.5, NMVOC and HM in the air, which are significant air pollutants associated with maritime transport. These emissions largely originate from the combustion processes within ship engines and are a direct consequence of the fuels used. Having in-house specialists working with fuel efficiency and decarbonisation, NORDEN can apply leading practices to estimate air pollution beyond NOx and SOx emissions.

A breakdown of development by air pollutant type can be found in the table to the right:

Development by air pollutant type

Units: Mt	2023	2022
NOx	101,678	115,028
SOx	9,894	10,880
PM2.5	4,546	5,035
NVMOC	4,147	4,636
Heavy Metals in Air	70	76

Pollution to water

Based on the preliminary materiality assessment, NORDEN reports the emissions of heavy metals and polycyclic aromatic compounds (PAHs) into the water. These pollutants stem from the operation of vessels having installed and using open-looped scrubbers. Wash-water from this carry pollutants into water.

Total pollutants in water have decreased from 39 metric tons in 2022 to 30 metric tons in 2023. Heavy metals in water have decreased from 38 metric tons in 2022 to 29 metric tons in 2023, while PAHs have decreased from 1.2 metric tons in 2022 to 0.9 metric tons in 2023:

Development in pollutans in water

Units: Mt	2023	2022
Heavy Metals in Water	29	38
PAHs	1	1

In addition to the pollutants above, NORDEN tracks the ecological impact of our operations through the performance indicators from the SASB Marine Transportation Standard including spills, voyage duration in marine-protected areas and share of vessels having implemented BWTS. Development in these performance indicators can be found in the SASB table on p. 79.

SOCIAL

NORDEN is a people-driven business, and we continuously work to strengthen our position as an attractive employer, offering an inclusive and engaging working environment, in which all employees have equal opportunities to realise their potential - all elements critical to operating a high-performing organisation.

At the heart of NORDEN's sustainability framework lies a commitment to fostering a working environment built on a strong foundation of Diversity, Equity & Inclusion (DE&I) and ensuring the health and safety of seafearers working on our vessels.

ESRS S1: Own workforce

Impacts, risks and opportunities

NORDEN has identified DE&I as the main area of impact on our own workforce. Creating a positive and inclusive working environment is key to employee satisfaction and performance. Working globally and across cultures, teamwork and collaboration are essential, fostering a culture that values open communication, mutual respect and equal opportunities. NORDEN's emphasis on DE&I intends to create an environment where employees feel valued and motivated, ultimately driving innovation and decision-making. The shipping industry's historical male dominance presents both a challenge and an opportunity for NORDEN. Embracing DE&I is not just about fairness and ethical responsibility; it is business critical. Diverse teams bring varied perspectives, experiences and ideas, which are critical in a dynamic and globally interconnected industry. By improving diversity figures, NORDEN is not only setting a progressive example but also enhancing our potential performance.

On an industry level, NORDEN empowers the diversity agenda through Women In Shipping (WIS), which is a professional network with the aim of strengthening women in shipping and achieving more diversity and equality in the industry. NORDEN is represented in the Advisory Network and on the Board. In 2023, NORDEN co-created an event with attendance of over 150 participants from the industry.

NORDEN conducts ongoing social impact discussions through our ESG Executive Body and through an annual double materiality assessment with in-house topic specialists. The impacts identified through these sessions influence our strategy and initiatives.

NORDEN's workforce is pivotal to our success, creating material risks related to lack of DE&I as these may significantly affect employee satisfaction and the ability to attract new talent. To manage these risks, NORDEN regularly monitors and reviews workforce-related metrics, while fostering open communication channels for employee feedback and implementing policies that promote diversity and inclusion.

By investing in DE&I, NORDEN aims not only to mitigate risks but also to create a resilient and agile organisation capable of adapting to changing market demands and sustaining a competitive edge in the maritime industry. By promoting an inclusive culture, NORDEN is likely to maintain the position of an attractive employer for new talent and strengthen our ability to retain employees, reducing the costs of hiring and integrating replacements.

NORDEN has articulated several policies to address and mitigate the risks related to the material topics, most which are listed here: https://norden.com/about/governance/policies-and-charters and all of them are described on p. 77.

Material topics, metrics and targets

Diversity, Equity & Inclusion

As a people-driven business, NORDEN considers diversity a strength in the world of shipping and actively works to embed DE&I in our organisation. We aim for an organisation, where DE&I accelerates our purpose of enabling smarter global trade through diversity of thought, 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 performance, potential, behaviour and ability to deliver on our strategy and 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 female, male and non-binary genders, recognising that some employees may not wish to be categorised. Furthermore, our recruitment process enables managers to focus on promoting equality and broadening opportunities for new and existing talents. This includes screening our job ads for non-inclusive language and actively mitigating any potential biases that might influence the decision-making process when hiring and promoting.

Diversity in management

The gender balance of the Board of Directors remained unchanged in 2023. This was due to the fact that members leaving the Board were replaced with mebers of the same gender. On the Board of Directors, shareholder-elected women represented 33% (two out of six) of the board members in 2023. The gender balance does therefore not yet meet 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 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 decisions 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 the organisation.

The share of underrepresented gender in Executive Management was 0% in 2023, which is unchanged from 2022. This is due to no change in the Executive Management. NORDEN has a target of a 40% share of the underrepresented gender by 2027.

The other levels of management currently consist of 14 employees with 23% constituting the underrepresented gender. NORDEN aims to increase the share of the underrepresented gender in managerial positions to at least 40% by 2027. To gradually increase the share of the underrepresented gender, we conduct unbiased hiring and always include all genders when screening for new employees to be part of the other levels of management. As this is the first year of setting a target figure for the other levels of management, naturally the target figure has not been reached, and above mentioned initiatives are thus of focus and still considered on track

Diversity in management

Managment level	Metric	2023
Board	Total number of members	6
	Percentage of underrepresented gender	33%
	Target figures in percentage	40%
	Year of acheivement of target figure	2025
Other levels of management	Total number of members	14
	Percentage of underrepresented gender	23%
	Target figures in percentage	40%
	Year of acheivement of target figure	2027

Diversity in the workforce

The share of the underrepresented gender among employees was 41% in 2023, up from 40% in 2022, reaching our target of 40%. Among management and senior management, the share of the underrepresented gender was 38% and 20%, respectively, in 2023, compared to 37% and 20% in 2022. NORDEN aims to increase the share of the underrepresented gender in managerial positions to at least 40% by 2025.

Commercial roles represent an employee group to which we have, historically, had the most difficulty in attracting and retaining women. Since 2020, the share of women in commercial roles has increased from 17% to 23%.

Another representation of NORDEN's diversity efforts is the 52 different nationalities in 2023. Furthermore, the percentage of non-Danish employees has risen to 57% from 54% in 2023.

Diversity across employee groups

	2023	2022
Share of underrepresented gender in shareholder-elected members of the Board of Directors	33%	33%
Share of underrepresented gender in Executive Management	0%	0%
Share of underrepresented gender in Senior Management	20%	20%
Share of underrepresented gender in managerial positions	38%	37%
Share of underrepresented gender among employees	41%	40%
Share of underrepresented gender among employees in commercial roles	23%	23%

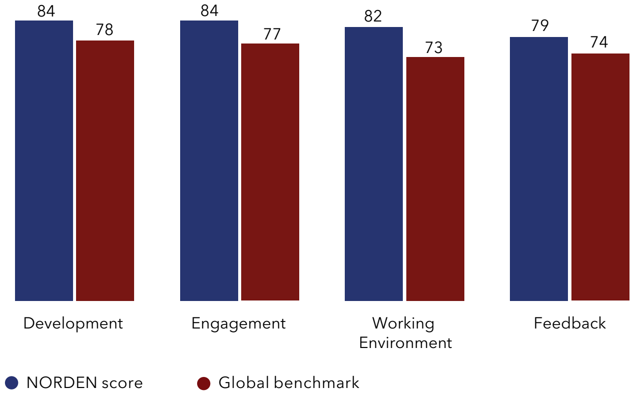
Gender distribution in senior management

Gender	2023	2022
Female	1	1
Male	4	4
Total	**5**	**5**

Engagement score

NORDEN's overall employee engagement score was 84 in 2023 – an increase on 2022. 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 most sub-categories, but aims to strengthen the feedback culture. The response rate of our latest survey was 94%, corresponding to 461 of 489 employees (as of September 2023).

Engagement score by category vs global benchmark



New hires are categorised according to location, average age and female ratio. In 2023, NORDEN hired 110 employees with an average age of 38 years and 28% being female. Females represented 38% of leavers in 2023. Despite the net effect of new hires and leavers resulting in a decreasing share of the underrepresented gender, the gender ratio is still above our ambition of 40%. The average age of leavers was approximately 37 years.

Retention and turnover rates

The overall retention rate was 94% in 2023, the same as in 2022. 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, to capture and address any signs of imbalances due to, for example, a lack of inclusivity.

The turnover rate among full-time employees was 15% in 2023, up from 9% in 2022, with the lowest turnover rate seen in the 30-50 age group.

Retention rate across age groups

Gender	< 30	30 - 50	> 50	Total
Female	94%	94%	100%	95%
Male	93%	92%	97%	93%
Total	**94%**	**93%**	**99%**	**94%**

Turnover rate across age groups

Gender	< 30	30 - 50	> 50	Total
Female	15%	12%	17%	13%
Male	23%	12%	21%	15%
Total	**19%**	**12%**	**19%**	**15%**

Total number of employee turnover

Gender	Total
Female	22
Male	37
Total	**59**

2023 achievements & initiatives

- Maintained our focus on inclusion, which is measured through our engagement survey. The survey showed the same high perception of inclusion in 2023 as in 2022. The inclusion section focuses on respect, trust, the ability to raise discrimination concerns and the possibility of being yourself at work.
- Strengthened DE&I in our processes and working instructions for recruiting, promoting and rewarding with the aim of strengthening equal gender distribution in general and in managerial as well as commercial roles.
- Introduced an anti-harassment policy with the purpose of contributing to a respectful and inclusive working environment and introduced a Speak Up campaign.
- Developed and implemented a Technical Manager Code of Conduct, outlining common principles for how to adhere to social, ethical and environmental standards. This has been signed by all technical managers.
- Visited technical management offices, attended crew seminars and conducted inspections on-board our vessels to promote safety and well-being.

Distribution of employees across age groups

Year	< 30	30 - 50	> 50	Total
2022	17%	66%	17%	**100%**
2023	19%	65%	16%	**100%**

In 2024, focus will be on increasing the share of the underrepresented gender in commercial and managerial roles.

ESRS S2: Workers in the value chain

Impacts, risks and opportunities

Managing and maintaining excellent working conditions are business critical to NORDEN – both when it comes to its own workforce and workers in the value chain. Our ambition is not only to ensure compliance with international legislation but also to set higher standards. Having outsourced the technical management of owned vessels, our seafarers are classified as workers in the value chain in conformity with the ESRS, making Health & Safety for workers in the value chain a material topic for us. Operating at sea involves safety and security risks that must always be managed carefully to safeguard the crew and external personnel. Outsourcing technical management and upholding a service that complies with international law and NORDEN’s standards require a close, continuous dialogue and a comprehensive reporting framework, to ensure trust in the technical manager’s operation.

There are consequences associated with outsourcing services such as technical management as physical distances and differences in corporate culture create the risk of incidents being left unreported and an undesirable culture going unnoticed which, in ultimate consequences, may have a negative effect on NORDEN’s reputation. NORDEN's responsibility is to investigate and manage these salient risks. NORDEN regularly monitors and reviews metrics associated with workers in the value chain, while fostering open communication channels for feedback. NORDEN furthermore developed and implemented a Technical Manager Code of Conduct that supports a working environment with a sustainable culture and a strong focus on health and safety.

NORDEN believes that enhancing the rights and well-being of seafarers directly correlates with improved performance on vessels and success in both recruiting and keeping talented workers. Furthermore, this commitment to seafarers' well-being aligns NORDEN with stakeholders who share similar values, fostering stronger business relationships.

NORDEN's approach to managing the relationship between material risks and opportunities related to impacts on workers in the value chain and dependencies is centred on proactive engagement.

NORDEN has articulated several policies to address and mitigate the risks related to the material topics, most which are listed here: https://norden.com/about/governance/policies-and-charters and all of them are described on p. 77.

Material topics, metrics & targets

Health & Safety

In 2023, NORDEN conducted ongoing inspections on board our vessels. In addition, we visited the offices of our technical managers and attended crew seminars to assess their approach to safety. During these visits, we emphasised our focus on safety and the general health of the seafarers and contractors working on board 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 on board the vessels through training of crew and safety campaigns targeting critical work processes on-board.

NORDEN aims to set the same high standards for safety and optimal working conditions on board vessels as we do onshore. We continuously ensure that our technical managers meet these standards.

The number of injuries, owing to which crew members were unable to work the following day (primarily related to shoulders, arms, neck and hand injuries), is measured through the Lost Time Incident Rate (LTIR). LTIR is measured as lost time incidents per one million working hours. Overall, LTIR increased to 1.0 in 2023 based on four incidents in 3.9 million exposure hours.

In 2023, there was an increase in LTIR. Following the increase in LTIR over the year, several campaigns have been launched targeted towards the nature of the specific injuries but also general safety awareness campaigns to heighten the focus on routine tasks.

During 2024, NORDEN will focus on inspections of owned vessels, conducting office visits and attending crew seminars to support technical managers in developing high health and safety standards and avoiding accidents on board owned vessels. Focus will be on investigating whether new preventive measures should be taken to decrease LTIR and evaluating all technical managers through EcoVadis. NORDEN will implement a new HSEQ position with the purpose of creating a strategy and process for existing and new business areas within health, safety and well-being.

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 human rights violations.

NORDEN is dedicated to respecting internationally recognised human and labour rights as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Our policies and practices are in strict compliance with the United Nations Guiding Principles for Business and Human Rights (UNGPs), reflecting our commitment to human rights.

NORDEN has a responsibility to consider any human rights violations it may cause, contribute to, or be directly linked to. Therefore, every second year, NORDEN conducts a Human Rights Impact Assessment (HRIA) that forms the basis for controlling the policies and procedures of NORDEN's operations. The scope of the assessment is own workforce, tier 1 and significant tier 2 suppliers. For NORDEN, tier 1 suppliers are technical managers, and significant tier 2 suppliers are suppliers linked to vessel operation through technical management services.

NORDEN utilises a mixed-method approach combining qualitative and quantitative data, including surveys, interviews with stakeholders, employees, managers and partners and on-site inspections, ensuring an in-depth understanding of the potential risks and that diverse perspectives are considered and respected. NORDEN takes a systematic identification approach to potential human rights risks, followed by a prioritisation process based on severity and likelihood of impact. When conducting HRIAs, NORDEN follows best-practice recommendations set forth by the UNGPs, Danish Shipping and the Danish Institute for Human Rights.

The findings from the HRIA assessment, along with proposed preventive and mitigating actions, were thoroughly reviewed and approved by the responsible ESG Executive Body representative.

The HRIA serves as a foundational tool for continuously refining and improving our human rights policies and procedures and maintaining an ongoing active dialogue with all stakeholders.

NORDEN is committed to transparently communicating the findings of our HRIAs.

NORDEN has established easily accessible channels for employees and external stakeholders to report human rights grievances and ensuring timely and effective responses to grievances, with clear accountability and remediation processes, ensuring responsiveness to any concerns raised either internally or in the value chain.

To enforce the policies commitment, employees are trained in the respective requirements of the policies through our Employee Code of Conduct and are required annual acknowledgement to ensure awareness and understanding of any revisions as part of their conditions for employment.

2023 milestones

- Developed and implemented a Technical Manager Code of Conduct, outlining common principles for how to adhere to social, ethical and environmental standards. This has been signed by all technical managers.
- Launched an annual Speak Up campaign to ensure awareness of the different reporting channels and processes, for breaches of human rights and other kinds of misconduct. NORDEN reports on the number and nature of whistleblower reports received in the Governance section on p. 62.
- Introduced screening of strategic suppliers using EcoVadis to assess their ESG performance, including human rights observance.

Looking ahead

In 2024, NORDEN will continue to define and prioritise areas for actions. A new human rights impact assessment will be carried out, and its findings will be compared with those of 2022, to assess areas requiring further attention.

GOVERNANCE

Our governance framework is designed to align with the enduring interests of our stakeholders and to manage NORDEN's operations in adherence to all pertinent local and global regulations. We are committed to maintaining the highest ethical standards within our business practices.

Operating internationally, NORDEN is mindful that standards of integrity and proper business conduct may differ across regions, presenting unique challenges. Recognising the severe consequences of non-compliance, including legal action and damage to our reputation, we prioritise robust governance to prevent corruption and define clear expectations for ethical behaviour in all our markets. Our unwavering commitment to combatting corruption underpins our goal of enabling smarter global trade.

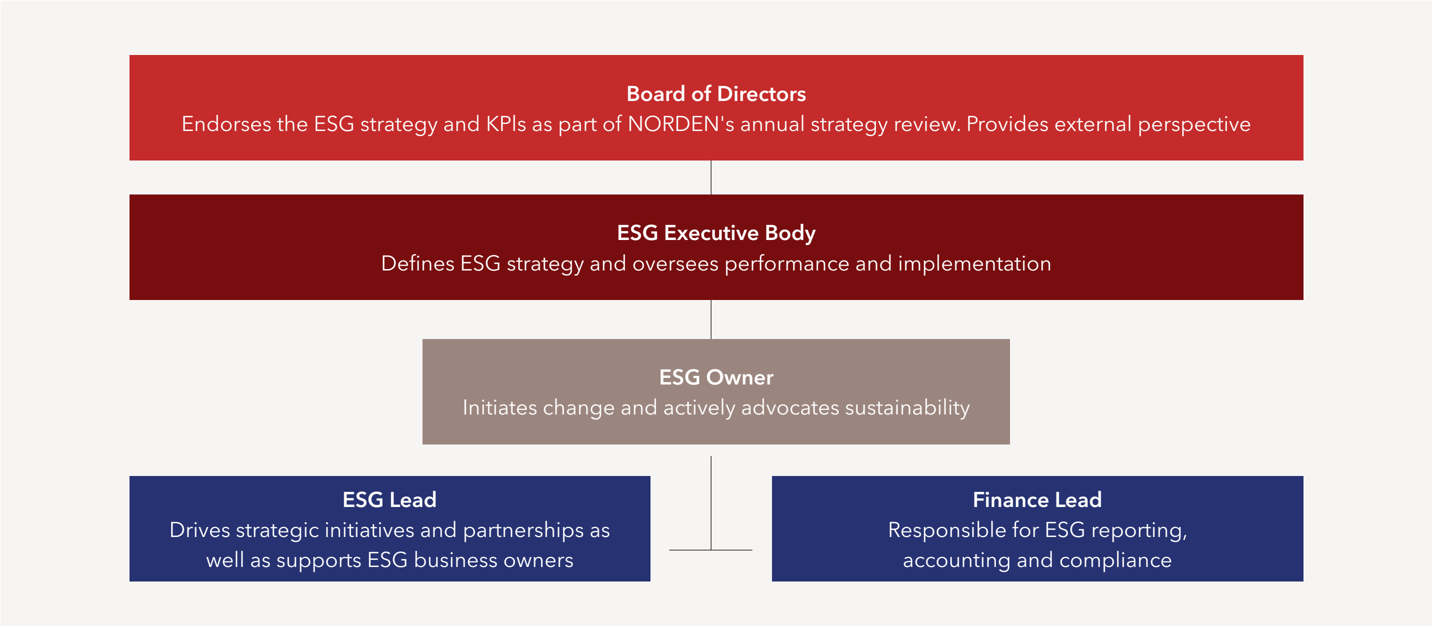
ESRS G1: Business conduct

Impacts, risks and opportunities

NORDEN's governance structure is designed to integrate sustainability targets seamlessly with strategic business objectives. The Board of Directors oversees ESG governance, while the ESG Executive Body, comprising Senior Management and specialists from core operational areas, formalises strategy and policies. ESG accountability resides at board level, with ESG owners within business functions driving initiatives to meet our targets.

Performance measured against performance indicators is reported quarterly to the Board, ensuring continuous alignment with our ESG goals. Our Board members possess collective expertise in global shipping management, strategy, financial oversight and risk management, ensuring informed guidance in business conduct matters. This expertise underpins our commitment to ethical business practices and supports our ability to navigate the complexities of international trade and sustainability.

NORDEN actively establishes, develops and promotes a corporate culture rooted in compliance and ethical integrity. Our culture is designed to mitigate reputational risks and clarify behavioural expectations for all employees, including the Board of Directors. The Head of Asset Management oversees the ownership and enforcement of our Anti-Corruption Compliance Programme, and our CFO oversees overall governance of the Company.



Our corporate values and expectations are outlined in the Employee Code of Conduct, accessible on the Intranet and disseminated to new hires during onboarding. We require annual acknowledgement of the Code to ensure awareness and understanding of any revisions, thereby maintaining a culture of compliance and integrity.

Whistleblower scheme
NORDEN upholds an environment that encourages and protects best practices. Since 2011, we have maintained an independent whistleblower scheme to empower employees and external partners to report any operational or workplace concerns, ensuring the confidentiality and anonymity of the reporting party. Concerns can be raised directly with direct managers, the HR department or through the whistleblower scheme. Reports received are handled by the Chair and Vice Chair of the Board of Directors, along with the Head of Group Legal, ensuring a thorough and impartial investigation.

In 2023, a total of six whistleblower reports were received. The majority of the cases concerned working conditions for seafarers, whereas others related to GDPR. All cases were investigated and actions to address the 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 in which we operate, 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.

Sanctions
Due to the global nature of the shipping industry and the constantly evolving geopolitical landscape, navigating sanctions requires an agile and comprehensive approach to compliance, continuously assessing risks and adapting strategies to align with evolving international laws and regulations. In NORDEN, sanctions compliance is embedded in all parts of our organisation, as it is part of our daily operations, conducting business in almost all countries in the world. It is implemented by having a robust sanctions compliance framework, a specialist sanctions team and formal processes and procedures in place to handle sanctions.

Impacts and risk
Following the double materiality assessment conducted during the reporting period, NORDEN has identified sustainable procurement, anti-corruption and bribery as our material impacts when it comes to governance.

The maritime industry is inherently international, which makes anti-corruption and bribery measures critically important. For a company like NORDEN, with a vast operational reach, the ability to ensure transparent and ethical business practices across various legal and cultural landscapes is not just a regulatory requirement but a fundamental aspect of maintaining our licence to operate and safeguarde our reputation. Therefore, the risk of non-compliance in this area is considered material, as it may have significant legal consequences and undermine stakeholder trust. Sustainable procurement is another topic of material significance. Our procurement practices directly impact our environmental footprint and social responsibility. It also influences our resilience against supply chain disruptions, which have become increasingly relevant in the face of global challenges. The material risks here include potential environmental damage and

2023 achievements & initiatives

- Successfully renewed our EcoVadis certification and has been recognised by EcoVadis as being in the world's top 5% sustainable companies within the shipping industry, achieving a gold score for the first time. The framework ensures NORDEN is measured against the latest sustainability criteria.
- Embedded sustainable procurement into the organisation and managed to screen 55% of our strategic suppliers for ESG criteria.
- NORDEN actively contributed to the elimination of all forms of maritime corruption on a more systemic level through our active engagement with MACN, which serves as a strong collective voice against corruption.
- In 2023, we renewed our 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.

the repercussions of associating with suppliers who may not adhere to our sustainability criteria, which could have far-reaching consequences for our business and the communities we engage in.

Material topics, metrics and targets

Sustainable procurement

As a globally operating company, we interact with numerous suppliers 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.

During 2023, NORDEN began assessing and working with our strategic suppliers, i.e. suppliers that are critical to business operations, to become more sustainable. Working through a partnership with EcoVadis, we have begun to identify areas of potential risks and work with our suppliers to reduce it. As we gain more knowledge of our suppliers' activities, we are better equipped to make decisions in relation to our sourcing strategy.

Looking ahead, we will continue our focus on securing ESG scorecards on strategic suppliers and establish a baseline for improvement plans.

Sustainable procurement continues to be anchored in the procurement operating model. NORDEN's progression towards fully anchoring sustainable procurement consists of five steps, outlined in the illustration on the right. This is the process that will continue to apply as we map and grow to understand our suppliers' value chains.

In 2023, we were able to assess 55% of our strategic suppliers for ESG criteria, and based on that, we have been able to identify suppliers we want to follow more closely.

The KPI set out for 2024 is to ensure that 60% of our strategic suppliers have been screened for ESG criteria by 2025.

During 2024, NORDEN will work on increasing the focus on identifying risks among strategic suppliers, getting scorecards and corrective action plans, while improving due diligence and auditing. We will work on further embedding sustainable procurement across the business and conduct at least one on-site supplier visit. Lastly, we will continue our focus on preparing for legislation on sustainable procurement following the ESRS.

Material topics, metrics and targets

Anti-corruption and bribery

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 may entail 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 workers in our value chain, 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 2023, NORDEN had 9,496 port calls across 136 countries.

NORDEN's sustainable procurement process

	Objective	Enabling factors
1	**Assessment** Conducting a risk assessment of our exposure verifying real vs potential risk	EcoVadis heatmap and UNSDG goals linked to Categories Screening Checklist
2	**Due diligence** Scoring suppliers' current activities	EcoVadis scorecard
3	**Engagement** Ensuring contractual coverage and engaging the supplier and NORDEN	E-tender questions, SOC, e-learning, engaging the supplier
4	**Verification** Auditing suppliers deemed high risk	External auditor
5	**Anchor** Building sustainability into personnel KPIs	Building KPIs with department heads

Following the SASB Marine Transportation standard, NORDEN reports on the number of port calls in the world's 20 most corrupt countries, applying the Corruption Perception Index. The result indicates an increase in port calls with a high risk of corruption from 2022 to 2023. The recent increase in high-risk port calls has been analysed to understand the underlying factors and potential risks. No changes to the current set-up were deemed necessary due to the increase.

NORDEN conducts risk assessments at country level and job function level. The assessment makes it possible for us to conduct an integrity risk assessment resulting in a corruption risk map from which we can devise a possible action plan. In order to address the appropriate compliance training requirements for employees, identification of specific risks linked to departments and job functions have been undertaken and resulted in a categorisation where different roles are required different training.

This assessment enables NORDEN to identify risks, trends and financial impact on the business and ensure necessary training. Based on these analysis, NORDEN reviews the Anti-Corruption Compliance programme at least every second year.

NORDEN has set up an anti-corruption working group consisting of representatives from Senior Management and anti-corruption specialists. The group meets monthly to analyse and discuss risks and actions. NORDEN takes a systematic approach to assess corruption and bribery risks, particularly in countried deemed high-risk. Furthermore, specialist are dedicating time to conducts country risk assessments and engage with masters guiding on the specific challenges for the port of call.

UN Global Compact

NORDEN's CEO, Jan Rindbo, comments: "NORDEN remains committed to upholding the principles of the UN Global Compact and supports the worldwide movement to accelerate and scale the collective impact of responsible and sustainable business. In May 2023, NORDEN submitted its 2023 Communication on Progress (COP) in line with new requirements."

NORDEN adheres to the following UN Sustainable Development Goals (SDGs), which are mapped to each of the E, S and G-related activities that we consider relevant to our core business:

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.

Furthermore, NORDEN conduct due diligence of business relations as an integrated part of NORDEN's business conduct, ensuring compliance with legal requirements, stakeholders' expectations, improving internal decision-making, raising risk awareness and protecting NORDEN's reputation. NORDEN has a complex third-party landscape and currently has different due diligence procedures in place for various third-party groups. The main third-party groups in NORDEN are Agents, Brokers and Suppliers.

All NORDEN's third-party contacts are screened daily on a number of potential risk factor issues, including sanctions lists, global law enforcement lists, vessel information and politically exposed persons.

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 corruption and bribery risks are identified, that concerns are reported and that measures are taken to mitigate any identified risks throughout the organisation.

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.

The purpose is to mitigate corruption by monitoring the effectiveness of the programme, any mitigation plans and ensure the prevention of future corruption. In 2023 the focus was how to best encourage continuous improvement of internal reporting mechanisms, conducting awareness campaigns and internal training.

NORDEN's Anti-Corruption Programme is incorporated into NORDEN's Employee Code of Conduct which is provided to new hires during onboarding and must be acknowledged annually by all employees to ensure comprehension of any updates.

To ensure compliance with the programme, a Compliance Manager has been appointed. The role of the Compliance Manager is to ensure that 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. The Compliance Manager provides regular updates to the ESG Executive Body.

NORDEN has articulated several policies to address and mitigate the risks related to the material topics, some of which are listed here: https://norden.com/about/governance/policies-and-charters and all of them are described on p. 77.

NORDEN continues to be an active member of the Maritime Anti-Corruption Network (MACN), a network working to eliminate all forms of corruption in the maritime industry and enables fair trade to the benefit of society at large. MACN's members represent more than 50% of total global tonnage. MACN and its members work with raising awareness of the challenges faced, implementing anti-corruption principles, co-developing and sharing best practices, collaborating with governments, non-governmental organisations and civil society to identify and mitigate the root causes of corruption and creating a culture of integrity within the maritime community. In high-risk areas where MACN has introduced collective actions, the reported corruption requests have dropped.

On behalf of NORDEN, our external technical managers carry out anti-corruption training for the workers in our value chain to ensure alignment with legislation and NORDEN's Anti-Corruption Compliance Programme. NORDEN requires its technical managers to be members of MACN and promotes awareness internally and externally regarding MACN tools and helpdesks. For chartered vessels, an anti-corruption instruction is sent to captains and agents.

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

NORDEN requires all employees to take an e-learning course annually on anti-corruption. All eligible employees (excluding employees on leave, long-time sickness, etc.) passed the course in 2023.

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.

In 2023, NORDEN had zero bribery cases in line with our ambitions.

In 2024, NORDEN will implement steps to further improve the measuring of the effectiveness of the Anti-Corruption Compliance Programme and engage further with MACN on systematic challenges and risks.

ESG ACCOUNTING POLICIES

The reporting boundaries

The ESG report comprises activities in the parent company and all subsidiaries. The accounting policies are applicable for the reporting period: 1 January – 31 December 2023.

ESG metrics follow the below boundaries unless otherwise specified:

- Owned and leased vessels (excl. time chartered-out ('TCO') and third-party pool-managed vessels).
- Employees on shore (scoped as own workforce).
- Crew on board vessels (scoped as workers in the value chain).
- All NORDEN offices across the world.

In our preparation for the European Sustainability Reporting Standards ('ESRS'), NORDEN has adjusted some accounting policies compared to the previous year to align reporting to material disclosure requirements. In most cases, the conformity to ESRS has required a change of reporting format, but not changes to accounting policies.

Statement on carbon insetting

The greenhouse gas emission intensity information presented in the report reflects calculations that account for allocation of low emission transport activity to selected customers. The emission intensity presented is therefore not appropriate for use in customer-specific greenhouse gas emission calculations.

Changes to accounting policy and previously reported metrics

Following the Group's double materiality assessment, emissions related to GHG 5: Waste from operations, 6: Business Travel and 7: Employee Commuting are no longer part of NORDEN's externally reported emissions data and are therefore removed from the accounting policies. GHG 2: Capital Goods have been added to our scope 3 reporting framework.

In conformity with the material topics and related disclosure requirements identified in the double materiality assessment of topics in the ESRS, we have added the following accounting policies:

- **ESRS E1-5:** Fuel consumption from crude oil and petroleum products.
- **ESRS E1-5:** Total energy consumption from renewable sources.
- **ESRS E1-5:** Energy intensity based on net revenue.
- **ESRS E1-6:** GHG intensity based on net revenue.
- **ESRS E1-7:** GHG removals and storage projects in the value chain
- **ESRS E1-7:** GHG emission reductions or removals by the purchase of carbon credits.
- **ESRS E2-4:** Particulate matter 2.5 ('PM2.5').
- **ESRS E2-4:** Non-methane volatile organic compound ('NMVOC').
- **ESRS E2-4:** Heavy metals ('HM').
- **ESRS E2-4:** Polycyclic aromatic compounds ('PAH').
- **ESRS S1-6:** Total number, employee turnover.
- **ESRS G1-4:** The number of convictions.

Additionally, we have made the following adjustments to accounting policies and previously reported metrics:

- **Change in global warming potential ('GWP') values:** Aligning to the ESRS, GWP values changed to values from the IPCC Assessment Report 6 ('AR6'). Change in GWP values increases the CO_2e emissions by approximately 0.5%.

- **Change in CO_2equivalents (CO_2e):** CO_2e was in previous years calculated by applying the emission factors from ICCT (2021a), which included black carbon ('BC') in the estimation of CO_2e. The ESRS states that CO_2e should include emissions of CO_2, CH4, N2O, HFCs, PFCs, SF6 and NF3, while additional GHG may be considered when significant. Since BC is not a GHG, it is no longer part of our CO_2e. BC is estimated as part of PM10 and PM2.5. The impact of removing BC from the CO_2e is more than 5%, which results in a restatement of previously reported figures. Since we are already required to restate reported figures, NORDEN has applied new emission factors from FUEL EU aligning with industry consensus and practice within the organisation. The change requires a restatement of scope 1 GHG emissions, GHG 3: Fuel and energy-related activities and GHG 13: Downstream leased assets.

- **Change in NO_x and PM_{10}:** Updated measures for air pollution now consider the different levels of specific fuel oil consumption (SFOC) on the main vs. auxiliary engine. NORDEN assumes SFOC of respectively 175 and 195 g/kwh. This change impacts the air pollution metrics NOx and PM10. NORDEN has not restated previously reported figures since the changes to historically reported figures are below our threshold of 5%.

Data quality and data 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) and Spinergie for logistic operations in Gabon. 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.

The HR department enters HR data into our HR system, Fairsail. Post data entry, HR personnel can immediately review, analyse, and visualise the impact of their data entry in our HR visualisation tool. This tool allows for an instantaneous check, ensuring that the data aligns with actual HR metrics and facilitating any necessary corrections or updates in real time. Subsequently, numbers are checked and validated by our finance department before being shared with internal and external stakeholders. Other social KPIs stem from our technical managers. Numbers are reported monthly and validated by our internal technical department and finance department.

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

During the reporting year, NORDEN initiated the process of complying with the upcoming ESRS requirements. All metrics calculated in conformity with the ESRS are listed in the ESRS Index table, which can be found on p. 80.

The development of company-specific material ESG performance indicators can be found in the ESG Materiality Matrix in the introduction section while supporting indicators are disclosed in the relevant sections of the ESG report. Accounting metrics from the SASB Marine Transportation standard can be found on p. 79.

NORDEN applies a 5% threshold for changes to previously reported emission figures in the ESG statements. Differences below the selected threshold will be accounted for in the current reporting period. Changes to previously reported figures are monitored continuously in our internal controls and reporting tools.

For inclusion of GHG categories, NORDEN applies a 1% materiality threshold of total scope 3 emissions to ensure focus on our main impacts. Although not part of external reporting, NORDEN estimates and tracks development in all relevant GHG categories and will include GHGs, when they exceed the 1% materiality threshold.

Environmental performance

Energy consumption

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

Total energy consumption from fossil sources (MWh): Following ESRS E1-5. Since NORDEN is in one of the high climate impact sectors as defined in the ESRS, we must disaggregate into fossil sources. However, only the fuel consumption from crude oil and petroleum products is relevant to NORDEN. Calculated by adding up tonnes of fuel and electricity usage, applying their higher heating values (HHV) of 40.2MJ/kg for heavy fuel oil, 42.7MJ/kg for distillate fuel oil, 41.7MJ/kg for very low sulphur residuals.

Total energy consumption from renewable sources (MWh): Following ESRS E1-5. Includes fuel consumption on operated voyages for renewable sources including biomass (also comprising industrial and municipal waste of biological origin), biofuels, biogas, and hydrogen from renewable sources. Calculated by adding up tonnes of fuel and electricity usage, applying the higher heating values of 37 MJ/kg for biofuel.

Energy intensity (MWh/USD): Following ESRS E1-5. Calculated as the total energy consumption (MWh) per net revenue (USD).

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

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

Energy efficiency operational indicator (gCO_2 /cargo-nautical-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. Transport work expresses the mass of cargo transported over distance, as registered in the Integrated Maritime Operations System (IMOS).

The relative relationship between CO_2 emitted and transport work measures the fleet's operational efficiency.

NORDEN provides EEOI with different boundaries:

1. **EEOI TTW on operating assets:** vessels operated by NORDEN, based on tank-to-wake (TTW) emissions, and only including CO_2 emissions using factors from FUEL EU.

2. **EEOI WTW on operating assets:** vessels operated by NORDEN but based on well-to-wake (WTW) emissions and reported in CO_2 equivalent emissions using the 100-year horizon GWP values from AR6 and FUEL EU.

3. **EEOI TTW on all assets:** including TCO vessels, based on TTW emissions, and only including CO_2 emissions using factors from AR6 and FUEL EU.

All metrics are reported per vessel type. Logistics operation is not included in EEOI.

Greenhouse gas emissions

CO_2 equivalent emissions (1,000 tonnes): All emissions are reported as CO_2 equivalents calculated by the 100-year time horizon GWP values from IPCC (6th assessment report) in conformity with the ESRS E1-6 and using emission factors from FUEL EU.

Gross Scope 1 GHG Emissions: Direct emissions from NORDEN's consumption of fuel from owned and chartered-in vessels. Consumption is periodised across reporting periods based on contract service performance criteria. The pool's allocation of emissions is based on the pool's distribution model. Including bunker consumption on ballast leg prior to voyage operation by NORDEN, which could be considered part of GHG #4: Upstream transportation and distribution. NORDEN includes these emissions in our Gross Scope 1 GHG Emissions as we consider the emissions to be part of our own operation.

Gross Scope 2 GHG Emissions: Indirect emissions from purchased electricity and district heating. Actual or estimated usage is converted into emissions using national averages and location/market-based conversion factors and a third party is used to convert spend/consumption into emissions:

- **Location-based:** Not considering renewable energy certificates (RECs) or power purchase agreements (PPAs). Simply using location-based grid average emission factors.
- **Market-based:** Reflects the GHG emissions from the electricity that NORDEN has purposefully chosen (or the lack of a choice).

Gross Scope 3 GHG Emissions: Indirect upstream and downstream emissions from third-party activities and operational management services. Based on our materiality threshold of 1%, below the GHG recommendation of 5%, NORDEN includes the following scope 3 GHG categories in our external reporting framework:

- **Purchased goods and services (GHG #1):** Overhead, administration and port costs as classified in the NORDEN chart of accounts are converted into emissions based on CEDA Group categorisation of costs. A third party have been used to convert spend into emissions.

- **Capital goods (GHG #2):** Capital expenditures (CapEx) such as investments in vessel newbuildings, scrubbers or dry docking of vessels are converted into emissions based on costs using the U.S. EPA emissions factors for Ship Building and Repairing. The USD aligns with the 'transferred from prepayments during the year' in the financial statement notes related to tangible assets and additional CapEx investments related to dry docking, scrubbers and similar. Thus, the emissions related to investments in newbuildings are accounted for at the vessel's delivery. Follows cash usage and is not periodised over the depreciation schedule of the asset or upgrade.

- **Fuel and energy-related activities (GHG #3):** Upstream emissions related to direct bunker consumption using CO_2 equivalent emission factors from FUEL EU based on fuel types on owned or operated voyages using data from IMOS and Spinergie. The upstream emission factor on biofuel is based on actual emission factors provided by the supplier.

- **Upstream transportation & distribution (GHG #4):** Upstream transportation emissions on our purchased goods and services based on CEDA Group categorisation of costs. Since upstream transportation and distribution are part of the emission factors applied by a third-party provider, GHG #4 is included despite being below our 1% threshold and reported as part of purchased goods and services in the reported figures.

- **Downstream leased assets (GHG #13):**
  - Emissions from TCO voyages are included based on contract service performance in the reporting period. NORDEN's share of TCO emissions in the NORDEN Tanker Pool is allocated based on the distribution model. The residual between total emissions generated by TCO voyages in the NORDEN Tanker Pool and NORDEN's share of these is 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 the NORDEN share of these based on the distribution model. The residual is accounted for as emissions related to the operational management of pool vessels.

GHG categories 5, 6, 7 and 15 are considered relevant for NORDEN but fall below our materiality threshold of 1% of total scope 3 emissions. NORDEN continues to monitor development in the GHG categories internally, but these will not be part of our externally reported ESG metrics subject to the emissions exceeding our selected threshold.

GHG emissions intensity: Following ESRS E1-6. Calculated as total GHG emissions (CO_2e) per net revenue (USD).

EEDI (gCO_2 /cargo-capacity-mile): Following 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.

GHG removals and storage projects in the value chain (metric tonnes): Total amount of GHG removals and storage in metric tonnes of CO_2e disaggregated and separately disclosed for the amount related to our operations and our upstream and downstream value chain and broken down by removal activity.

GHG emission reductions or removals by the purchase of carbon credits (metric tonnes): The total amount of carbon credits outside our value chain in metric tonnes of CO_2e that are cancelled in the reporting period or planned to be cancelled in the future, aligning with ESRS E1-7.

Air quality

NOx (metric tonnes): Following TR-MT-120a.1. Nitrogen oxide emissions from combustion of fuels from operated vessels. NO2 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 basis bunker consumption on operated voyages based on data from IMOS and Spinergie.

SOx (metric tonnes): Following TR-MT-120a.1 and IMO 4th GHG study. Sulphur oxide emissions mainly stem from burning the sulphur compound in the fuel from operated vessels. SO2 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 basis bunker consumption on operated voyages based on data from IMOS and Spinergie.

PM10 (metric tonnes): Following the TR-MT-120a and IMO 4th GHG study. PM10 emissions are influenced by engine type and fuel sulphur content. NORDEN uses the same average sulphur content used in the SOx calculation and assumes 175/195 g/kwh in engine output (SFOC) based on the engine efficiency of the main/auxiliary engine. Calculated based on bunker consumption from operated vessel voyages based on data from IMOS and Spinergie.

PM2.5 (metric tonnes): Following ESRS E2-4 and IMO 4th GHG study. PM2.5 emissions are influenced by engine type and fuel sulphur content. NORDEN uses the same average sulphur content used in the SOx calculation and assumes 175/195 g/kwh in engine output (SFOC) based on the engine efficiency of the main/auxiliary engine. Calculated based on bunker consumption from operated vessel voyages based on data from IMOS and Spinergie. Estimated to be 92% of the PM10.

NMVOC (metric tonnes): Following ESRS E2-4 and IMO 4th GHG study. NMVOC emissions are influenced by engine type. NORDEN assumes 175/195 g/kwh in engine output (SFOC) based on the engine efficiency of the main/auxiliary engine. Calculated based on bunker consumption from operated vessel voyages based on data from IMOS and Spinergie.

HM (metric tonnes): Following ESRS E2-4 and IMO 4th GHG study. ESRS E2-4 requires the reporting company to report HM emissions to water and air. NORDEN uses the conversion factors reported by the US EPA for HM air pollution. Calculated based on bunker consumption from operated vessel voyages based on data from IMOS and Spinergie.

Water pollution

HM (metric tonnes): Following ESRS E2-4. HM in water stems from scrubber-fitted vessels. We estimate the water pollution using values from the ICCT. Emissions into water are only relevant for open-looped scrubbers since pollutants stem from the wash water.

PAH (metric tonnes): Following ESRS E2-4. The concentration of PAHs in the discharged wash water is assumed to comply with IMO guidelines as described in the Resolution MEPC.340(77) of 50 µg/l (2.25 g/MWh). Emissions into water are only relevant for open-looped scrubbers since pollutants stem from the wash water.

Ecological impacts

Shipping duration in marine protected areas or areas of protected conservation status (days): Following 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 on owned or operated voyages based on data from IMOS and Spinergie.

Percentage of fleet implementing ballast water exchange (%): Following TR-MT-160a.2, reporting only on owned vessels by NORDEN in the reporting period. Calculated as the residual between vessels having implemented ballast water treatment system and the total number of owned vessels. Does not include the tugs used for the Gabon project.

Percentage of fleet implementing ballast water treatment (%): Following TR-MT-160a.2, calculated as the percentage of NORDEN's vessels having implemented ballast water treatment divided by the number of owned vessels. Reported by the internal technical department on NORDEN's owned vessels. Does not include the tugs used for the Gabon project.

The number of spills and releases to the environment: Following 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.

The aggregate volume of spills and releases to the environment (m^3): Following 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 TR-MT-000.A. Shipboard employees are those employees who work aboard the entity's vessels during the reporting period. Reported as the average number of employees.

Total distance travelled by vessels: Following TR-MT-000.B. Reported as the sum of nautical miles travelled on owned or operated voyages during the reporting period. Does not include the tugs used for the Gabon project.

Operating days: Following 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. Including internal voyages.

Deadweight tonnage: Following TR-MT-000.D. Deadweight tonnage is the sum, for all owned vessels at the end of the reporting period, of the difference in displacement in deadweight tons between the light displacement and the loaded displacement. Does not include the tugs used for the Gabon project.

Number of vessels in the total shipping fleet: Following TR-MT-000.E. Reported as the number of owned vessels at the end of the reporting period. Does not include the tugs used for the Gabon project.

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

Own workforce

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 jobs 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. Following the definition in the ESRS, significant employment is defined as countries with more than 50 employees measured as headcount.

NORDEN's own workforce includes primarily employees and to a limited extent non-employees who are either self-employed or provided by companies that primarily perform employment activities. Given the limited extent of non-employee workers, NORDEN is not considering the disclosure requirement (DR) S1.7: Characteristics of non-employee workers in the undertaking's own workforce, to be material and will therefore not report on the DR.

Employees (FTE): Average full-time equivalent number of employees 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.

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, Vancouver and Bremen.

The gender distribution in number at top management: Top management is defined as the senior management in the Corporate Governance section. The number of each gender is based on

NORDEN's HR system and aligns with the *ESRS 1-9: Diversity Indicators*.

The gender distribution in percentage at top management: Top management is defined as the senior management in the Corporate Governance section. The number of each gender divided by total top management headcount based on NORDEN's HR system and aligning with the *ESRS 1-9: Diversity Indicators*.

Other levels of management: The other levels of management are characterised as Executive Management as well as employees with employee responsibilities referring to the Executive Management team.

Employee turnover as a total number: The number of leavers (all leavers) in the reporting period based on NORDEN's HR system aligning with the *ESRS S1-6: Characteristics of the undertaking's employees*.

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 birth dates.

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 birth dates.

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

Lowest represented gender among own workforce (%): The percentage of the average number of the gender with the lowest represented FTE out of the total average number of FTEs during the year based on NORDEN's HR system.

Lowest represented gender among managers (%): Average number of the gender with the lowest represented FTE in manager positions out of a total average number of FTEs. A manager position is defined as a person responsible for a team of at least one other FTE as defined in the HR system.

Lowest represented gender among commercial roles (%): The percentage of the average number of the gender with the lowest represented FTE out of the total average number of FTEs in commercial roles during the year based on NORDEN's HR system. Commercial roles include the CEO, ship operators, charterers, FFA traders, commercial and portfolio managers. The remaining are considered support roles.

Workers in the value chain

General statement of scope and boundaries: NORDEN defines workers in the value chain as all non-employee workers whose work and/or workplace is controlled by the undertaking but are not included in the "Own Workforce" scope. Based on the materiality assessment of NORDEN's social impacts, the scope of workers in the value chain includes our seafarers on our owned vessels, who are employed by technical managers.

Lost time incident rate (LTIR): Following TR-MT-320a.1. Calculated based on the number of registered work-related accidents which cause 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: Marine casualties include fatalities. The percentage classified as very serious is calculated as the number of fatalities divided by the number of LPIs and fatalities in the reporting period.

The number of Conditions of Class or Recommendations: Following TR-MT-540a.2 and reported on owned vessels by the vessel technical manager. Calculated as the count of conditions of class or recommendations.

The number of port state control (1) deficiencies and (2) detentions: Following TR-MT-540a.3 and reported on owned vessels by the vessel technical manager. Calculated as the count of conditions of class or recommendations.

Governance performance

Sustainable procurement

Strategic suppliers screened for ESG (%): The number of strategic suppliers screened for ESG-related risks divided by the total strategic suppliers for NORDEN. ESG-related risks are screened by an external service provider (EcoVadis). Strategic suppliers are defined based on three critical metrics: spending, materiality to NORDEN and whether the vendor is in a high-risk country. High-risk countries are defined through the EcoVadis country risk scores.

Business conduct

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.

The total amount of monetary losses because of legal proceedings associated with bribery or corruption / The total amount of fines for violation of anti-corruption and anti-bribery laws (USD): Following TR-MT-510a.2 and ESRS G1-4. Reported by the Head of Group Legal and is validated against spending in the audited financial statements.

The number of convictions and the amount of fines for violation of anti-corruption and antibribery laws: Following the ESRS G1-4. Reported by the Head of Group Legal.

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

Board

Gender with lowest representation share on Board of Directors (%): Percentage of shareholder-elected gender with lowest representation on the Board of Directors out of the total number of shareholder-elected board members at year end.

Double materiality assessment

This section describes NORDEN's materiality assessment process and complies with the disclosure requirement IRO-1: description of the process to identify and assess material impacts, risks and opportunities. The section should allow readers to fully understand the process for determining which disclosure requirements to includein our sustainability statement.

During the reporting period, NORDEN diligently carried out a double materiality assessment to deepen our integration of ESG considerations into the core of our business operations. This exercise was essential not only for identifying the topics under the ESRS that are materially significant from an ESG standpoint but also to ensure that these topics are consistent with our operational ethos, according to which ESG is a fundamental component of our short, medium and long-term strategy formulation. The Board of Directors, in conjunction with the ESG Executive Body, is responsible for setting the strategic direction for our environmental sustainability ambitions. Our ESG Executive Body is composed of senior management members and in-house ESG specialists, ensuring a robust and informed approach to sustainability governance.

Integral to the double materiality assessment was our engagement with relevant stakeholders. This crucial step provided us with a deeper understanding of our sustainability impacts and influences. By mapping our stakeholders in conformity with the ESRS guidelines, we identified key groups ranging from customers and financiers to shareholders, industry associations, regulators and employees. We then engaged in a process of stakeholder prioritisation. Our internal teams, who maintain regular and in-depth interactions with these stakeholders, assessed the relevance of each group through a consultative process that evaluated their interest in NORDEN's operations and their influence over them. Stakeholders with a significant relevance score were then categorised as 'key stakeholders, and a subsequent list of these key entities was compiled. To facilitate their input, we crafted stakeholder engagement letters that outlined the nature of the feedback sought and the context of the engagement.

Having collected feedback from our key stakeholders, NORDEN has identified our sustainability matters using the sub-topics of the ESRS as initial guidance. In addition to this, we utilised the MSCI ESG materiality map, the SASB Marine Transportation reporting standard and guidance from the International Maritime Organization (IMO) to identify the most significant sustainability impacts related to our operations in the marine transportation sector. The impacts were articulated into sustainability topics and subsequently assessed from a financial perspective. We evaluated the sustainability factors or 'capitals' relevant to our business model. We focused on identifying sustainability factors that influence or may influence our enterprise value considering both short, medium and long-term effects. For this, financial materiality was defined as impacts enabling a risk or opportunity with more than 5 percentage points' impact on gross margins (CMII).

Following the double materiality process, we identified which sub-topics within the five sections of the ESRS are material:

- Climate change
- Pollution
- Own workforce
- Workers in the value chain
- Business conduct

Our impact assessment identified other topics, which were not deemed material from a financial perspective in this reporting period. This includes topics within Water and marine resources (E3) and Biodiversity (E4) such as habitat degradation and intensity of pressure on marine resources and the spread of non-indigenous species. While being considered material from a sustainability perspective, the topics are regulated by the IMO, which NORDEN is required to adhere to, thus mitigating the financial materiality of these topics.

The result of our double materiality assessment is the below outlined material topics for NORDEN. These serve as our focus and enable us to track and deliver on our overall sustainability priorities.

Category	Sub-topic	Metric
Environmental	ESRS E1 Climate change	Energy consumption
Environmental	ESRS E1 Climate change	Decreasing value chain emissions
Environmental	ESRS E1 Climate change	Efficient operation of our vessels
Environmental	ESRS E2 Pollution	Improve air quality
Environmental	ESRS E2 Pollution	Reduce water pollution
Social	ESRS S1 Own workforce	Culture
Social	ESRS S1 Own workforce	Diversity, Equity & Inclusion (DE&I)
Social	ESRS S2 Workers in the value chain	Health & safety
Governance	ESRS G1 Business conduct	Corruption and bribery
Governance	ESRS G1 Business conduct	Sustainable procurement

EU Taxonomy

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. The reported turnover corresponds to "Revenue - services rendered, external", which can be found in the "2.1 Segment information" note. Aligned turnover decreased from 1% (USD 35m) to 0% (USD 6m) in 2023 driven by fewer vessels in the portfolio aligning with the EEDI criteria and weaker market conditions, thus decreasing the aligned turnover.

Capital expenditures

CapEx as defined in the Taxonomy is considered equivalent to the 'additions' and 'prepayments on vessels and newbuildings', as set out in note 3.4 to the Consolidated Financial Statements, and additions to 'Right-of-use assets' as set out in note 3.5 to the Consolidated Financial Statements. CapEx related to the acqusition in 4.13: Manufacture of biogas and biofuels for use in transport and of bioliquids can be found in note 3.7.3 in the 'Revenue and other income' line. Therefore we have increased our aligned CapEx from 0% in 2022 to 4% in 2023. CapEx incurred is generally considered eligible, except if CapEx is incurred directly relating to chartering out vessels.

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 (expenses related to the service component in note 3.5). OpEx incurred is generally considered to be eligible under the Taxonomy, except if relating to owned vessel OpEx or vessels chartered out. NORDEN includes costs related to the bunker, as these are considered crucial for the effective functioning of the asset (time-chartered vessels on short-term leases). There has been no change in the aligned OpEx from 2022 to 2023, since the costs included are based on time-chartered vessels, where NORDEN doesn't have documentation on the vessel's EEDI.

Review of alignment

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 adaptation, sustainable use of water & marine sources, circular economy, pollution prevention and a healthy ecosystem. 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, do no significant harm to other Taxonomy objectives and are aligned with the minimum social safeguards criteria.

Almost all NORDEN's activities fall under activity number 6.10: 'Sea and coastal freight water transport, vessels for port operations, and auxiliary activities'. During the reporting period, NORDEN invested in MASH Makes, whose activities are described under activity number 4.13: 'Manufacture of biogas and biofuels for use in transport and of bioliquids'. In the section below, we describe the process of screening our activities for the technical criteria in the Taxonomy of each activity in NORDEN.

Activity number 6.10: Sea and coastal freight water transport, vessels for port operations, and auxiliary activities'

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 zer- 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 2023, 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 2023, NORDEN operated four 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 our 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 as well as 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 operation 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 to NORDEN. Having a high percentage of our vessels with BWTS, we avoid the risk of invasive species. We reduce water pollution using best management practices/policies aligned with the Directive 2000/60/EC stating that companies 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 techniques available 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 is 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.

Activity number 4.13: 'Manufacture of biogas and biofuels for use in transport and of bioliquids'
Our alignment assessment is based on the technical criteria from substantial contribution to climate change mitigation. Following the technical criteria, alignment requires that the biomass used, whether agricultural or forest-based, complies with specific guidelines outlined in the relevant articles of Directive (EU) 2018/2001. This includes avoiding the use of food and feed crops to produce biofuels and bioliquids. Furthermore, the process must achieve at least 65% greenhouse gas emission savings compared to the fossil fuel comparator. MASH Makes leverages a non-food feedstock using cashew nutshell press cake, which undergoes pyrolysis generating biofuel and biochar/carbon capture. This results in a GHG reduction of more than 65% compared to fossil fuels. The activities are therefore in alignment with the technical criteria of activity number 4.13.

Having secured alignment with the technical criteria under the objective of climate mitigation, we assess whether the activity harms 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
Our activities under 4.13 are highly affected by climate change. MASH Makes uses feedstock to produce biogas, biofuel and biochar, which could be seriously affected by scarcity of water, droughts, increasing temperatures and other conditions. The impact of climate change is mitigated by the technology being able to run on almost all organic non-food feedstock types, thereby decreasing the reliance on specific feedstocks. Based on the assessment above, we believe the activities under 4.13 are aligned with the generic climate adaption criteria for DNSH.

Water
As NORDEN is running an operation with no water usage or impact on water in the area, we believe the activities under 4.13 are aligned with the generic water criteria for DNSH.

Pollution prevention
Since MASH Makes uses pyrolysis to produce biochar and biofuel, the DSNH criteria are not relevant for NORDEN. Therefore, we believe the activities under 4.13 are aligned with the generic pollution prevention criteria for DNSH.

Biodiversity
MASH Makes' portfolio projects are located outside the EU. The technical criteria of Appendix D do not apply to MASH Makes' projects, but the company collaborates with reputable NGOs for the application of biochar and related afforestation/farming efforts, acknowledging these as beyond the direct operational scope. This partnership approach leverages NGO expertise in environmental management and sustainable agriculture, ensuring responsible and effective execution of these activities, in line with our commitment to sustainability and social responsibility. Therefore, we believe the activities under 4.13 are aligned with the generic conversation of 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. MASH Makes works continuously to ensure that employees enjoy safe, healthy and fair working conditions.

In line with these commitments, NORDEN has implemented a rigorous due diligence process to identify and address salient human rights risks in its operations. This process involved conducting multiple interviews with employees and managers, providing an in-depth understanding of the potential risks related to NORDEN's activities. The findings from these interviews, along with proposed preventive and mitigating actions, were thoroughly reviewed and approved by NORDEN's ESG owner.

Based on such argumentation, we believe NORDEN is aligned with the minimum safeguards criteria that enable EU Taxonomy-aligned activities reporting under both activity numbers 4.13 and 6.10.

POLICIES

Anti-Corruption Compliance Programme: The purpose is to ensure compliance with key anti-corruption legislation, mitigate NORDEN's reputational risks and guide employees in what is expected when working for NORDEN. The policy applies to all employees and the Board of Directors. Ownership and enforcement of the programme rest with the Head of Asset Management, and the programme is accessible on the Intranet and described in the Employee Code of Conduct.

Anti-Harassment Policy: NORDEN is committed to ensuring all employees are treated equally and with respect, safeguarded from harassment, abuse and violence in the workplace, regardless of their background or characteristics. This applies to all forms of harassment, whether physical, verbal, sexual or psychological, and includes all NORDEN employees and contractors. The policy, overseen by the Head of People & Sustainability, extends to any work-related setting and is integral to our corporate culture. It is detailed on our website, Intranet and in the Employee Code of Conduct.

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. This Data Ethics Policy applies to all employees and has been prepared in accordance with GDPR requirements and section 99 d of he Danish Financial Statements Act. Ownership and enforcement of the policy rest with the CFO and it is available on our website.

Diversity, Equity & Inclusion Policy: NORDEN is committed to respecting and promoting diversity, offering equal opportunities and ensuring fair treatment for all employees. We strictly oppose any form of discrimination, whether based on race, gender identity, religion, political views or any other distinguishing characteristics. Our employment practices, including hiring, remuneration, training and advancement, are governed by relevant and objective criteria. The policy, overseen by the Head of People & Sustainability, applies to every NORDEN employee and is detailed on our website, Intranet and in the Employee Code of Conduct.

Employee Code of Conduct: NORDEN's Employee Code of Conduct outlines the ethical, social and environmental standards all employees are expected to follow. It serves as a guide for decision-making and maintaining high standards of business conduct. The Code encompasses policies that reinforce NORDEN's commitment to sustainability and supersedes less stringent laws or regulations. Ownership and enforcement of the Code rest with the Head of People & Sustainability. It is accessible on the Intranet, provided to new hires during onboarding and must be acknowledged annually to ensure comprehension of any updates.

Flexible Woking Policy: NORDEN values flexibility, offering remote work and flexible hours to foster work-life balance and inclusivity. This policy, suited to all employees, balances flexibility with maintaining connectivity, innovation and performance. Office presence may be required for certain roles and situations. The policy is approved by the Head of People & Sustainability and is available on our Intranet.

Health and Safety Policy: NORDEN prioritises a safe and healthy workplace, addressing physical, emotional, mental and spiritual well-being. We aim to exceed legal standards and align with ILO principles on workplace health and safety. This policy, overseen by the Head of People & Sustainability, applies to all employees and is detailed on our website, Intranet and in our Employee Code of Conduct.

Human Rights Policy: NORDEN is committed to upholding human and labour rights as outlined in the International Bill of Human Rights and the International Labour Organisation's Declaration. This encompasses rights related to compensation, labour practices, privacy, association, religion and work hours. The Head of People & Sustainability ensures these principles are integrated into our culture and practices. The policy is detailed on our website, intranet and Employee Code of Conduct. We expect all employees and business partners to adhere to these standards, reinforced through our Responsible Supply Chain Management process, Supplier Code of Conduct including and Technical Manager Code of Conduct.

Modern Slavery Act: Conducting business in a legal, ethical and socially responsible manner is core to NORDEN and in line with our values. We are committed to ensuring that modern slavery or human trafficking does not occur in any part of our business or supply chain. NORDEN's framework for respecting human and labour rights is operationalised by the UN Guiding Principles on Business and Human Rights (UNGP), which draws on the International Bill of Human Rights, the International Labour Organisation's Declaration of Fundamental Principle and Rights at Work and the Rio Declaration on Environment and Development. Ownership and enforcement rest with the Head of People & Sustainability and the policy is available on NORDEN's website, Intranet and described in our Employee Code of Conduct.

Sanctions Compliance Programme: NORDEN's Sanctions Compliance Programme is implemented to ensure that NORDEN, its affiliated companies and employees do not engage in any transactions in breach of the sanctions policy. The sanctions policy is defined by the Board of Directors and it is the responsibility of the Head of Risk Management to ensure the Sanctions Compliance Programme is followed and the sanctions policy is implemented and available on our Intranet.

Supplier Code of Conduct: The Supplier Code of Conduct supports NORDEN 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. NORDEN expects all our suppliers, at any time, to be able to declare in writing their stage of implementation. Ownership and enforcement of the Code rest with the Head of Procurement and is part of the contractual agreement. The Supplier Code of Conduct is available on our website.

Tax Policy: The purpose of the Tax Policy is to define the global management of taxes, including governance and structuring. As part of NORDEN's responsible approach to tax, NORDEN aims to increase sustainable growth and value creation for society and our stakeholders through reliable and effective tax management. NORDEN uses the arm's length principle of pricing in line with OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration and applies this consistently across our businesses. The Board of Directors of NORDEN approves general tax principles and exercises governance over corporate tax affairs through regular updates on our tax positions. Ownership and enforcement of the policy rest with the CFO and the policy is available on our website.

Technical Manager Code of Conduct: NORDEN's Technical Manager Code of Conduct outlines the ethical, social and environmental standards which all NORDEN's technical managers are expected to follow. It serves as a guide for maintaining high standards of business conduct. The Code encompasses policies that reinforce NORDEN's commitment to sustainability and supersedes less stringent laws or regulations. Ownership and enforcement of the Code rest with the Head of Technical Management, and is part of the basis for the contract between the parties and must be acknowledged by the technical managers annually to ensure comprehension of any updates.

Whistleblower scheme: NORDEN promotes a speak-up culture where employees are encouraged to report misconduct without fear of retaliation. This applies to everyone associated with NORDEN, including workers in our value chain and external partners. Reports can be made anonymously and are managed by the Head of Group Legal and the Board of Directors. The whistleblower scheme is detailed on our website, Intranet and in our Employee Code of Conduct.

ESG PERFORMANCE DATA

SASB Marine transportation index

Topic	Metric	Unit	Code	2023	2022	2021
Greenhouse Gas Emissions	Scope 1 bunker emissions	Metric tonnes (t) CO_2e	TR-MT-110a.1	3,834,437	4,271,580	4,519,456
	Total energy consumed (TJ)	Terajoules (TJ)	TR-MT-110a.3	49,901	55,809	58,707
	Percentage heavy fuel oil	Percentage (%)	TR-MT-110a.3	5.9%	7.1%	5.9%
	Percentage renewable	Percentage (%)	TR-MT-110a.3	0.1%	0.1%	0.0%
	Average Energy Efficiency Design Index (EEDI) for new vessels	CO_2 per capacity-nm	TR-MT-110a.4	4.3	4.1	3.3
Air Quality	NOx	Metric tonnes (t)	TR-MT-120a.1	101,678	117,620	123,965
	SOx	Metric tonnes (t)	TR-MT-120a.1	9,894	10,889	11,220
	PM10	Metric tonnes (t)	TR-MT-120a.1	4,941	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	21,458	23,321	23,456
	Percentage of fleet implementing ballast water treatment	Percentage (%)	TR-MT-160a.2	100%	95%	81%
	Percentage of fleet implementing ballast water exchange	Percentage (%)	TR-MT-160a.2	0%	5%	0%
	Number of spills and releases to the environment	Number	TR-MT-160a.3	0	0	0
	Aggregate volume of spills and releases to the environment	Number, cubic metres	TR-MT-160a.3	0	0	0
Health & Safety	Lost Time Incident Rate (LTIR)	Rate	TR-MT-320a.1	1.0	0.8	0.8
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	58	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	0	0	0
Accident & Safety Management	Number of marine casualties	Number	TR-MT-540a.1	0	2	0
	Percentage classified as very serious (very serious = the total loss of the ship, a death, or severe damage to the environment)	Percentage (%)	TR-MT-540a.1	0%	33%	0%
	Number of Conditions of Class or Recommendations	Number	TR-MT-540a.2	15	15	NA
	Number of port state control deficiencies	Number	TR-MT-540a.3	26	61	NA
	Number of port state control detentions	Number	TR-MT-540a.3	0	1	NA
Number of shipboard employees		Number	TR-MT-000.A	461	546	636
Total distance travelled by vessels		Nautical miles (nm)	TR-MT-000.B	13,989,053	14,219,344	14,585,771
Operating days		Days	TR-MT-000.C	196,388	203,674	198,799
Deadweight tonnage		Thousand DWT	TR-MT-000.D	1,573	1,201	1,738
Number of vessels in total shipping fleet		Number	TR-MT-000.E	19	21	31
Number of vessel port calls		Number	TR-MT-000.F	9,496	10,139	10,377
Twenty-foot equivalent unit (TEU) capacity		TEU	TR-MT-000.G	NA	NA	NA

ESRS index

Section	Sub Section	Metric	Unit	Disclosure requirement	2023	2022
E1 - Climate change	Energy consumption and mix	Fuel consumption from crude oil and petroleum products	MWh	ESRS E1-5	13,861,565	15,492,959
		Fuel consumption for renewable sources	MWh	ESRS E1-5	19,790	14,470
		Energy intensity	USD / MWh	ESRS E1-5	266	343
	Gross scopes 1, 2, 3 and total GHG emissions	Gross Scope 1 GHG Emissions	Metric tonnes (t) CO_2 eq	ESRS E1-6	3,834,437	4,271,580
		Gross Scope 2 GHG Emissions		ESRS E1-6		
		Location based	Metric tonnes (t) CO_2 eq	ESRS E1-6	418.1	531.0
		Market based	Metric tonnes (t) CO_2 eq	ESRS E1-6	347.9	NA
		Gross Scope 3 GHG Emissions	Metric tonnes (t) CO_2 eq	ESRS E1-6	3,693,383	3,826,419
		Total Gross GHG Emissions				
		Location based	Metric tonnes (t) CO_2 eq	ESRS E1-6	7,528,238	8,113,403
		Market based	Metric tonnes (t) CO_2 eq	ESRS E1-6	7,528,168	NA
		GHG emissions intensity				
		Location based	USD/Metric tonnes (t) CO_2 eq	ESRS E1-6	490	655
		Market based	USD/Metric tonnes (t) CO_2 eq	ESRS E1-6	490	NA
		GHG removals and storage through projects	Metric tonnes (t) CO_2 eq	ESRS E1-7	0	0
		GHG emission reductions or removals by purchase of carbon credits	Metric tonnes (t) CO_2 eq	ESRS E1-7	0	0
E2 - Pollution	Pollution of air, water and soil	NOx	Metric tonnes (t)	ESRS E2-4	101,678	117,620
		SOx	Metric tonnes (t)	ESRS E2-4	9,894	10,889
		PM2.5	Metric tonnes (t)	ESRS E2-4	4,546	5,236
		NVMOC	Metric tonnes (t)	ESRS E2-4	4,147	4,636
		Heavy metals in air	Metric tonnes (t)	ESRS E2-4	70	76
		Heavy metals in water	Metric tonnes (t)	ESRS E2-4	29	38
		PAHs	Metric tonnes (t)	ESRS E2-4	1	1
S1 - Own workforce	Characteristics of the undertaking's employees	Total number, employee turnover	HC	ESRS S1-6	NM	NM
		Rate of employee turnover	%	ESRS S1-6	NM	NM
	Diversity indicators	The gender distribution in number and percentage at top management level amongst its employees	FTEs/%	ESRS S1-9	NM	NM
		The distribution of employees by age group: under 30 years old, 30-50 years old; over 50 years old	%	ESRS S1-9	NM	NM
G1 - Business conduct	Confirmed incidents of corruption or bribery	The total number and nature of confirmed incidents of corruption or bribery	#	ESRS G1-4	0	0
		The number of convictions and the amount of fines for violation of anti-corruption and antibribery laws		ESRS G1-4	0	0

Total GHG emissions disaggregated by scopes 1 and 2 and material scope 3 categories

	Retrospective				Target years		
'000 metric tonnes	Base year	N-1	N = 2023	% N / N-1	2025	2030	2050
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2e)	**4,287**	**4,287**	**3,834**	**-11%**	**NA**	**NA**	**0**
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	NA	NA	NA	NA	NM	NM	NM
Scope 2 GHG emissions							
Gross location-based scope 2 GHG emissions (tCO_2e)	0.4	0.4	0.4	19%	NA	NA	0
Gross market-based scope 2 GHG emissions (tCO_2e)	NA	NA	0.3	NA	NA	NA	0
Material scope 3 GHG emissions							
Total gross indirect (scope 3) GHG emissions (tCO_2e)	**3,826**	**3,826**	**3,693**	**-4%**	**NA**	**NA**	**0**
GHG 1: Purchased goods and services	266	266	187	-30%	NA	NA	0
GHG 2: Capital goods	6	6	18	189%	NA	NA	0
GHG 3: Fuel and energy-related activities	904	904	823	-9%	NA	NA	0
GHG 13: Downstream leased assets	2,650	2,650	2,665	1%	NA	NA	0
Total GHG emissions							
Total GHG emissions (location-based) (tCO_2e)	**8,113**	**8,113**	**7,528**	**-7%**	**NA**	**NA**	**0**
Total GHG emissions (market-based) (tCO_2e)	**NA**	**NA**	**7,528**	**NA**	**NA**	**NA**	**0**

EU Taxonomy

Turnover

Economic Activities (1)	Code (2)	Absolute Number (3)	Proportion of Turnover	Substantial contribution criteria: Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		USDm	*%*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Sea and coastal freight water transport	CCM 6.10	6	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	1%	E	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**6**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1%**		
Of which enabling		6	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Sea and coastal freight water transport	CCM 6.10	2,860	78%	EL													80%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,860**	**78%**	**78%**	**0%**	**0%**	**0%**	**0%**	**0%**								**80%**		
Total turnover of Taxonomy-elgible activities (A.1 + A.2)		**2,866**	**78%**														**81%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		820	22%																
Total (A+B)		**3,686**	**100%**																

CapEx

Economic Activities (1)	Code (2)	Absolute Number (3)	Proportion of CapEx	Substantial contribution criteria: Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		USDm	*%*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	13	4%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	0%	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**13**	**4%**	**4%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	0%		
Of which enabling		13	4%	4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Sea and coastal freight water transport	CCM 6.10	320	96%	EL													99%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**320**	**96%**	**96%**	**0%**	**0%**	**0%**	**0%**	**0%**								**99%**		
Total turnover of Taxonomy-eligible activities (A.1 + A.2)		**333**	**100%**														**99%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		0	0%																
Total (A+B)		**333**	**100%**																

OpEx

Economic Activities (1)	Code (2)	Absolute Number (3)	Proportion of OpEx	Substantial contribution criteria: Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		USDm	*%*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Sea and coastal freight water transport	CCM 6.10	0	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which enabling			0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1%	E	
Of which transitional			0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Sea and coastal freight water transport	CCM 6.10	2,379	75%	EL													75%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,379**	**75%**	**75%**	**0%**	**0%**	**0%**	**0%**	**0%**								**75%**		
Total turnover of Taxonomy-eligible activities (A.1 + A.2)		**2,379**	**75%**														**75%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		803	25%																
Total (A+B)		**3,183**	**100%**																

Signatures

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 2023.

The Consolidated Financial Statements are prepared in accordance with IFRS Accounting 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 2023 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 2023.

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 43-66 is presented in accordance with the stated accounting policies on pages 67–76 and provides a fair and balanced view of the Group's sustainability performance and social responsibility for the financial year 2023.

In our opinion, the Annual Report of Dampskibsselskabet NORDEN A/S for the financial year 1 January–31 December 2023 with the file name "norden-2023-12-31-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 12 March 2024.

Copenhagen, 8 February 2024

Executive Management

Jan Rindbo
CEO

Martin Badsted
CFO

Board of Directors

Klaus Nyborg
Chair

Johanne Riegels Østergård
Vice chair

Karsten Knudsen

Robert Hvide Macleod

Ian McIntosh

Vibeke Bak Solok

Henrik Røjel
(employee-elected)

Christina Lerchedahl Christensen
(employee-elected)

William Boatwright
(employee-elected)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dampskibsselskabet NORDEN A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of financial position, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated statement of cash flows. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Dampskibsselskabet NORDEN A/S on 9 March 2023 for the financial year 2023.

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 the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of intangible and tangible assets. Intangible and tangible assets amount to USD million 996 on 31 December 2023 as specified by Management in note 3.3, 3.4 and 3.5 to the consolidated financial statements. This area is significant to our audit due to the carrying value of intangible and tangible assets as well as the management judgements and assumptions involved in impairment testing of these. Management monitors continuously the carrying value of intangible and tangible assets to determine, whether there are any indications of impairment. The assessment of impairment indicators is performed on a portfolio basis on the two cash-generating units (CGUs); Dry cargo and Tankers. The indications assessed by Management comprises, among other, vessel values, newbuilding prices and expectations to future development in short- and long-term freight and time charter rates. Management performs an impairment test if any indication of impairment exists and at least once a year for CGUs to which goodwill has been allocated. The impairment test is performed by comparing the carrying amount of intangible and tangible assets with their recoverable amount. The recoverable amount of the assets is determined as the higher of the net selling price and the value-in-use. If the carrying amount, exceeds the recoverable amount, as assessed by the impairment testing, the assets are written down to the lower recoverable amount. For details on the impairment tests performed by Management reference is made to note 3.2 in the consolidated financial statements.	We discussed with Management and evaluated the methodology by which indications of impairment of intangible and tangible assets are monitored, including the identification of CGUs. For the CGU Dry Cargo, Management identified impairment indicators and assessed the recoverable amounts of assets allocated to the CGU. Our audit procedures to test Management's assessment of the recoverable amount included, among others: • Testing of the value-in-use model and the valuation methodology prepared by Management. • Testing of the mathematical accuracy of the model and the reliability of data used in the calculation. • Testing the reasonableness of key assumptions and input data on basis of our knowledge of the business and industry together with supporting evidence such as budgets and externally observable market data related to expected short- and long-term freight and time charter rates, peer group information, interest rates etc. For the CGU Tankers, Management did not identify any impairment indicators. Our audit procedures to test Management's assessment of impairment indicators included, among others: • Assessment of the conclusions from Management's assessment of whether any indications of impairment exist. • Testing the reasonableness of Management's assessment by comparing key assumptions and input data to supporting evidence such as externally observable market data related to short, and long-term freight and time charter rates, pricing of newbuilding of vessels and vessel valuations prepared by external and independent ship valuation experts. We examined the adequacy of disclosures about key assumptions and sensitivity in note 3.2 to the consolidated financial statements.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the 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 IFRS Accounting Standards as adopted by the EU and additional requirements of 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.

Moreover, Management is responsible 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 in preparing the financial statements 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 in preparing the financial statements 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 and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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 consolidated financial statements and the parent company 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 Consolidated Financial Statements and Parent Company Financial Statements of Dampskibsselskabet NORDEN A/S, we performed procedures to express an opinion on whether the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2023 with the file name "norden-2023-12-31-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 – 31 December 2023 with the file name "norden-2023-12-31-en.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 8 February 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr State Authorised Public Accountant mne26693	Morten Weinreich Larsen State Authorised Public Accountant mne42791

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON SELECTED ESG PERFORMANCE DATA

To the stakeholders of Dampskibsselskabet NORDEN A/S
As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on Dampskibsselskabet NORDEN A/S's ('NORDEN') selected ESG performance data in the tables 'NORDEN's material topics and monitoring indicators', 'Summary of EEOI by vessel and type', 'SASB Marine transportation index', 'ESRS index', 'Total GHG emissions disaggregated by Scope 1 and 2 and significant to Scope 3' on pages 47, 55 and 79–81 ('the selected ESG performance data') in the ESG section of the Annual Report for the period 1 January 2023 to 31 December 2023.

In preparing the selected ESG performance data, NORDEN applied the ESG accounting policies described on pages 67–73. The selected ESG performance data needs to be read and understood together with the ESG accounting policies, which Management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the selected ESG performance data allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual Report and accordingly, we do not express an opinion on this information.

Management's responsibilities
NORDENS's Management is responsible for selecting the ESG accounting policies, and for presenting the ESG performance data in accordance with the ESG accounting policies, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the ESG performance data, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities
Our responsibility is to express a conclusion based on our examinations on the presentation of the selected ESG performance data in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, 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.

We have complied with the independence and other ethical requirements of 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 behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed
In obtaining limited assurance over the selected ESG performance data on pages 47, 55 and 79–81, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.

The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examinations, we performed the below procedures:

- Interviewed those in charge of the selected ESG performance data to develop an understanding of the process for the preparation of the ESG section and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the selected ESG performance data with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of accounting policies used, their consistent application and related disclosures in the selected ESG performance data. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability information in the ESG section of NORDEN's Annual Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected performance data or our knowledge obtained in the review or otherwise appear to be materially misstated.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion
Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that the selected ESG performance data presented in the tables 'NORDEN's material topics and monitoring indicators', 'Summary of EEOI by vessel and type', 'SASB Marine transportation index', 'ESRS index', 'Total GHG emissions disaggregated by Scope 1 and 2 and significant to Scope 3' on pages 47, 55 and 79–81 ('the selected ESG performance data') in the ESG section of Dampskibsselskabet NORDEN A/S's Annual Report for the period 1 January 2023 to 31 December 2023 has not been prepared, in all material respects, in accordance with ESG accounting policies described on pages 67– 73.

Copenhagen, 8 February 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr	Lars Fermann
State Authorised	State Authorised
Public Accountant	Public Accountant
mne26693	mne45879

Financial statements

Consolidated financial statements

INCOME STATEMENT

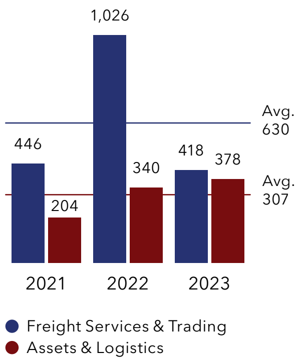
Amounts in USD million	Note	2023	2022
Revenue	2.1	**3,691.9**	**5,312.4**
Other operating income		17.6	27.7
Vessel operating costs	2.2	-2,914.1	-3,974.2
Contribution margin		**795.4**	**1,365.9**
Overhead and administration costs	2.2	-116.8	-206.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)		**678.6**	**1,159.1**
Profit/loss from sale of vessels, etc.	3.9	79.0	79.4
Depreciation, amortisation and impairment losses, net	3.2-3.5	-335.2	-449.7
Profit/loss from investments in joint ventures	3.7	-0.8	2.8
Profit from operations (EBIT)		**421.6**	**791.6**
Financial income	4.3	42.0	12.3
Financial expenses	4.3	-53.4	-52.0
Profit before tax		**410.2**	**751.9**
Tax for the year	5.2	-10.1	-8.4
Profit for the year		**400.1**	**743.5**
Attributable to:			
Owners of Dampskibsselskabet NORDEN A/S		**400.1**	**743.5**
Earnings per share (EPS)	4.1		
Earnings per share (USD)		12.4	21.2
Earnings per share, diluted (USD)		12.3	21.1

STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD million	Note	2023	2022
Profit for the year		**400.1**	**743.5**
Items which will be reclassified to the income statement:			
Fair value adjustment for the year, cash flow hedges	4.6	-98.4	94.3
Other comprehensive income, total		**-98.4**	**94.3**
Total comprehensive income for the year, after tax		**301.7**	**837.8**
Attributable to:			
Owners of Dampskibsselskabet NORDEN A/S		**301.7**	**837.8**

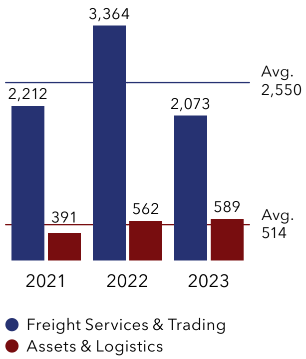
Contribution margin

USD million



T/C equivalent revenue

USD million



STATEMENT OF FINANCIAL POSITION

Assets

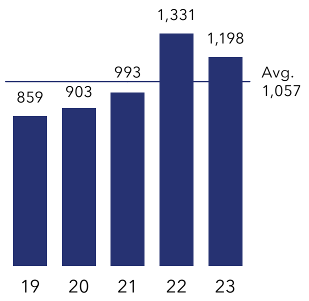
Amounts in USD million	Note	2023	2022
Goodwill	3.3	35.3	-
Other intangible assets	3.3	15.2	-
Total intangible assets		**50.5**	**-**
Vessels	3.4	503.5	525.6
Right-of-use assets	3.5	355.0	454.0
Property and equipment	3.4	49.6	50.4
Prepayments on vessels and newbuildings	3.4	37.0	32.1
Total tangible assets		**945.1**	**1,062.1**
Investments	3.7	12.7	-
Receivables from subleasing	3.6	17.0	14.0
Total financial assets		**29.7**	**14.0**
Total non-current assets		**1,025.3**	**1,076.1**
Inventories		112.1	134.2
Receivables from subleasing	3.6	77.6	77.9
Trade receivables	2.5	283.6	328.9
Receivables from joint ventures		-	1.5
Other receivables		38.0	45.5
Prepayments		116.5	139.0
Cash and cash equivalents	3.8	557.2	842.3
		1,185.0	**1,569.3**
Assets held for sale	3.9	133.6	110.0
Total current assets		**1,318.6**	**1,679.3**
TOTAL ASSETS		**2,343.9**	**2,755.4**

Equity and liabilities

Amounts in USD million	Note	2023	2022
Share capital	4.1	5.4	5.9
Reserve for hedges	4.6	-35.3	63.1
Retained earnings		1,227.8	1,261.7
Total equity		**1,197.9**	**1,330.7**
Loans	4.2	109.8	200.6
Bonds	4.2	-	73.7
Lease liabilities	4.2	153.0	243.3
Total non-current liabilities		**262.8**	**517.6**
Loans	4.2	2.2	21.0
Bonds	4.2	71.3	-
Lease liabilities	4.2	265.5	276.2
Trade payables		261.8	279.5
Tax payables		6.6	0.3
Other payables		148.7	224.5
Deferred income	2.4	101.9	84.6
		858.0	**886.1**
Liabilities relating to assets held for sale	3.9	25.2	21.0
Total current liabilities		**883.2**	**907.1**
Total liabilities		**1,146.0**	**1,424.7**
TOTAL EQUITY AND LIABILITIES		**2,343.9**	**2,755.4**

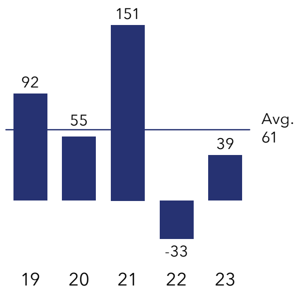
Equity

USD million



Net working capital

USD million



STATEMENT OF CASH FLOWS

Amounts in USD million	Note	2023	2022
Profit for the year		400.1	743.5
Reversal of items from the income statement	2.3	216.0	371.1
Change in working capital	2.3	-71.7	183.5
Instalments on sublease receivables	3.6	130.2	52.9
Income tax, paid		-3.8	-8.1
Cash flow from operating activities		**670.8**	**1,342.9**
Investments in assets, assets held for sale and other tangible assets	3.4/3.9	-272.9	-205.5
Prepayments on newbuildings	3.4	-76.8	-122.6
Investments in joint ventures		-	7.2
Acquisition of businesses and investments	3.7	-69.6	-
Proceeds from sale of vessels and newbuildings		388.9	574.0
Change in financial receivables		8.5	-12.6
Change in money market investments, rate agreements >3 mths.		-26.5	-182.6
Cash flow from investing activities		**-48.4**	**57.9**
Dividend paid to shareholders		-308.9	-376.2
Acquisition of treasury shares	4.1	-127.5	-129.8
Proceeds from share options		-	4.2
Proceeds from loans	4.2	-	60.6
Repayment of bonds	4.2	-2.4	-25.5
Repayment of loans	4.2	-109.6	-180.4
Instalments on lease liabilities	4.2	-366.7	-466.4
Financial income, received		35.6	12.3
Financial expenses, paid		-53.2	-50.5
Cash flow from financing activities		**-932.7**	**-1,151.7**
Net cash flow		**-310.3**	**249.1**
Liquidity at 1 January		638.3	389.3
Exchange rate adjustments		-1.3	-0.1
Change in liquidity for the year		-310.3	249.1
Liquidity at 31 December		**326.7**	**638.3**
Cash and cash equivalents with rate agreements of >3 mths.		230.5	204.0
Cash and cash equivalents 31 December	3.8	**557.2**	**842.3**

Amounts in USD million	Note	2023	2022
Cash flow from operating activities		670.8	1,342.9
Cash flow from investing activities		-48.4	57.9
Change in money market investments, rate agreements >3 mths.		26.5	182.6
Instalments on lease liabilities		-366.7	-466.4
Financial income, received		35.6	12.3
Financial expenses, paid		-53.2	-50.3
Free cash flow		**264.6**	**1,078.8**
Acquisition of businesses and investments		69.6	-
Adjusted free cash flow		**334.2**	**1,078.8**

Free cash flow is the cash generated after taking into consideration cash outflows that support our operations and maintain our capital assets.

ACCOUNTING POLICIES

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.

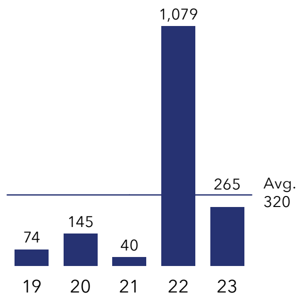
Cash flow from operating activities is stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, profit/loss from sale of vessels, etc., changes in working capital plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents and assets held for sale.

Cash flow from investing activities comprises cash flow from the acquisition and sale of non-current assets.

Cash flow from financing activities comprises 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.

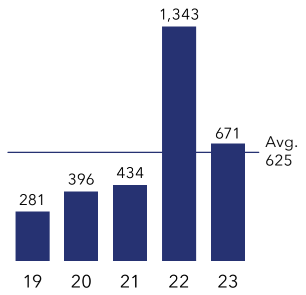
Free cash flow

USD million



Cash flow from operations

USD million



STATEMENT OF CHANGES IN EQUITY

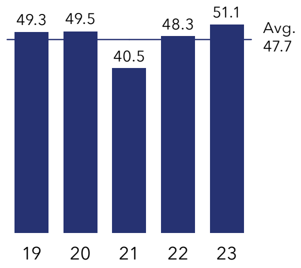
		Shareholders of NORDEN			
Amounts in USD million	Note	Share capital	Reserve for hedges	Retained earnings	Total
Equity at 1 January 2023		**5.9**	**63.1**	**1,261.7**	**1,330.7**
Profit for the year		-	-	400.1	400.1
Other comprehensive income, total		-	-98.4	-	-98.4
Capital reduction		-0.5	-	0.5	-
Acquisition of treasury shares	4.1	-	-	-127.5	-127.5
Exercise of share options	5.1	-	-	-	-
Dividends paid	4.1	-	-	-333.5	-333.5
Dividends related to treasury shares		-	-	24.6	24.6
Share-based payment	5.1	-	-	1.9	1.9
Changes in equity		**-0.5**	**-98.4**	**-33.9**	**-132.8**
Equity at 31 December 2023		**5.4**	**-35.3**	**1,227.8**	**1,197.9**

Refer to note 4.1 "Share capital, dividends and earnings per share" for a specification of reserves available for distribution as dividends and note 4.6 "Derivative financial instruments" for a specification of fair value adjustment on cash flow hedges.

		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**
Profit for the year		-	-	743.5	743.5
Other comprehensive income, total		-	94.3	-	94.3
Capital reduction		-0.3	-	0.3	-
Acquisition of treasury shares	4.1	-	-	-129.8	-129.8
Exercise of share options	5.1	-	-	4.2	4.2
Dividends paid	4.1	-	-	-403.3	-403.3
Dividends related to treasury shares		-	-	27.1	27.1
Share-based payment	5.1	-	-	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**

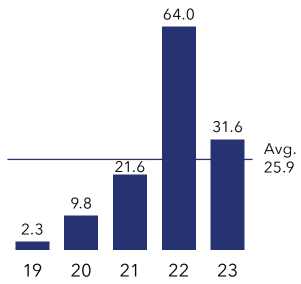
Equity ratio

%



Return on equity

%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

SECTION 2
OPERATING ACTIVITIES

SECTION 3
ASSET BASE

SECTION 4
CAPITAL AND FINANCING

SECTION 5
OTHER DISCLOSURE REQUIREMENTS

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

NOTES TO THE CONSOLIDATED 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 listed on Nasdaq Copenhagen.

Principal accounting policies
The Annual Report for the period 1 January - 31 December 2023 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 IFRS Accounting Standards 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.
- Investments, 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 acquisition 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 CONSOLIDATED FINANCIAL STATEMENTS

1.3 General accounting policies

Other operating income
Commercial management fee, is recognised upon receipt of the services in accordance with the agreements concluded. Furthermore, the item includes income from speculative trading of derivatives.

Inventories
Inventories primarily consist 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 assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates at the date of revaluation. 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 payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Financial ratios
Definitions of key figures, non-IFRS financial measures and financial ratios are shown on page 155.

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. For more information, see page 155.

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 affect the current as well as future periods.

The accounting policies are described in the notes of the financial statements, which also include additional description of accounting estimates and judgements. Below are the accounting estimates and judgements, which Management deems to be significant to the preparation of the financial statements:

Significant accounting estimates and judgements	Note	Level of potiential impact
Impairment of intangible and tangible assets	3.2	●●●
Non-lease component for leases under IFRS 16	3.5	●●

The accounting poicies are described in each of the specific notes in the financial statements, which also include additional descriptions of accounting estimates and judgements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.5 Climate change

As a global provider of ocean-based freight services, NORDEN have a decisive and leading role in the industry to create a sustainable future for global trade and for our customers. In 2023 we have made material progress on the environmental agenda towards our target of being net zero emission by 2050.

NORDEN actively seek to reduce carbon emission and takes a leading role in the green transition of the shipping industry and will from 1 January 2024 be subject to EU ETS cap-and-trade mechanism. In 2023 NORDEN initiated a partnership with MASH Makes, focusing on renewable fuels from biomass residues, which exemplifies our dedication to pioneering green fuel solutions.

Currently the long-term perspectives for what the optimal zero-emission technologies for dry-cargo and tanker shipping are still uncertain, and therefore NORDEN prioritise the initiatives that from a day-to-day objective minimised our emission footprint. To reach our long-term net zero emission target by 2050, we are committed to investing in net-zero emission technologies, as already included in our target of only ordering zero-emission vessels from 2030.

From 1 January 2024 the EU ETS introduces a cap-and-trade mechanism for the shipping sector where emission caps decrease annually. Effected companies must surrender European Emission Allowances (EUA) correlating to their carbon emissions, or will be facing fines for non-compliance.

The phase-in begins with 40% carbon emission coverage and will be increased to 100% by 2026. The scheme covers all intra-EU voyages and emissions at EU docks, with partial inclusion for voyages between EU and non-EU ports. As an operator, NORDEN often act as intermediaries, pricing the cost onto Charterers and passing the income to the Owners. NORDEN employ derivatives to manage the risks associated with fluctuating EUA prices.

As highlighted above, NORDEN's business model is exposed to risks and opportunities associated with climate change.

Compliance with changes in laws and regulations relating to climate change could increase the costs of operation and maintaining the Group's own vessels, require the Group to install new emission controls and acquire new carbon allowances. Further, the transition to create a sustainable future for global trade, could affect the resale value or useful lives of the vessels and lead to impairment charges. NORDEN operates an asset-light fleet strategy, which mitigates this risk.

In preparing the consolidated financial statements for 2023, management has considered the impact of climate change, particularly in the context of the Group's sustainability targets. NORDEN's sustainability targets, the transition of the industry as well as our compliance with the new EU ETS are included in the Group's financial forecasts and accounting estimates to the extent possible and subject to estimation uncertainty.

As noted above, the long-term perspectives for what the optimal zero-emission technologies for dry-cargo and tanker shipping are still uncertain. The potential consequences on the value and the useful life of owned vessels becoming outdated in the sustainability transformation was also assessed. Management currently considers the residual value and useful life to be unchanged compared to prior year.

While sustainability is an embedded part of our business model, except for the estimates described above, Management does not consider climate change to have a material impact on the accounting estimates and judgements prepared by management in relation to the 2023 consolidated and parent company financial statement.

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 2023 is therefore prepared in the XHTML format that can be displayed in a standard browser. 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-2023-12-31-en.zip".

1.7 Changes in accounting policies and disclosures

The Group has adopted standards and interpretations effective as of 1 January 2023. 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 1, IAS 8 and IAS 12. The amendments listed 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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2
OPERATING ACTIVITIES

This section sets out the results of NORDEN's operating activities split into the two segments Freight Services & Trading and Assets & Logistics. It details the revenue earned into markets and categories and specifies the operating costs. It also sets out the cash flows generated from the operating activities.

Profit from Operations
Freight Services & Trading

151

USDm
2022: USD 572m

Profit from Operations
Assets & Logistics

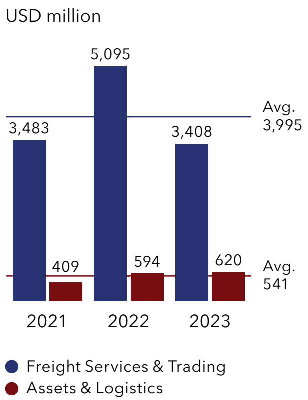
271

USDm
2022: USD 219m

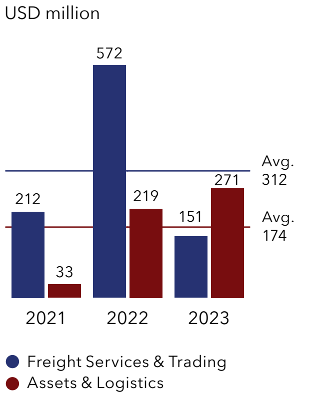
After an exceptional year in 2022, Freight Services & Trading was significantly impacted by the challenging market conditions in the dry cargo market in 2023, adding to a downward pressure on margins. At the same time, a combination of lower spot rates and higher charter costs contributed to lower margins in the product tanker operator activities. Despite the more demanding business environment, both the dry cargo and tanker businesses contributed positively to profit from operations of USD 151 million (USD 572 million).

Assets & Logistics generated a profit from operations of USD 271 million (USD 219 million) benefitting from covered earnings across dry cargo and product tankers, mitigating the more challenging market in 2023. In addition, Assets & Logistics took advantage of the high asset values by realising gains from the sale of vessels of USD 79 million.

Revenue



EBIT



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Segment information

Amounts in USD million	Freight Services & Trading	Assets & Logistics	Elimi-nations	Total
2023				
Revenue – services rendered, external	3,371.3	249.4	-	3,620.7
Revenue – services rendered, internal	-	335.9	-335.9	-
Revenue – sublease financial income and gains	36.7	34.5	-	71.2
Voyage costs*	-1,334.8	-30.9	5.2	-1,360.5
T/C equivalent revenue	**2,073.2**	**588.9**	**-330.7**	**2,331.4**
Other operating income	17.5	0.1	-	17.6
Charter hire and OPEX element*	-1,673.1	-152.5	330.7	-1,494.9
Other operating costs, owned vessels*	-	-58.7	-	-58.7
Contribution margin	**417.6**	**377.8**	**-**	**795.4**
Overhead and administration costs	-93.3	-23.5	-	-116.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**324.3**	**354.3**	**-**	**678.6**
Profit/loss from sale of vessels, etc.	-	79.0	-	79.0
Depreciation, amortisation and impairment losses	-173.4	-161.8	-	-335.2
Profit/loss from investments in joint ventures	-	-0.8	-	-0.8
Profit from operations (EBIT)	**150.9**	**270.7**	**-**	**421.6**
Financial income	7.5	34.5	-	42.0
Financial expenses	-19.7	-33.7	-	-53.4
Profit before tax	**138.7**	**271.5**	**-**	**410.2**
Tax for the year	-6.1	-4.0	-	-10.1
Profit for the year	**132.6**	**267.5**	**-**	**400.1**

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

Amounts in USD million	Freight Services & Trading	Assets & Logistics	Elimi-nations	Total
2022				
Revenue – services rendered, external	5,070.5	183.4	-	5,253.9
Revenue – services rendered, internal	-	377.0	-377.0	-
Revenue – sublease financial income and gains	24.6	33.9	-	58.5
Voyage costs*	-1,730.0	-32.2	12.7	-1,749.5
T/C equivalent revenue	**3,365.1**	**562.1**	**-364.3**	**3,562.9**
Other operating income	28.6	-0.9	-	27.7
Charter hire and OPEX element*	-2,366.1	-149.9	364.3	-2,151.7
Other operating costs, owned vessels*	-1.5	-71.5	-	-73.0
Contribution margin	**1,026.1**	**339.8**	**-**	**1,365.9**
Overhead and administration costs	-184.4	-22.4	-	-206.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**841.7**	**317.4**	**-**	**1,159.1**
Profit/loss from sale of vessels, etc.	-0.1	79.5	-	79.4
Depreciation, amortisation and impairment losses	-269.3	-180.4	-	-449.7
Profit/loss from investments in joint ventures	-	2.8	-	2.8
Profit from operations (EBIT)	**572.3**	**219.3**	**-**	**791.6**
Financial income	6.0	6.3	-	12.3
Financial expenses	-19.9	-32.1	-	-52.0
Profit before tax	**558.4**	**193.5**	**-**	**751.9**
Tax for the year	-8.0	-0.4	-	-8.4
Profit for the year	**550.4**	**193.1**	**-**	**743.5**

*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 has not been provided as it is impracticable to establish this disclosure.

All deferred revenue as of 31 December 2022 has been recognised as revenue in 2023. Refer to note 2.4 "Contract assets and liabilities".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Segment information – continued

Business unit information
Freight Services & Trading
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. This business unit also includes commercial management of NORDEN Tanker Pools.

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

Operating segments
The segmentation is based on the Group's organisation, business management and management control, including internal financial reporting to NORDEN's operational management. The 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, 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 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 are valued at market prices and eliminated at Group level.

Geographical segments
Our global customer base spans numerous countries, with a select few contributing a notable portion to our overall revenue. NORDEN has a diversified customer portfolio, ensuring that revenue from no single external customer exceeds 10% of our total revenue.

Segmentation of revenue is based on the port of discharge for all operated vessels, covering both owned and leased vessels under time charter contracts. Additionally, the revenue generated from leasing out vessels on time charter contracts is determined by the geographical location of the customer.

The geographical location of our non-current assets is determined by the legal ownership of these assets. The geographical location of prepayments on newbuildings is the location of the shipyard up to the point of delivery. Similarly, for second-hand vessels, the location is the owner's location until delivery.

2.1.2 Segregation of revenue

	External revenue		Non-current assets	
Amounts in USD million	2023	2022	2023	2022
Region and vessel type				
Asia	1,912.2	2,379.2	244.1	257.0
Americas	756.2	1,327.5	155.9	159.1
Europe	567.2	908.2	516.5	566.2
Africa	339.0	472.7	7.6	27.5
Oceania	117.3	224.8	21.0	52.3
Total	**3,691.9**	**5,312.4**	**945.1**	**1,062.1**
Dry Bulk	3,007.8	4,382.7	555.3	528.3
Tankers	684.1	929.7	389.8	533.8
Total	**3,691.9**	**5,312.4**	**945.1**	**1,062.1**

Amounts in USD million	2023	2022
Country and type of service		
China	585.0	552.0
Singapore	313.2	333.6
United States of America	239.1	315.9
Mexico	153.4	294.4
Other	2,401.2	3.816,5
Total	**3,691.9**	**5,312.4**
Voyage charter	2,944.5	4,342.4
Time charter	747.4	970.0
Total	**3,691.9**	**5,312.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Segment information – continued

2.1.3 Future revenue from Contracts of Affreightment (COA)

Amounts in USD million	2023	2022
<1 year	358.0	389.6
1-2 years	64.8	137.3
2-3 years	32.7	57.1
3-4 years	17.7	34.1
4-5 years	13.6	18.1
>5 years	42.2	55.0
Total	**529.0**	**691.2**

NORDEN holds several contracts of affreightment, obligating the Group to undertake voyage charters of varying lengths, from medium to long term.

These charters will use vessels that have not yet been nominated. It is expected that these contracts will yield a projected revenue of around USD 529 million in the upcoming years.

2.1.4 Future revenue and cash flows from Time Charter Agreements

Amounts in USD million	Time charter revenue	Sublease revenue	Total
2023			
<1 year	318.7	-116.4	202.3
1-2 years	107.4	-40.7	66.7
2-3 years	26.1	-18.6	7.5
3-4 years	21.3	-16.6	4.7
4-5 years	19.6	-15.9	3.7
>5 years	6.2	-4.6	1.6
Total	**499.3**	**-212.8**	**286.5**

Amounts in USD million	Time charter revenue	Sublease revenue	Total
2022			
<1 year	308.5	-42.7	265.8
1-2 years	95.8	-34.6	61.2
2-3 years	44.5	-7.4	37.1
3-4 years	0.4	-	0.4
4-5 years	-	-	-
Total	**449.2**	**-84.7**	**364.5**

Sublease revenue is derived from sublease gains recognised in prior years, eliminating future time charter revenue. In the above table, 'Time charter Revenue' represents our actual cash flow, while 'Total' is the net impact on revenue.

Our fleet comprises several vessels that we lease out under time charter agreements, playing the role of the lessor. In these agreements, customers are charged either a fixed daily rate or a variable rate for a predetermined period to utilise our vessels.

The customers have the flexibility, within certain limits, to choose the cargo type and quantity as well as the loading and unloading ports. They are also responsible for all voyage-related expenses.

For owned vessels, we cover crew and technical management costs. However, when the vessel is under a time charter contract, we pay the hire to the vessel's owner.

Some agreements to charter out vessels, where all significant risks and rewards of ownership have been transferred to the lessee, are recognised as subleases, refer to note 3.6 "Subleasing".

ACCOUNTING POLICIES

Revenue
Revenue comprises the present value of services rendered together with revenue generated from subleasing, net of discounts. Services rendered comprise freight income and time charter income.

Revenue for most activities is recognised over time and 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).

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). This applies to all spot transports and transports under Contracts of Affreightment.

Costs directly attributable to relocating the vessel to the load port under the contract are capitalised to the extent that they are recoverable.

Agreed periods are designated for loading and unloading. If delays outside our control occur, we earn demurrage revenue, recognised as per charter party terms and when verifiable. Post-voyage, we compare actual port time to contractual terms and may claim demurrage. Such claims often face counter-claims due to contract interpretation or dispute over additional time.

ACCOUNTING JUDGEMENTS AND ESTIMATES

NORDEN utilises judgments and estimates for percentage on completion based on expected durations, historical data, and schedules.

Revenue recognition during the load-to-discharge period is based on a calculation of the percentage of completion for all voyages at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 Operating costs

Expenses by nature

Amounts in USD million	2023	2022
Vessel operating costs	2,914.1	3,974.2
Overhead and administration costs	116.8	206.8
Total	**3,030.9**	**4,181.0**
These costs can be split by nature:		
Voyage costs, excluding bunker oil	568.3	703.4
Bunker oil	792.2	1,046.1
Service component of right-of-use assets	257.6	285.7
Expenses related to short-term leases	1,237.3	1,866.0
Operating costs, owned vessels	58.7	73.0
Other external costs	26.5	27.1
Staff costs and remuneration	90.3	179.7
Total	**3,030.9**	**4,181.0**

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.

Expenses include 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.

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 those 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.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Voyage costs, which include costs such as bunker cost, port costs, canal dues and other operational costs, are assessed in relation to fluctuation in prices and operational conditions. Judgements are made for changes in voyage duration and conditions, such as destination changes, fluctuating rates, and weather impacts, which can affect the overall voyage income and expenses.

Staff costs and remuneration

Amounts in USD million	2023	2022
Wages and salaries, including cash incentive	5.0	6.2
Share-based payment, cf. note 5.1	0.5	0.5
Remuneration of Executive Management	**5.5**	**6.7**
Remuneration of Board of Directors	**0.7**	**0.7**
Wages and salaries	82.3	173.4
Pensions - defined contribution plans	3.3	2.7
Other social security costs	2.8	2.2
Share-based payment, cf. note 5.1	1.9	1.4
Remuneration of employees	**90.3**	**179.7**
Average number of employees	466	425

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

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 2023" published on NORDEN's website: www.norden.com/investor/governance/remuneration for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.3 Cash flow from operating activities

Cash flow specifications

Amounts in USD million	2023	2022
Reversal of items from the income statement		
Depreciation, amortisation and impairment losses	335.2	449.7
Financial items, net	11.4	39.7
Profit/loss from sale of vessels, etc.	-79.0	-79.4
Share of profit/loss of joint ventures	-0.8	2.8
Other reversed non-cash operating items	-50.8	-41.7
Total	**216.0**	**371.1**
Trade working capital		
Inventories	22.1	-17.1
Trade receivables	45.3	-73.2
Trade payables	-17.7	53.4
Prepayments	22.5	-3.0
Deferred income	17.3	-4.8
Liabilities related to assets held for sale	4.2	11.6
Var. margin deposits related to cash flow hedges	-98.4	94.3
Total	**-4.7**	**61.2**
Non-trade working capital		
Receivables/liabilities from joint ventures	1.5	-14.4
Other receivables	7.5	-26.6
Other payables	-75.8	151.5
Other working capital movements	-0.2	11.8
Total	**-67.0**	**122.3**
Change in working capital	**-71.7**	**183.5**

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 financing programme has not changed significant characteristics of the debt, therefore the classification as trade payable is maintained.

2.4 Contract assets and liabilities

Amounts in USD million	2023	2022
Trade receivables related to invoiced services	177.6	174.6
Contract assets	204.5	268.1
Contract liabilities (deferred income)	101.9	84.6

Contract assets and liabilities provides a specification of the assets and liabilities, where the future recognition of costs and income depends on the fulfillment of contractual obligations. Trade receivables related to invoiced services consist of receivables from invoiced voyages less writedowns. Refer to note 2.5 "Trade receivables" for further details on trade receivables.

Contract assets consist of revenues from services performed but not yet fully invoiced due to incomplete fulfillment of contractual obligations. This includes prepaid expenses incurred in meeting these obligations.

Contract liabilities represent obligations arising from contractual commitments, characterised by advance payments received or billings that exceed the revenue recognised to date.

2.5 Trade receivables

Amounts in USD million	2023	2022
Receivables from invoiced voyages	197.0	190.7
Receivables from voyages commenced at the balance sheet date	106.0	154.3
Trade receivables	303.0	345.0
Writedown regarding demurrage, claims, etc.	-19.4	-16.1
Trade receivables, net	**283.6**	**328.9**
Not past due	189.7	227.1
Overdue <30 days	38.1	33.0
Overdue 31-90 days	23.0	39.8
Overdue >90 days	32.8	29.0
Carrying amount at 31 December	**283.6**	**328.9**

Trade receivables are predominately denominated in USD as other currencies accounted for less than 1% in both 2023 and 2022. The Group usually has the opportunity to use the cargo as security for trade receivables.

ACCOUNTING POLICIES

Receivables are measured at amortised cost less allowances for impairment losses. For trade receivables, impairment losses are based on the expected lifetime loss of these receivables.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Provisions for 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 customer's ability to pay changes. It is estimated that the provisions made are sufficient to cover any bad debt.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3
ASSET BASE

This section sets out the return on invested capital and details the invested capital into its separate components of non-current assets and working capital items.

Invested capital

1,243

USDm
2022: 1,303

Return on invested capital

32

Per cent
2022: 53

Our asset-light business model and agile capacity management abilities allow us to adjust our fleet to market trends by chartering vessels in and out and utilising the optionality from extension and purchase options related to the leased fleet. This enables us to navigate and mitigate the complexities and cyclicality of the shipping industry by adjusting our asset base and invested capital.

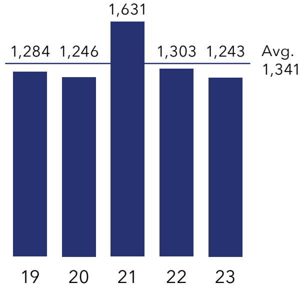
Total invested capital including goodwill decreased by 5% to USD 1,243 million at 31 December 2023 (USD 1,303 million). The decrease is related to lower value of right-of-use assets from capitalised leases partly offset by the intangible assets added from the expansion into Projects & Parcelling and the investment in MASH Makes.

During 2023, NORDEN purchased 11 and sold 10 vessels, primarily in the Product Tanker segment, where 6 vessels were sold, while in Dry Cargo 4 vessels were sold and 11 vessels purchased during the year. Overall, vessel investments were roughly unchanged as the acquisition of Capesize dry cargo vessels were more or less offset by the divestment of tanker vessels. The increase in deferred exposure in Dry Cargo has had limited short-term impact on invested capital as this is added through newbuilding orders of 6 Supramax vessels with delivery from 2025 and 11 leased newbuildings.

The return on invested capital (ROIC) after tax remained strong at 32% (53%) despite the weaker market conditions as the reduced invested capital partly mitigated the lower operating profit after tax. The free cash flow generation remained strong at USD 265 million albeit lower than the exceptional result for 2022 (USD 1,079 million).

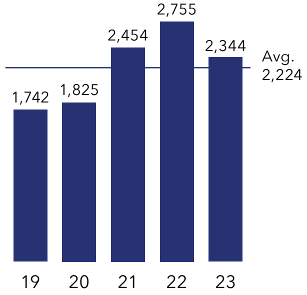
Invested capital

USD million



Total assets

USD million



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Return on Invested Capital after tax

Amounts in USD million	2023	2022
Net operating profit after tax (NOPAT)		
EBIT	421.6	791.6
Operational tax	-9.4	-8.8
NOPAT	**412.2**	**782.8**
Inventories	112.1	134.2
Trade receivables	283.6	328.9
Trade payables	-261.8	-279.5
Prepayments	116.5	139.0
Deferred income	-101.9	-84.6
Liabilities related to assets held for sale	-25.2	-21.0
Var. margin deposits related to cash flow hedges	35.3	-63.1
Total trade working capital	**158.6**	**153.9**
Receivables/liabilities from joint ventures	-	1.5
Other receivables	38.0	45.5
Other payables	-148.7	-224.5
Other non-trade working capital	-8.8	-9.0
Non-trade working capital	**-119.5**	**-186.5**
Goodwill	35.3	-
Other intangible assets	15.2	-
Vessels, Property and equipment and Prepayments	723.7	718.1
Right-of-use assets	355.0	454.0
Other invested capital	74.2	163.7
Invested capital	**1,242.5**	**1,303.2**
ROIC	**32.4%**	**53.4%**

Net operating profit after tax
NOPAT is a measure of our profit that excludes the costs and tax benefit from debt financing by measuring the earnings before interest and taxes adjusted for operational tax.

Trade working capital
The amount of trade working capital represents capital required to maintain our ongoing operations. Trade working capital can be used to assess our efficiency in utilising current assets and short-term liquidity, and forms an integral part of our management strategy for cash and debt.

Invested capital
Invested capital consists of trade and non-trade working capital, intangible assets, tangible assets, including assets held for sale, right-of-use assets and other invested capital.

Other invested capital comprises our financial assets and short-term receivables from subleasing, deducted tax payables, variation margin deposits related to hedges (reserve for hedges) and other non-trade working capital.

Return on invested capital after tax (ROIC)
ROIC can be used to measure the value creation from our investments. Management believes ROIC is a useful measure providing investors with information regarding our performance as well as our operational profitability and efficiency of business.

Our target is to generate an average ROIC of a minimum of 12% per year based on a five-year rolling average.

ROIC is defined as NOPAT divided by average invested capital.

3.2 Impairment of intangible and tangible assets

Management continuously monitors the carrying amounts of our intangible and tangible assets, to determine if there are indications of impairment beyond what is covered by normal depreciation, or if any previous impairments should be reversed.

Goodwill from the acquisition of Thorco of USD 35.3 million has been allocated to CGU Dry Cargo. As a result, CGU Dry Cargo is tested for impairment annually.

Impairment assessment
CGU Dry Cargo *(Goodwill allocated)*
The Dry Cargo markets were soft at the beginning of 2023 and failed to materialise during the year. On average spot rates fell by 50% compared to 2022. Decreasing earnings and spot rates are not direct results from decreasing demand, where we despite a challenging year, have seen the market resurge in the last months of 2023, due to increased Chinese coal imports, grain and soybean trade from Brazil to China.

The Dry Cargo newbuilding order-book remains at an all-time low order-book to fleet ratio, limiting fleet growth in the coming years. Looking into 2024, we expect the Dry Cargo market to remain volatile due to moderate increase in demand from China.

With new exposure and capacity added in 2022, during very high Dry Cargo markets, and an increase in our WACC from 7.75% to 8.30%, Management prepared an impairment assessment in Q4 2023.

The recoverable amount of the cash-generating unit was determined based on a value-in-use calculation using cash flow projections generated. This exercise is complex and requires various estimates to be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Impairment of intangible and tangible assets – continued

The outcome of the impairment assessment revealed an excess value of USD 59 million over the carrying value, indicating that there is no requirement for impairment recognition. The discount rate used in the value-in-use calculation was based on a WACC of 8.3%.

Although no impairment is required at present, we cannot guarantee that this situation will remain. Future impairment incurred could negatively affect our financial condition, our results, the value of our shares and dividend distribution. Given the number of open vessel days, the value-in-use calculation demonstrates a high sensitivity to minor variations in freight rates and WACC.

A reduction in the estimated short- and long-term freight rates by USD 1,000 per day would result in an approximate decline of USD 45 million in the value-in-use. Conversely, a 1% increase in the WACC would lead to a decrease of approximately USD 20 million in the value-in-use. For value-in-use to break-even with the carrying amount, it would necessitate a decrease in the freight rate by USD 1,316 per day or, alternatively, an increase in the WACC by 2.95%.

CGU Tankers *(No goodwill allocated)*
During 2023, freight rates, still close to historical peaks, decreased 19% compared to last year. Despite the decrease, the average spot rate of a MR remains historically high, with an average of USD 29,782 per day for 2023.

Newbuilding orders increased in 2023 and the order-book for MR at year-end ended at 12% of the global fleet. This is driven by expectations of volatile rates and tight yard capacity.

With sanctions on Russian export to EU, a limited supply growth of MRs, the situation in the Panama Canal and the Red Sea continuing to impact market efficiency, we expect the attractive rates to continue in 2024. As such, no indications of impairment were identified for Tankers CGU, however, management remains aware that significant market softness, could trigger a need for an impairment assessment.

ACCOUNTING POLICIES

For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Allocated goodwill undergoes a mandatory annual impairment test along with other assets of the CGU.

For CGUs without allocated goodwill, an impairment test is conducted when there is an indication of the carrying amount of the CGU exceed expected recoverable amount.

If the carrying amount of the CGU exceeds the recoverable amount, the assets are written down. Impairment loss is first allocated to reduce the carrying amount of goodwill, then to other assets pro-rata, based on each asset's carrying amount.

The recoverable amount of each CGU is determined as the greater of the value-in-use and the fair value less cost to sell.

Impairment loss recognised for goodwill cannot be reversed. For other assets, an impairment loss is reversed only if the revised carrying amount of the asset does not exceed its carrying amount before the impairment, after depreciation.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Cash-generating units
The determination of cash-generating units differs based on the business units Freight Services & Trading and Assets & Logistics. The degree of interdependency between the two business units, in respect of taking decisions related to the vessel capacity, has been evaluated.

The conclusion is that interdependency exists, 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, either Dry Cargo or Tankers, according to the nature of the vessels.

Impairment indicators
The assessment of impairment indicators involves complex and subjective judgments by management. These indicators are reviewed to assess the impairment need for our CGUs:

- The obsolescence or physical damage of assets;
- Financial performance of assets and the CGU;
- Freight and time-charter rates;
- Vessel values, newbuilding orders and prices;
- Significant adverse effects from changes in technological, economic, environmental, climate, geopolitical or regulatory environment;
- Increase in market interest rates.

The assessment of impairment indicators for intangible assets, owned vessels, right-of-use assets, and prepayments on newbuildings, is based on the CGUs they are included in and assessed concurrently on a portfolio basis.

When considering vessel values, two independent broker valuations are obtained. The assessment of newbuilding prices considers market data, including known transactions, potential newbuilding prices, and broker analysis.

Assessment and calculation inputs
If indications exist, the recoverability of the carrying amount of intangible and tangible assets in the related CGU is assessed. This is done by evaluating if the recoverable amount exceeds the carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Impairment of intangible and tangible assets – continued

The recoverable amount is determined as the higher of the value-in-use and the fair value less costs to sell. The calculation of value-in-use is particularly complex and contains uncertainty, as it relies on expected future cash flows and a discount factor. Significant assumptions are made about long-term freight and time-charter rates when projecting future cash flows.

In assessing value in use, assumptions are made regarding historical data, market analysis, and spot and forward market curves. It is important to note the uncertainty pertaining to future market developments, significantly influencing the cash flow projections.

In the calculation, the lifespan of owned vessels is set at 25 years for both Dry Cargo and Tankers, while the duration for long- and short-term chartered-in vessels is based on contractually agreed periods.

Assumptions are made regarding the discount factor, which is generally obtained from the WACC calculated using variables, each with its inherent uncertainty, further complicating the value-in-use calculation.

Assessment is impacted by geopolitical situations, such as the war in Ukraine. Additionally, abnormally low water levels in the Panama Canal, resulting from climate change, and disruptions in global trade due to attacks in the Red Sea, contribute to increased macroeconomic uncertainties.

The long-term outlook for the adoption of optimal zero-emission technologies carries uncertainties. This uncertainty extends to the potential impact on the value and operational lifespan of owned vessels amidst the transition to sustainability. Currently, management does not believe that climate change has a significant effect on the estimates and judgments related to the impairment assessment.

3.3 Intangible assets

Amounts in USD million	Goodwill	Other intangible assets	Total
2023			
Cost at 1 January	-	-	-
Additions from business combinations	35.3	21.6	56.9
Cost at 31 December	**35.3**	**21.6**	**56.9**
Amortisation and impairment losses at 1 January	-	-	-
Amortisation	-	-6.4	-6.4
Amortisation and impairment losses at 31 December	**-**	**-6.4**	**-6.4**
Carrying amount at 31 December	**35.3**	**15.2**	**50.5**

Intangible assets mainly consist of goodwill, customer relationsships and similar intangible assets, acquired from the acquisition of Thorco Projects on 26 June 2023.

Goodwill arises when the Group acquires a business and pays a higher amount than the fair value of the net assets acquired, primarily due to the expected synergies.

For further details, refer to note 3.7 "Investments and activities".

As there were no intangible assets in 2022, there are no comparative figures to disclose.

ACCOUNTING POLICIES

Goodwill
Goodwill is initially recognised in the balance sheet as the difference between the fair value of net assets acquired and the consideration transferred. Subsequently, goodwill is measured at this value less accumulated impairment losses and is not amortised.

The carrying amount of goodwill is allocated to each of NORDEN's CGU's expected to benefit from the synergies of the combination. Goodwill is tested at least annually for impairment, together with the other assets of the operating segment to which goodwill has been allocated.

For further information on impairment of intangible assets, refer to note 3.2 "Impairment of intangible and tangible assets".

Other intangible assets
Customer relationships and similar intangible assets with a limited useful life acquired from third parties, either separately or as part of a business combination, are capitalised and amortised over the average life of customer relationship.

ACCOUNTING JUDGEMENTS AND ESTIMATES

For further details, refer to accounting judgements and estimates in note 3.2 "Impairment of intangible and tangible assets".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.4 Tangible assets

Amounts in USD million	Vessels	Property and equipment	Prepayments on vessels and newbuildings	Total
2023				
Cost at 1 January	663.2	56.8	32.1	752.1
Additions	150.6	0.8	76.8	228.2
Disposals	-2.5	-0.4	-	-2.9
Transferred from prepayments on vessels and newbuildings	65.1	-	-65.1	-
Transferred to tangible assets held for sale	-280.7	-	-6.8	-287.5
Cost at 31 December	**595.7**	**57.2**	**37.0**	**689.9**
Depreciation and impairment losses at 1 January	-137.6	-6.4	-	-144.0
Depreciation	-31.4	-1.3	-	-32.7
Impairment of assets	-1.2	-	-	-1.2
Reversal of impairment losses	-	-	-	-
Disposals related to derecognised assets	2.5	0.1	-	2.6
Transferred to tangible assets held for sale	75.5	-	-	75.5
Depreciation and impairment losses at 31 December	**-92.2**	**-7.6**	**-**	**-99.8**
Carrying amount at 31 December	**503.5**	**49.6**	**37.0**	**590.1**

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

Amounts in USD million	<1 year	1-3 years	>3 years	Total
The remaining contract amount is payable as follows:	95.0	165.0	-	260.0

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 at 31 December	**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 of assets	-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 at 31 December	**-137.6**	**-6.4**	**-**	**-144.0**
Carrying amount at 31 December	**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	1-3 years	>3 years	Total
The remaining contract amount is payable as follows:	107.0	8.0	-	115.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.4 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:

- Buildings — 50 years
- Land — Not depreciated
- Logistics assets — 5-25 years
- Vessels — 25 years
- Fixtures, fittings and equipment — 3-10 years

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 second-hand 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".

3.5 Right-of-use assets

The nature of leasing activities

The majority of lease contracts are time charter contracts on vessels, while a minor part is the lease of office space, and other equipment from external parties under non-cancellable lease agreements. Leases have varying terms, including options to extend and options to purchase.

	2023	2022
No. of right-of use-assets leased	142	153
- of this, index leases	14	4
Range of remaining term of leases, in years	0-6	0-5
Average remaining term of leases, in years	2.4	2.5
No. of leases with extension options	70	82
No. of leases with purchase options	81	77

Amounts recognised in the statement of financial position

Amounts in USD million	2023	2022
Right-of-use assets		
Cost at 1 January	1,147.6	958.3
Additions	92.6	244.7
Remeasurements	105.7	78.1
Disposals	-315.5	-133.5
Cost at 31 December	**1,030.4**	**1,147.6**
Depreciation at 1 January	-693.6	-401.8
Depreciation	-294.9	-420.0
Disposals	313.1	128.2
Depreciation at 31 December	**-675.4**	**-693.6**
Carrying amount at 31 December	**355.0**	**454.0**

Amounts recognised in the income statement

Amounts in USD million	2023	2022
Depreciation of right-of-use assets	294.9	420.0
Interest expenses related to lease liabilities	31.4	32.3
Expenses related to the service component	257.6	285.7
Expenses related to short-term leases	1,237.3	1,866.0
Future expenses related to short-term leases	294.5	290.9

Leases with future commencement date

The Group has entered into 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 the right to direct the use 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 shown on the following page.

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.

At the lease commencement date, the Group assesses whether it is reasonably certain that the extension option will be exercised. If significant events or changes in circumstances within its control occur, the Group reassesses this certainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Right-of-use assets – continued

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 the non-lease component).

	Freight Services & Trading				Assets & Logistics				Group
Amounts in USD million	<1 year	1-5 years	>5 years	**Total**	<1 year	1-5 years	>5 years	**Total**	**Total**
2023									
Leases with future commencement date (+12 mths.)	11.9	-	-	**11.9**	110.5	194.5	-	**305.0**	**316.9**
Extension options	-	8.8	-	**8.8**	29.7	414.3	138.1	**582.1**	**590.9**
Daily running cost	78.5	24.7	-	**103.2**	123.4	285.0	24.3	**432.7**	**535.9**
2022									
Leases with future commencement date (+12 mths.)	0.5	-	-	**0.5**	27.7	139.6	-	**167.3**	**167.8**
Extension options	19.6	9.6	-	**29.2**	38.8	344.3	168.7	**551.8**	**581.0**
Daily running cost	76.2	15.1	-	**91.3**	137.0	266.6	7.7	**411.3**	**502.6**

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
- NORDEN has the right to direct the use of the asset.

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 3.2 "Impairment of intangible and tangible assets" for further information.

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 leaseback
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 recognises 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.

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 CONSOLIDATED FINANCIAL STATEMENTS

3.6 Subleasing

This note provides information on leases where the Group is the lessor.

Amounts in USD million	2023	2022
Amounts recognised in the income statement		
Revenue from sublease financial income*	6.2	2.8
Gain on sublease recognition*	65.0	55.7
Revenue - sublease financial income and gains	**71.2**	**58.5**
Amounts recognised in the statement of cash flows		
Instalment on sublease receivables	130.2	52.9
Receivables from subleasing		
Receivables from subleases at 1 January	91.9	32.8
Additions	122.5	111.0
Disposals	-0.9	-6.3
Remeasurements	11.3	7.3
Payments received	-130.2	-52.9
Receivables from subleases at 31 December	**94.6**	**91.9**

* Included in revenue

Amounts in USD million	2023	2022
Sublease receivables, contractual undiscounted payments:		
<1 year	82.9	77.3
1-2 years	16.5	23.6
2-3 years	0.9	-
Total	**100.3**	**100.9**

ACCOUNTING POLICIES

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.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Management's assessment of whether leases on vessels should be classified as finance or operating leases is based on an overall evaluation of each lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 Investments and activities

This note includes the acquisition of Thorco Projects and the acquisition of a minority stake in MASH Makes, signifying our entry into new market areas.

Additionally, this note covers investments in joint ventures and joint operations.

Acquisition of Thorco Projects
On 26 June 2023, NORDEN acquired the shipping business of Thorco Projects, incorporated in Denmark. Thorco Projects offers transport solutions across multiple cargo segments such as break bulk, steel and wind energy.

The consideration paid equals USD 56.9 million, on a debt and cash-free basis, and was paid in cash from readily available sources. Final settlement of certain working capital-related items may alter the purchase price slightly.

The objective of the acquisition is to further grow our customers offering as Thorco Projects operates within specialist cargo segments such as break bulk, steel and wind energy-related cargoes, where multiple cargo parcels from different customers typically are combined into single shipments on Multipurpose and Handysize vessels. The acquisition is in alignment with NORDEN's strategy for 2023-2025 to explore market opportunities for large deals.

The goodwill of USD 35.3 million arising from the acquisition can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Thorco Projects. Goodwill has been provisionally allocated to the Dry Cargo cash-generating unit at 26 June 2023.

Acquisition-related costs amounting to USD 0.6 million have been recognised as an expense in the consolidated income statement as part of administration costs. The revenue, costs, and profits from the new business are allocated to the Freight Services & Trading segment.

The following table summarises the recognised amounts of identifiable assets acquired and liabilities assumed.

Amounts in USD million	Thorco Projects
Customer contracts and relationships	21.6
Prepaid hire, asset	2.0
Prepaid hire, liability	-0.8
Other liabilities	-1.2
Total identifiable net assets	**21.6**
Goodwill	35.3
Total	**56.9**

The fair value of the acquired identifiable net assets of USD 21.6 million (including customer relationships) is provisional pending final valuation of those assets.

The revenue included in the consolidated income statement from 26 June 2023 to 31 December 2023 contributed by the acquired business is USD 71.0 million. Over the same period, it also contributed a profit after tax of USD 1.8 million.

Had the transaction closed on 1 January 2023, the acquired business would have contributed with revenue of approx. USD 243.7 million and a profit after tax of approx. USD 13.9 million, reflecting the contract backlog built by Thorco Projects during the stronger market in 2022. Revenue, costs and profits from the new business are allocated to the Freight Services & Trading segment.

Valuation technique
Estimate of future economic benefits derived from the customer by identifying, separating and qualifying cash flows attributable to the customers and capitalising these cash flows.

Investments in unlisted shares
The Group has invested in an equity share of a non-listed company, MASH Makes. The investment is expected to be held medium to long term for strategic purposes. The investment will be accounted for at fair value through other comprehensive income.

Management believes that the transaction price reflects the fair value at the point of initial recognition. In the absence of active market data for unlisted shares, the transaction price serves as a reliable and objective basis for fair value estimation. It's our opinion the initial transaction price continues to provide the most accurate estimate of fair value.

Mash Makes originated as an initiative at Denmark's Technological University in 2015. This collaboration marks a strategic advancement, granting us access to sustainable biooil sources at competitive prices, as will our involvement play a crucial role in introducing Mash Makes' biooil offerings to the maritime industry, alongside procuring biofuel for our own fleet.

This investment aligns with our climate strategy, which focuses on collaborating with customers in reducing their carbon footprint. Additionally, it represents a progression in our journey towards biofuel adoption.

Currently, MASH Makes is in the advanced stages of developing its biooil product and expects to initiate trial runs on our vessels in early 2024.

ACCOUNTING POLICIES

On initial recognition, investments in unlisted shares are measured at fair value. Subsequently, they are measured at fair value through profit or loss (FVTPL) unless classified as fair value through other comprehensive income (FVTOCI) according to an individual decision for each equity investment. The election is made on an investment-by-investment basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 Investments and activities - continued

Gains and losses on equity instruments classified as FVTOCI are never recycled to profit or loss. Dividends are recognised in the income statement unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

No significant restrictions apply to distributions from joint ventures.

Investments in joint ventures

Amounts in USD million	2023	2022
Key figures (100%)		
Revenue and other income	12.7	23.3
Costs	-14.2	-17.7
Total profit/loss	**-1.5**	**5.6**
Non-current assets	-	0.1
Current assets	3.8	6.8
- of this, cash and cash equivalents	3.6	5.7
Non-current liabilities, debt	-0.6	-0.6
Current liabilities	-0.6	-2.2
Total carrying amount	**2.6**	**4.1**

Investments comprise	Ownership	Share of profit/loss of joint ventures		Carrying amount	
		2023	2022	2023	2022
Polar Navigation Pte. Ltd., Singapore	50%	-0.8	2.8	1.3	2.0
Total		**-0.8**	**2.8**	**1.3**	**2.0**

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 "Profit/loss of joint ventures".

Companies 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 nil value. 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.

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 based on 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.

As pool operator for NORDEN Tanker Pools, 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 income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 Investments and activities – continued

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

Amounts in USD million	2023	2022
Unrecognised liabilities for which the pool partners are jointly and severally liable	30.8	42.8
Cash and cash equivalents liable to the pool partners	40.6	63.9
NORDEN's share of "NORDEN tanker pools"	42.3%	46.8%

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.

NORDEN's 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 our share of other liabilities, etc. is included in the table above.

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 CONSOLIDATED FINANCIAL STATEMENTS

3.8 Cash and cash equivalents

Amounts in USD million	2023	2022
Demand deposits and cash balance	142.5	267.1
Money market investments	361.2	503.5
Other cash and cash equivalents	53.5	71.7
Total	**557.2**	**842.3**

In relation to its derivative financial instruments trading activities, NORDEN has set up margin accounts with Macquarie Bank Europe DAC, primarily funded by cash deposits. As of 31 December, the total cash held in these margin accounts, which serves as security, equalled USD 54.7 million (USD 65 million).

ACCOUNTING POLICIES

Cash and cash equivalents, as presented in the statement of financial position, are valued at their nominal amount. This category primarily includes items such as demand deposits, cash in hand and money market investments as detailed in the aforementioned table.

Liquidity comprises marketable securities with a term of less than three months and cash not subject to significant limits to its availability.

3.9 Assets held for sale

Amounts in USD million	2023	2022
Cost at 1 January	110.0	150.8
Additions	121.5	104.2
Transferred from vessels	205.2	283.7
Transferred from prepayments on vessels and newbuildings	6.8	44.9
Disposals	-309.9	-477.2
Reversal of impairment losses	-	3.6
Carrying amount at 31 December	**133.6**	**110.0**
Liabilities relating to assets held for sale		
Prepayments received on newbuildings and vessels sold	25.2	21.0
Carrying amount at 31 December	**25.2**	**21.0**
Future payments to be received for vessels sold but not yet delivered		
<1 year	197.9	223.8
1-3 years	28.1	-
>3 years	-	-
Total	**226.0**	**223.8**
Gains from sale of vessels during the year	79.0	96.8
Losses from sale of vessels during the year	-	-17.4
Profit/loss from sale of vessels	**79.0**	**79.4**

ACCOUNTING POLICIES

Assets classified as held for sale include vessels for which a binding sales agreement is in place, with the transfer to the buyer anticipated within 12 months of the reporting date. In the case of newbuilding being sold, this period extends to 12 months following the delivery of the vessel from the yard.

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. Assets held for sale are not depreciated.

Assets and directly related liabilities in relation to assets 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".

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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4
CAPITAL AND FINANCING

This section sets out the funding of NORDEN's activities, whether through equity or debt, and the related financial risks. It also details the policies applied and the use of derivative financial instruments to manage financial risks.

Equity
1,198
USDm
2022: 1,331

Net interest bearing cash/debt
-45
USDm
2022: 28

On 31 December 2023, NORDEN's equity was USD 1,198 million (USD 1,330 million) impacted by fair value adjustments of hedges and reflecting that distribution to shareholders through the year slightly exceeded the positive profit for the year.

The distribution to shareholders during the year amounted to USD 436 million split between dividends and share buy backs. An ordinary dividend for 2023 of DKK 10 per share or USD 47 million in total will be proposed to the Annual General Meeting.

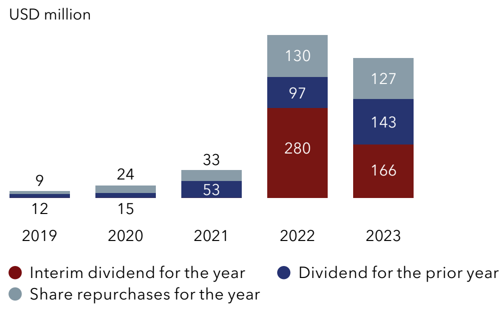
The equity ratio was 51% on 31 December 2023 compared to 48% at the end of December 2022.

Total cash and cash equivalents decreased by USD 285 million to USD 557 million (USD 842 million) impacted by distributions and early repayment of loans.

Net interest-bearing debt, including IFRS 16 liabilities was USD 45 million by the end of 2023 (USD 28 million in net cash) due to the distribution to shareholders partly offset by the positive free cash flow and lower IFRS 16 liabilities. Interest-bearing debt includes USD 104 million (USD 105 million) in proceeds from sale and lease-back transactions which under IFRS are presented as liabilities.

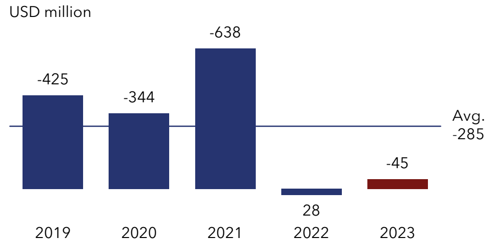
Distribution to shareholders

Amounts in USD million	2023	2022
Interim dividend for the year	165.7	279.5
Dividend for the prior year	143.2	96.7
Share repurchases for the year	127.5	129.8
Total	**436.4**	**506.0**



Net interest-bearing debt

Amounts in USD million	2023	2022
Interest-bearing debt	-183.3	-295.3
Lease liabilities	-418.5	-519.5
Cash and cash equivalents	557.2	842.3
Total	**-44.6**	**27.5**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Share capital, dividends and earnings per share

The net cash distribution to shareholders in the form of dividends and share repurchases amounted to USD 436 million, compared to a free cash flow of USD 265 million.

Total dividend related to 2023 amounted to USD 212.5 million (DKK 45 per share), corresponding to a payout ratio of 53.1%. The 2023 final dividend of USD 46.8 million (DKK 10 per share) is expected to be distributed pending approval at the Annual General Meeting.

Interim dividends of USD 72 million (DKK 15 per share) were paid in May 2023, USD 48 million (DKK 10 per share) in August 2023 and USD 46 million (DKK 10 per share) in November 2023.

Amounts exclude dividend declared on treasury shares.

Treasury shares

	Market value, USD million	Treasury shares %	2023	2022
Holding 1/1	194.7	8.78	3,248,012	2,436,939
Purchases			2,257,440	3,327,721
Transfers			-73,040	-316,648
Cancellations			-3,000,000	-2,200,000
Holding 31/12	**115.8**	**7.15**	**2,432,412**	**3,248,012**

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 three share buy-back programmes in 2023. The share buy-back programmes were initiated pursuant to the authorisation granted to the Board of Directors.

The details of all share buy-back programmes conducted throughout the year are found in the following table:

Period	Limit* of share capital	Number of shares acq.	Cost of shares acq., DKK	Avg. price of shares acq., DKK
3 Nov 22 - 7 Feb 23	15%	462,300	176,270,040	381
13 Feb - 28 Apr 23	15%	746,400	345,669,872	463
10 Aug - 31 Oct 23	10%	560,740	205,187,449	366
2 Nov 23 - 31 Jan 24	10%	488,000	153,230,480	314
		2,257,440	**880,357,841**	**390**

* 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 2023. The total cost of DKK 880,357,841 (USD 127.5 million) was deducted from retained earnings.

ACCOUNTING POLICIES

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.

The acquisition and sale of treasury shares and dividends thereon are taken directly to retained earnings at cost price under equity.

Earnings per share (EPS)

The basis for calculating earnings per share and diluted earnings per share is set out below:

	2023	2022
Profit for the year	400.1	743.5
Weighted average number of ordinary shares	34,657,535	37,572,603
Weighted average number of treasury shares	2,346,406	2,484,477
Weighted average number of shares	**32,311,129**	**35,088,126**
Dilutive effect of outstanding options and restricted share units	146,497	209,071
Weighted average number of shares, including dilutive effect of share options and restricted shares	32,457,626	35,297,197
Earnings per share, EPS (USD)	12.4	21.2
Earnings per share, diluted, EPS-D (USD)	12.3	21.1

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 share units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 Loans, bonds and lease liabilities

Amounts in USD million	Loans	Bonds	Leasing	Total
2023				
Interest-bearing debt at 1 January	221.6	73.7	519.5	814.8
Proceeds/additions	-	-	152.7	152.7
Remeasurements	-	-	120.3	120.3
Repayments/instalments	-109.6	-2.4	-366.7	-478.7
Other adjustments/disposals	-	-	-7.3	-7.3
Interest-bearing liabilities at 31 December	**112.0**	**71.3**	**418.5**	**601.8**
Current debt	2.2	71.3	265.5	339.0
Non-current debt	109.8	-	153.0	262.8
Total	**112.0**	**71.3**	**418.5**	**601.8**
Fixed-rate	105.7	-	418.5	524.2
Floating-rate	6.5	-	-	6.5
Bonds, floating-rate	-	71.3	-	71.3
Commission	-0.2	-	-	-0.2
Total	**112.0**	**71.3**	**418.5**	**601.8**
Mortgages and securities				
Security for loans	8.0	-	-	8.0
– number of vessels pledged	5	-	-	5
– number of buildings pledged	2	-	-	2
– carrying amount	176.9	-	-	176.9
– mortgaged amount	196.2	-	-	196.2
Amount insured on vessels	218.4	-	-	218.4

Amounts in USD million	Loans	Bonds	Leasing	Total
2022				
Interest-bearing debt at 1 January	342.0	98.7	607.7	1,048.4
Proceeds/additions	60.6	-	300.4	361.0
Remeasurements	-	-	83.2	83.2
Repayments/instalments	-180.4	-25.5	-466.4	-672.3
Other adjustments/disposals	-0.6	0.5	-5.4	-5.5
Interest-bearing liabilities at 31 December	**221.6**	**73.7**	**519.5**	**814.8**
Current debt	21.0	-	276.2	297.2
Non-current debt	200.6	73.7	243.3	517.6
Total	**221.6**	**73.7**	**519.5**	**814.8**
Fixed-rate	107.1	-	519.5	626.6
Floating-rate	115.2	-	-	115.2
Bonds, floating-rate	-	73.7	-	73.7
Commission	-0.7	-	-	-0.7
Total	**221.6**	**73.7**	**519.5**	**814.8**
Mortgages and securities				
Security for loans	116.2	-	-	116.2
– number of vessels pledged	13	-	-	13
– number of buildings pledged	2	-	-	2
– carrying amount	388.2	-	-	388.2
– mortgaged amount	485.5	-	-	485.5
Amount insured on vessels	564.0	-	-	564.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 Loans, bonds and lease liabilities – continued

Fixed-rate loans include financial leasing debt of USD 103.9 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.

Refer to note 4.5 "Financial instruments by category" for a description of the fair value hierarchy.

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.

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 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 4-7%, 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.

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 in the operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.3 Financial income and expenses

Amounts in USD million	2023	2022
Interest income	35.6	12.3
Fair value adjustment, derivatives	1.9	-
Exchange rate adjustments	4.5	-
Total financial income	**42.0**	**12.3**
Interest expenses	21.8	18.2
Fair value adjustment, derivatives	0.2	0.3
Exchange rate adjustments	-	1.2
Interest expenses on lease liabilities	31.4	32.3
Total financial expenses	**53.4**	**52.0**

ACCOUNTING POLICIES

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

4.4 Financial instruments and risks

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.

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, money market investments 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 1,631 million (USD 1,907 million) at the end of 2023, with USD 1,154 million (USD 1,463 million) in Dry Cargo and USD 447 million (USD 444 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 484 (315) counterparties, where the five largest counterparties accounted for 33% (27%) of the covered revenue in the segment.

In Tankers, the exposure involves 86 (87) counterparties, where the five largest accounted for 71% (71%) 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 time charters and voyage charters. For time charters, 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 have a rating of at least AA-.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.4 Financial instruments and risks - continued

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 72 million (USD 152 million) and a total negative market value of USD 110 million (USD 97 million) had been cleared and settled through NORDEN's margin account with Macquarie Bank Europe DAC.

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, refer to note 4.6 "Derivative financial instruments".

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, refer to note 4.6 "Derivative financial instruments".

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 very low sulphur fuel oil and gas oil, respectively. As the available hedging tools are not very liquid, only parts of this risk are hedged.

Interest rate risks
The Group's loan obligations are paying interest on SOFR (Secured Overnight Financing Rate). Given that a significant portion of the Group's cash balance is held in banks, this ensures a positive exposure to interest rate developments by the end of 2023. There is no significant re-financing risk related to loans.

Currency risks
The Group’s functional currency is USD. Since administration costs 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 or CNY, there may also be a currency risk. This is hedged by forward contracts in connection with newbuilding orders. At the end of 2023, 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 and the variation margins are considered settlement of the market values. The derivatives contracts can also be traded OTC, but in this case always supported by a credit support annex (CSA) from the International Swaps and Derivatives Association (ISDA). 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.

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 51.1% (48.3%) at the end of 2023. 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%. Due to the LIBOR and reference rate reform, NORDEN’s USD 100 million bond issue has changed from paying three months, LIBOR (London Interbank Offered Rate) plus a margin of 4.75% to now paying SOFR plus a margin of 5.01%. Refer to note 4.5 “Financial instruments by category” for further information. The changes did not result in any material accounting impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.4 Financial instruments and risks – continued

Overview of financial risks

Amounts in USD million	Nominal value		
Credit	2023	2022	Comments on NORDEN's policy
Trade receivables	303	345	The credit rating of counterparties is assessed on an ongoing basis through systematic credit assessment and regular monitoring of creditworthiness.
Bank deposits (incl. money market investments)	557	842	The Group liquidity is strictly placed with financial institutions that have a Moody's rating of at least AA-.
Prepayments on vessels and newbuildings	44	32	As a main rule, newbuilding contracts with shipyards are all entered into with repayment guarantees issued by banks with good credit ratings.
Freight rate risks (FFAs)	27[B]	224[S]	To limit credit risk, the Group's FFAs are all entered through established clearing houses as these have daily margin settlement.
Bunker swaps	133[B]	113[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	2023	2022	Sensitivity	Comments on NORDEN's policy
Freight rate risks (FFAs)	27[S]	224[S]	A 10% drop in freight rates at year end would positively impact equity by USD 5 (positive impact of USD 16).	The Group uses FFAs to hedge the cash flow risk related to highly probable freight expenses and revenues.
Bunker price risks	133[B]	113[B]	A 10% drop in bunker prices at year end would negatively impact equity by USD 13 (negative impact of USD 10).	The Group uses bunker swaps 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, forecast cargoes.
Currency risks	144	186	A 10% increase in the DKK, GBP, JPY and AUD exchange rates at year end would have the following impact: • DKK; net results by USD 0 (USD 0) and equity USD 0 (USD 0), and • GBP; net results by USD 0 (USD 0) and equity by USD 0 (positive USD 3). • JPY; net results positively by USD 1 (USD 4) and equity by USD 1 (USD 4). • AUD; net results by USD 0 (USD 0) and equity by USD 0 (USD 0). Any exposure to other currencies than DKK, GBP, JPY and AUD 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 4.6. • JPY forward currency contracts are used to hedge the exercise price of vessel purchase options. • AUD forward currency contracts are used to hedge expected freight income from a COA concluded in AUD.
Interest rate risks	479	653	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 3 (USD 5) and equity by USD 3 (USD 5).	Most of the Group's loan obligations are subject to interest on the basis of SOFR. Most of the Group's considerable cash balance is held at banks thus netting out the loan's interest rate exposure.

[S]Sold net, [B]Bought net, () indicates year of comparison

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.4 Financial instruments and risks – 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
2023					
Derivative financial instruments					
Derivatives with positive values, not designated in hedging	0.3	-	-	0.3	0.3
Derivatives with negative values, not designated in hedging	-	-0.1	-	-0.1	-0.1
Derivatives with positive value, designated in cashflow hedge	0.1	0.6	-	0.7	0.7
Financial assets measured at amortised cost					
Receivables from subleasing	82.9	17.4	-	100.3	94.6
Cash and cash equivalents	557.2	-	-	557.2	557.2
Trade receivables	283.6	-	-	283.6	283.6
Receivables from joint ventures	-	-	-	-	-
Other receivables	37.0	-	-	37.0	37.0
Total	**960.7**	**17.4**	**-**	**978.1**	**972.4**
Financial liabilities measured at amortised cost					
Loans	-9.5	-60.0	-64.3	-133.8	-112.0
Bonds	-71.6	-	-	-71.6	-71.3
Lease liabilities, current and non-current	-281.0	-146.2	-14.7	-441.9	-418.5
Lease liabilities, future commencement date	-18.5	-106.2	-241.6	-366.3	-
Trade and other payables	-435.6	-	-	-435.6	-435.6
Total	**-816.2**	**-312.4**	**-320.6**	**-1,449.2**	**-1,037.4**

Refer to page 127 in the note's Financial comments section and to note 4.6 "Derivative financial instruments" for further information.

	Maturities				
Amounts in USD million	<1 year	1-3 years	>3 years	Total	Carrying amount
2022					
Derivative financial instruments					
Derivatives with positive values, not designated in hedging	5.7	-	-	5.7	5.7
Derivatives with negative values, not designated in hedging	-6.0	-	-	-6.0	-6.0
Derivatives with positive value, designated in cashflow hedge	0.7	0.1	-	0.8	0.8
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
Trade 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 and non-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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.5 Financial instruments by category

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 based on 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 rate 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 as 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.

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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.5 Financial instruments by category – continued

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Amounts in USD million

2023	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]	94.6	-	94.6	-
Trade receivables [2]	283.6	-	-	-
Other receivables [2]	37.0	-	-	-
Receivables from joint ventures [2]	-	-	-	-
Cash and cash equivalents [2]	557.2	-	-	-
Total financial assets at amortised cost	**972.4**	**-**	**94.6**	**-**
Other investments	12.7	-	-	12.7
Other receivables, derivatives	0.7	-	0.7	-
Total financial assets at fair value through other comprehensive income	**13.4**	**-**	**0.7**	**12.7**
Other receivables, derivatives	0.3	-	0.3	-
Total financial assets at fair value through the income statement	**0.3**	**-**	**0.3**	**-**
Loans	-112.0	-	-112.0	-
Bonds	-71.3	-73.3	-	-
Lease liabilities [1]	-418.5	-	-	-
Trade payables [2]	-261.8	-	-	-
Total debt at amortised cost	**-863.6**	**-73.3**	**-112.0**	**-**
Derivatives	-	-	-	-
Total financial liabilities at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Derivatives	-0.1	-	-0.1	-
Total financial liabilities at fair value through the income statement	**-0.1**	**-**	**-0.1**	**-**

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

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	-
Trade 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**	**-**
Investments	-	-	-	-
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	-	-	-
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.6 Derivative financial instruments

Cash flow hedging

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

Amounts in USD million	2023	2022
Fair value of cash flow hedges:		
Fair value at 1 January	63.1	-31.2
Fair value adjustment at year end, net	-98.4	94.3
Fair value at 31 December	**-35.3**	**63.1**
The fair value of cash flow hedges at 31 December can be specified as follows:		
Bunker hedging	-1.9	-10.8
FFA hedging	-34.0	71.9
Foreign currency risk hedging	0.6	2.0
End of year	**-35.3**	**63.1**
At year end, cash-flow hedges cleared through margin accounts can be specified as follows:		
FFA hedging	-34.0	71.9
Bunker hedging	-1.9	-11.6
Foreign currency risk hedging	0.6	2.0
At year end, cash-flow hedges not cleared through margin accounts can be specified as follows:		
Bunker hedging	-	0.8
End of year	**-35.3**	**63.1**

USD 2.3 million has been recycled from the hedging reserve recognised to other income as ineffectiveness.

Bunker hedging

The Group hedges cash flow risks associated with bunker prices to the extent possible. The risk strategy is built on portfolio hedging where Risk Management 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.

Amounts in USD million	2023	2022
Movements in the hedging reserve:		
Beginning of year	-10.8	7.4
Fair value adjustment	15.1	26.2
Realised contracts, transferred to revenue	27.7	54.7
Realised contracts, transferred to operating costs	-33.9	-99.1
End of year	**-1.9**	**-10.8**

The bunker hedging activities comprise the following contracts:

	Settlement Mts				Fair value	
	<1 year	1-2 years	2-3 years	>3 years	Positive	Negative
2023						
Purchased	918,738	20,984	11,984	-	6.0	-24.0
Avg. USD/Mts	*551.6*	*492.4*	*477.9*	-		
Sold	667,718	11,984	5,984	-	16.5	-2.6
Avg. USD/Mts	*553.8*	*491.2*	*470.9*	-		
2022						
Purchased	980,106	20,192	-	-	20.1	-35.5
Avg. USD/Mts	*575.8*	*549.2*	-	-		
Sold	776,954	3,000	-	-	21.1	-22.1
Avg. USD/Mts	*568.0*	*537.0*	-	-		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.6 Derivative financial instruments – continued

Freight hedging
To manage the variability in cash flow risk due to freight price fluctuations, we cover future open ship days with cargo contracts, Time Charter (T/C) contracts, and Forward Freight Agreements (FFAs), based on Management's assessment of their attractiveness.

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. They 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 . Actual earnings on spot voyages within the respective vessel type show strong correlation to the relevant Baltic spot indices, and are therefore considered to be effective hedges against highly probable freight revenue when applying a 1:1 hedging ratio.

Change 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	2023	2022
Movements in the hedging reserve:		
Beginning of year	71.9	-39.0
Fair value adjustment	-18.5	101.7
Realised contracts, transferred to operating costs	-19.1	-57.9
Realised contracts, transferred to revenue	-68.3	67.1
End of year	**-34.0**	**71.9**

The following table comprises the freight hedging contracts.

	Settlement days				Fair value	
	<1 year	1-2 years	2-3 years	>3 years	Positive	Negative
2023						
Purchased	15,801	4,320	660	180	39.4	-1.4
Avg. USDk/day	*13.0*	*13.0*	*15.0*	*12.2*		
Sold	21,905	-	-	-	1.7	-73.7
Avg. USDk/day	*12.0*	-	-	-		
2022						
Purchased	15,749	4,560	600	300	29.0	-23.4
Avg. USDk/day	*13.5*	*13.1*	*12.6*	*13.7*		
Sold	31,703	4,440	-	-	78.0	-11.6
Avg. USDk/day	*15.0*	*12.7*	-	-		

Derivatives not designated in 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
2023		
Freight Forward Agreements	8.0	-8.0
Forward exchange contracts	0.3	-0.1
2022		
Freight Forward Agreements	3.9	-4.4
Forward exchange contracts	5.7	-6.0

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
2023 - GBP	8.7	0.7	-	-	0.6	-
2022 - GBP	8.7	8.7	0.7	-	2.0	-

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 1.36.

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 CONSOLIDATED FINANCIAL STATEMENTS

4.6 Derivative financial instruments – 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).

Where the expected future transactions result 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 is transferred from equity to the income statement under 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.

4.7 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 advisers 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 regarding the joint venture Polar Navigation 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 advisers, including external legal advisers, among others.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5
OTHER DISCLOSURE REQUIREMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Share-based payment

Number of shares	2023	2022
Outstanding restricted shares at 1 January	229,067	218,195
Granted during the period	34,858	81,344
Exercised during the period	-78,128	-67,044
Lapsed during the period	-	-3,428
Outstanding restricted shares at 31 December	**185,797**	**229,067**
Outstanding share options at 1 January	14,400	336,378
Exercised during the period	-2,900	-308,978
Lapsed during the period	-11,500	-13,000
Outstanding share options at 31 December	**-**	**14,400**
Average price of exercised share options (DKK)	54.89	54.89

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 share 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.

Active restricted share programmes

Programme	2023	2022	2021
Share value at launch (DKK)	396.08	159.83	115.39
Fair value at grant (USDk)	2,012	1,712	1,437
Allocated to recipients	Jan. & Jun. 2026	Jan. 2025	Jan. 2024
Vesting period	2023 to 2026	2022 to 2025	2021 to 2024
Amortisation period	3 years	3 years	3 years
Originally granted shares	34,858	81,344	87,698
Outstanding restricted shares:			
Excecutive Management	8,262	20,591	18,899
Other executives	4,604	11,403	13,247
Others	21,992	47,962	38,837
Total	**34,858**	**79,956**	**70,983**
Expense for the year, all programmes (USDk)	1,888	1,401	1,128

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

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, these may be included in the determination of the investment amount.

The last share option programmes expired in 2023 and no unexercised share options remained as of 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Share-based payment – continued

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".

5.2 Income tax

Amounts in USD million	2023	2022
Tax on the profit from operations (EBIT)	9.4	8.8
Tax on other items	1.5	-0.2
Adjustment of tax regarding previous years	-0.8	-0.2
Total	**10.1**	**8.4**
Can be broken down as follows:		
Profit/loss before tax	410.2	751.9
of which results from tonnage activity	-392.8	-775.7
Profit/loss from non-tonnage activity	**17.4**	**-23.8**
Tax using the Danish corporation tax rate (22%)	3.8	-5.2
Tax rate deviations in foreign jurisdictions	0.4	-0.4
Non-deductible expenses	-	7.9
Adjustment to previous years' taxes	-0.8	-0.2
Total income tax	**3.4**	**2.1**
Tonnage tax	6.7	6.3
Total tax for the year	**10.1**	**8.4**
Effective tax rate	2.5%	1.1%
Contingent tax under the tonnage tax scheme	16.3	16.3
Contingent tax is calculated equalling the tax rate for 2023 and going forward	22.0%	22.0%

The contingent tax could become payable as current tax if the tonnage tax regime is discontinued, if there's a significant decrease in the net investments in vessels by the Danish group entities, or if these entities are liquidated. Therefore, the business plans of the Group are a important basis for this tax estimate.

ACCOUNTING POLICIES

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

Other activities primarily consist of commercial management income. Shipping activities in Denmark and Singapore are taxed based on the vessel net tonnage at disposal.

Based on the planned use of vessels and recovery of reversed depreciation, respectively, the Danish and Singaporean tonnage tax regimes do not result in a liability, hence, it does not result in any deferred tax in the statement of financial position. The tax 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

The Danish group entities have entered the Danish tonnage tax regime for a binding ten-year period from 2021. The Singaporean group entity has entered the Singaporean tonnage tax regime for a binding ten-year period from 2019.

In addition, tax regulation become complex 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 or Singaporean tax authorities may result in corrections to previous estimates of recognised tax assets and liabilities in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.2 Income tax - continued

ACCOUNTING JUDGEMENTS AND ESTIMATES - CONTINUED

The Group applies the exception to recognising and disclosing information about deferred tax related to Pillar Two income taxes.

As the predominant aspect of the Group's business activities falls under the tonnage tax system, the forthcoming regulations associated with Pillar II are anticipated to exert minimal influence on the overall tax structure of the Group. Notably, the primary regions that may be subject to the regulatory impact are Africa and the Americas. However, it is important to highlight that these regions currently contribute insignificantly to the overall profit of the Group.

5.3 Fees to auditor appointed at the general meeting

Amounts in USD million	2023	2022
"Other external costs" include the following fees to the independent auditor:		
Statutory audit	0.5	0.8
Other assurance services	0.1	0.1
Tax consultancy	-	-
Other services	-	0.2
Total	**0.6**	**1.1**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to USD 0.1 million including other assurance opinions and other services.

Fees for 2022 relates to the Group's former auditor PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

5.4 Related party disclosures

Amounts in USD million	2023	2022
Income statement		
Sale of goods and services, joint ventures	4.9	15.6
Purchase of goods and services, joint ventures	14.0	24.0
Assets		
Receivables, joint ventures	-	1.5
Shareholders with significant influence		
A/S Motortramp		
- Dividends paid to shareholder	99.8	121.6
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.

Detailed information regarding the remuneration and share-based compensation for both the Board of Directors and the Executive Management can be found in note 2.2 "Operating costs" and note 5.1 "Share-based payment".

Accounts with joint ventures are related to operations, unsecured and with usual interest rates. Guarantees to joint ventures are disclosed in note 3.7 "Investments and activities".

No other financial transactions occurred throughout the year involving the Board of Directors, the Executive Management, significant shareholders or any 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 3.7 "Investments and activities".

All transactions involving related parties are conducted in adherence to arm's length principles, maintaining independence and market-driven terms.

5.5 Events after the reporting date

There are no material subsequent events. Refer to page 11 in Management's Review.

NOTES TO THE CONSOLIDATED 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 (Singapore) Pte. Ltd., China, 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 Shipping (Cyprus) Ltd., Cyprus, 100%
  - NORDEN Asset Management A/S, Denmark, 100%
  - NORDEN Shipping Abidjan SARLU, Ivory Coast, 100%
  - Dampskibsselskabet NORDEN A/S, Canada, Branch
  - NORDEN Shipping Middle East DMCC, UAE, 100%
  - NORDEN Gabon A/S, Denmark, 100%
    - NORDEN Transhipment Services Gabon, Gabon, Branch
  - NORDEN Japan K.K., Japan, 100%
  - Dampskibsselskabet NORDEN A/S, Germany, Branch

Parent company financial statements

INCOME STATEMENT

Amounts in USD million	Note	2023	2022
Revenue	2.1	**3,524.5**	**5,082.3**
Other operating income		4.5	12.3
Vessel operating costs		-2,778.4	-3,774.2
Other external costs		-59.7	-39.5
Staff costs	2.2	-60.7	-112.8
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)		**630.2**	**1,168.1**
Profit/loss from sale of vessels, etc.		14.6	45.3
Depreciation, amortisation and impairment losses, net	3.1-3.3	-348.2	-470.5
Profit from operations (EBIT)		**296.6**	**742.9**
Profit/loss from investments in subsidiaries	3.5	135.3	45.2
Profit/loss from investments in joint ventures	3.6	-	-0.1
Financial income	4.4	38.1	11.2
Financial expenses	4.4	-65.4	-48.4
Profit before tax		**404.6**	**750.8**
Tax for the year	5.2	-8.0	-7.3
Profit for the year	4.2	**396.6**	**743.5**

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in USD million	Note	2023	2022
Goodwill	3.1	31.8	-
Other intangible assets	3.1	15.2	-
Total intangible assets		**47.0**	**-**
Vessels	3.2	45.8	46.5
Right-of-use assets	3.3	430.8	528.5
Property and equipment	3.2	47.6	48.4
Prepayments on vessels and newbuildings	3.2	1.7	4.2
Total tangible assets		**525.9**	**627.6**
Investments in subsidiaries	3.5	775.6	740.3
Other investments	3.6	12.7	-
Receivables from subleasing	3.4	23.1	22.9
Total financial assets		**811.4**	**763.2**
Total non-current assets		**1,384.3**	**1,390.8**
Inventories		109.3	130.4
Receivables from subleasing	3.4	93.2	86.4
Trade receivables		265.1	324.2
Receivables from subsidiaries		50.3	22.2
Receivables from joint ventures		-	1.2
Tax receivables		-	0.5
Other receivables		34.0	37.3
Prepayments		107.8	126.7
Cash and cash equivalents		432.9	641.1
Total current assets		**1,092.6**	**1,370.0**
TOTAL ASSETS		**2,476.9**	**2,760.8**

Equity and liabilities

Amounts in USD million	Note	2023	2022
Share capital	4.1	5.4	5.9
Reserve for hedges		-35.3	63.1
Reserve for net revaluation according to the equity method		325.0	289.7
Retained earnings		848.9	812.8
Proposed dividend	4.2	50.4	159.2
Total equity		**1,194.4**	**1,330.7**
Loans	4.3	52.7	53.6
Bonds	4.3	-	73.7
Lease liabilities	4.3	205.7	266.3
Total non-current liabilities		**258.4**	**393.6**
Loans	4.3	1.1	1.0
Bonds	4.3	71.3	-
Lease liabilities	4.3	312.2	339.3
Trade payables		247.9	271.8
Debt to subsidiaries		164.1	164.8
Tax payables		5.0	-
Other payables		124.0	178.7
Deferred income		98.5	80.9
Total current liabilities		**1,024.1**	**1,036.5**
Total liabilities		**1,282.5**	**1,430.1**
TOTAL EQUITY AND LIABILITIES		**2,476.9**	**2,760.8**

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 2023		**5.9**	**63.1**	**289.7**	**812.8**	**159.2**	**1,330.7**
Profit for the year		-	-	35.3	361.3	-	396.6
Capital reduction		-0.5	-	-	0.5	-	-
Fair value adjustments taken to equity, hedging instruments		-	-98.4	-	-	-	-98.4
Acquisition of treasury shares	4.1	-	-	-	-127.5	-	-127.5
Exercise of share options		-	-	-	-	-	-
Dividend paid out in respect of 2022		-	-	-	-	-143.2	-143.2
Dividend related to treasury shares in respect of 2022		-	-	-	16.7	-16.7	-
Exchange rate adjustment to dividends paid		-	-	-	-0.7	0.7	-
Proposed interim dividend		-	-	-	-173.6	173.6	-
Interim dividend paid out in respect of 2023		-	-	-	-	-165.7	-165.7
Interim dividend related to treasury shares in respect of 2023		-	-	-	7.9	-7.9	-
Proposed dividend related to 2023	4.2	-	-	-	-46.8	46.8	-
Proposed dividend on treasury shares elated to 2023	4.2	-	-	-	-3.6	3.6	-
Share-based payment	5.1	-	-	-	1.9	-	1.9
Divestments		-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-
Changes in equity		**-0.5**	**-98.4**	**35.3**	**36.1**	**-108.8**	**-136.3**
Equity at 31 December 2023		**5.4**	**-35.3**	**325.0**	**848.9**	**50.4**	**1,194.4**

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	4.1	-	-	-	-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	4.2	-	-	-	-145.2	145.2	-
Proposed dividend on treasury shares elated to 2022	4.2	-	-	-	-14.0	14.0	-
Share-based payment	5.1	-	-	-	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**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

SECTION 1
SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

SECTION 2
OPERATING ACTIVITIES

SECTION 3
ASSET BASE

SECTION 4
CAPITAL AND FINANCING

SECTION 5
OTHER DISCLOSURE REQUIREMENTS

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1.1 Summary of significant accounting policies

NORDEN prepares the parent company financial statements for Dampskibsselskabet 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 stated in note 1.7 "Changes in accounting policies and disclosures" 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".

Goodwill
Goodwill is initially recognised in the balance sheet as the difference between the fair value of net assets acquired and the consideration transferred.

Goodwill is amortised on a straight-line basis over five years. The amortisation period is determined considering the strategic nature of the acquired businesses, the transfer of knowhow and long-term earnings profile.

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.

IFRS 15 and 16 have been applied as interpretation under Danish GAAP.

Other investments
The Group has invested in an equity share of a non-listed company. The investment is expected to be held medium to long term for strategic purposes. The investment will be accounted for at fair value through profit or loss.

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 of 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	Freight Services & Trading	Assets & Logistics	Elimi-nations	**Total**
2023	3,291.0	564.3	-330.8	**3,524.5**
2022	4,755.6	793.2	-466.5	**5,082.3**

For further details on each segment, please refer to note 2.1 "Segment information" in the consolidated financial statements.

Future revenue from Contracts of Affreightment (COA)

Amounts in USD million	2023	2022
<1 year	346.6	389.6
1-2 years	64.5	137.3
2-3 years	32.7	57.1
3-4 years	17.7	34.1
4-5 years	13.6	18.1
>5 years	42.2	55.0
Total	**517.3**	**691.2**

NORDEN holds several contracts of affreightment, obligating the Parent to undertake voyage charters of varying lengths, from medium to long term. These charters will use vessels that have not yet been nominated. It is expected that these contracts will yield a projected revenue of around USD 517 million in the upcoming years.

Future revenue from time charter agreements

Amounts in USD million	TC revenue	Sublease revenue	Total
2023			
<1 year	314.0	-116.4	197.6
1-2 years	102.7	-40.7	62.0
2-3 years	21.4	-18.6	2.8
3-4 years	16.6	-16.6	-
4-5 years	16.7	-15.9	0.8
>5 years	6.2	-4.6	1.6
Total	**477.6**	**-212.8**	**264.8**

Amounts in USD million	TC revenue	Sublease revenue	Total
2022			
<1 year	307.0	-42.7	264.3
1-2 years	95.8	-34.6	61.2
2-3 years	44.5	-7.4	37.1
3-4 years	0.4	-	0.4
4-5 years	-	-	-
>5 years	-	-	-
Total	**447.7**	**-84.7**	**363.0**

Sublease revenue is derived from sublease gains recognised in prior years, eliminating future time charter (TC) revenue.

2.2 Staff costs and remuneration

Amounts in USD million	2023	2022
Wages and salaries	55.9	108.8
Pensions – defined contribution plans	2.5	2.2
Other social security costs	0.5	0.5
Share-based payment	1.8	1.3
Total	**60.7**	**112.8**
Average number of employees	223	210

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 2.2 "Operating costs" and note 5.1 "Share-based payment" in the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.1 Intangible assets

Amounts in USD million	Goodwill	Other intangible assets	Total
2023			
Cost at 1 January	-	-	-
Additions from business combinations	35.3	21.6	56.9
Cost at 31 December	**35.3**	**21.6**	**56.9**
Amortisation and impairment losses at 1 January	-	-	-
Amortisation	-3.5	-6.4	-9.9
Amortisation and impairment losses at 31 December	**-3.5**	**-6.4**	**-9.9**
Carrying amount at 31 December	**31.8**	**15.2**	**47.0**

As there were no intangible assets in 2022, there are no comparative figures to disclose.

Impairment
NORDEN impairment test all intangible and tangible assets in case of indication of impairment and every year for CGU's where goodwill has been allocated. Impairment tests are carried out for each subsidiary, associate and joint venture in the parent company if there is indication of impairment.

For detailed information on impairment assessment refer to note 3.2 "Impairment of intangible and tangible assets" in the consolidated financial statements.

3.2 Tangible assets

Amounts in USD million	Vessels	Property and equip-ment	Prepay-ments on vessels and new-buildings	Total
2023				
Cost at 1 January	47.1	53.6	4.2	104.9
Additions	-	-	121.5	121.5
Disposals	-	-	-124.0	-124.0
Cost at 31 December	**47.1**	**53.6**	**1.7**	**102.4**
Depreciation at 1 January	-0.6	-5.2	-	-5.8
Depreciation	-0.7	-0.8	-	-1.5
Disposals	-	-	-	-
Depreciation at 31 December	**-1.3**	**-6.0**	**-**	**-7.3**
Carrying amount at 31 December	**45.8**	**47.6**	**1.7**	**95.1**

The above vessels relate to two vessels sold to third parties with a repurchase option in connection with which NORDEN, at the same time, entered into long-term lease contracts. These transactions have been treated as financing transactions and the received proceeds are part of the loans.

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**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.3 Right-of-use assets

The nature of leasing activities
The majority of lease contracts are time charter contracts on vessels, while a minor part is the lease of office space, and other equipment from external parties under non-cancellable lease agreements. Leases have varying terms, including options to extend and options to purchase.

	2023	2022
No. of right-of-use-assets leased	156	167
- of this, index leases	14	4
Range of remaining term of leases, in years	0-6	0-5
Average remaining term of leases, in years	2.3	2.4
No. of leases with extension options	70	82
No. of leases with purchase options	97	94

Amounts recognised in the statement of financial position

Amounts in USD million	2023	2022
Right-of-use assets		
Cost at 1 January	1,302.4	1,135.1
Additions	153.4	270.3
Remeasurements	69.6	111.2
Disposals	-339.8	-214.2
Cost at 31 December	**1,185.6**	**1,302.4**
Depreciation at 1 January	-773.9	-475.9
Depreciation	-336.8	-469.3
Disposals	355.9	171.3
Depreciation at 31 December	**-754.8**	**-773.9**
Carrying amount at 31 December	**430.8**	**528.5**

Amounts recognised in the income statement

Amounts in USD million	2023	2022
Depreciation of right-of-use assets	336.8	469.3
Interest expenses related to lease liabilities	35.0	34.5
Expenses related to the service component	295.2	331.7
Expenses related to short-term leases	1,195.6	1,793.1
Future expenses related to short-term leases	294.0	289.9

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 shown below, when the time-chartered vessels will be delivered, and the company obtains the right to direct the use 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) 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 company and not by the lessors.

At the lease commencement date, the Group assesses whether it is reasonably certain that the extension option will be exercised. If significant events or changes in circumstances within its control occur, the Group reassesses this certainty.

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 the non-lease component).

	Freight Services & Trading				Assets & Logistics				Parent
Amounts in USD million	<1 year	1-5 years	>5 years	**Total**	<1 year	1-5 years	>5 years	**Total**	**Total**
2023									
Leases with future commencement date	11.9	-	-	**11.9**	110.5	194.5	-	**305.0**	**316.9**
Extension options	-	8.8	-	**8.8**	29.7	414.3	138.1	**582.1**	**590.9**
Daily running cost	78.5	24.7	-	**103.2**	150.7	312.0	24.3	**487.0**	**590.2**
2022									
Leases with future commencement date	-	-	-	**-**	45.3	139.6	-	**184.9**	**184.9**
Extension options	19.6	9.6	-	**29.2**	37.3	344.3	168.7	**550.3**	**579.5**
Daily running cost	76.2	15.1	-	**91.3**	165.3	305.0	7.7	**478.0**	**569.3**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.4 Subleasing

This note provides information on leases where the company is the lessor.

Amounts in USD million	2023	2022
Amounts recognised in the income statement		
Revenue from sublease financial income*	7.5	3.3
Gain on derecognised right-of-use assets*	68.1	69.4
Revenue - sublease financial income and gains	**75.6**	**72.7**
Amounts recognised related to cash flow		
Instalments on sublease receivables	154.0	63.3
Receivables from subleasing		
Receivables from subleases at 1 January	109.3	33.4
Additions	150.7	146.7
Disposals	-1.0	-9.8
Remeasurements	11.3	2.3
Payments received	-154.0	-63.3
Receivables from subleases at 31 December	**116.3**	**109.3**

*Included in revenue

Amounts in USD million	2023	2022
Sublease receivables, contractual undiscovered payments:		
<1 year	97.0	92.3
1-2 years	22.5	23.7
2-3 years	1.2	-
Total	**120.7**	**116.0**

3.5 Investments in subsidiaries

Amounts in USD million	2023	2022
Cost at 1 January	450.6	440.0
Divestments	-	-5.5
Additions	-	16.1
Cost at 31 December	**450.6**	**450.6**
Value adjustments at 1 January	289.7	246.3
Share of profit for the year	135.8	45.7
Divestments	-	-1.8
Depreciation internal profit/loss	-0.5	-0.5
Dividends received	-100.0	-
Value adjustments at 31 December	**325.0**	**289.7**
Carrying amount at 31 December	**775.6**	**740.3**

Refer to note 5.6 "Group structure" in the consolidated financial statements. No significant restrictions apply to distributions from subsidiaries.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.6 Investments and activities

Investments in joint ventures

Amounts in USD million	2023	2022
Cost at 1 January	-	-
Cost at 31 December	**-**	**-**
Value adjustments at 1 January	-	-0.1
Share of profit/loss for the year	-	-0.1
Profit/loss from sale of shares	-	0.2
Value adjustment at 31 December	**-**	**-**
Transferred to other payables due to negative equity	-	-
Carrying amount at 31 December	**-**	**-**

No significant restrictions apply to distributions from joint ventures.

Refer to note 3.7 "Investments and activities" in the consolidated financial statements for further information regarding the acquisition of Thorco Projects (business combination) and the acquisition of the MASH Makes minority stake.

Investments in joint ventures comprise:	Ownership 2023	Ownership 2022
NORDEN SYNERGY Ship Management A/S, Denmark	-	50%
Key figures (100%) for joint ventures are:		
Revenue and other income	-	2.4
Costs	-	-2.5
Total profit/loss	**-**	**-0.1**
Share of profit/loss of NORDEN	**-**	**-0.1**
Non-current assets	-	-
Current assets	-	-
- of this, cash and cash equivalents	-	-
Non-current liabilities, debt	-	-
Current liabilities	-	-
Total carrying amount	**-**	**-**
Share of carrying amount of NORDEN	-	-
Transferred to other payables due to negative equity	-	-
Carrying amount of NORDEN	**-**	**-**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.1 Share capital and dividends

The share capital consists of 34,000,000 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	2023	2022
Interim dividend for the year	165.7	279.5
Dividend for the prior year	143.2	96.7
Share repurchases for the year	127.5	129.8
Total	**436.4**	**506.0**

The net cash distribution to shareholders in the form of dividends and share repurchases amounted to USD 436 million, compared to a free cash flow of USD 265 million.

Dividends

	2023	2022
Interim dividend per share, DKK	35.0	60.0
Final proposed dividend per share, DKK	10.0	30.0
Available for distribution, USD million	899.3	972.0

The total dividend for 2023 amounted to USD 212.5 million (DKK 45 per share), corresponding to a payout ratio of 53.1%. The 2023 final dividend of USD 46.8 million (DKK 10 per share) is expected to be distributed pending approval by the Annual General Meeting.

Interim dividends of USD 72 million (DKK 15 per share) were paid in May 2023, USD 48 million (DKK 10 per share) in August 2023 and USD 46 million (DKK 10 per share) in November 2023. Amounts exclude dividend declared on treasury shares.

Treasury shares

	Market value, USDm	Treasury shares as a %	2023	2022
Holding at 1 January	194.7	8.78	3,248,012	2,436,939
Purchases			2,257,440	3,327,721
Transfers			-73,040	-316,648
Cancellations			-3,000,000	-2,200,000
Holding at 31 December	**115.8**	**7.15**	**2,432,412**	**3,248,012**

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 three share buy-back programmes in 2023. The share buy-back programmes were initiated pursuant to the authorisation granted to the Board of Directors.

Details of all programmes conducted throughout the year:

Period	Limit* of share capital	Number of shares acq.	Cost of shares acq., DKK	Avg. price of shares acq., DKK
3 Nov 22 - 7 Feb 23	15%	462,300	176,270,040	381
13 Feb - 28 Apr 23	15%	746,400	345,669,872	463
10 Aug - 31 Oct 23	10%	560,740	205,187,449	366
2 Nov 23 - 31 Jan 24	10%	488,000	153,230,480	314
		2,257,440	**880,357,841**	**390**

* 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 2023. The total cost of DKK 880,357,841 (USD 127.5 million) was deducted from retained earnings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4.2 Proposal for the distribution of profit

Amounts in USD million	2023	2022
Reserve for net revaluation according to the equity method	35.3	45.2
Proposed final dividend	50.4	159.2
Interim dividends paid	165.7	279.5
Retained earnings	145.2	259.6
Total	**396.6**	**743.5**
Proposed final dividend per share, DKK	10.0	30.0

4.3 Loans, bonds and lease liabilities

Amounts in USD million	2023	2022
Current debt, <1 year	384.6	340.3
Non-current debt, 1-5 years	253.7	388.5
Non-current debt, >5 years	4.7	5.1
Total*	**643.0**	**733.9**
Mortgages and security		
As security for loans	8.0	8.3
- number of buildings pledged	2	2
- carrying amount	46.3	46.6
- mortgaged amount	14.1	13.6

* Total amount includes lease liabilities.

Lease liabilities

Amounts in USD million	2023	2022
Lease liabilities at 1 January	605.6	713.9
Additions	238.7	347.9
Remeasurements	103.5	111.9
Instalments	-420.4	-523.5
Disposals	-9.5	-44.6
Lease liabilities at 31 December	**517.9**	**605.6**

The subsidiaries' guarantee debt in the parent company amounted to USD 0 million (2022: USD 0 million) at the reporting date.

4.4 Financial income and expenses

Amounts in USD million	2023	2022
Interest income	34.5	11.2
Interest income related to cash pool	1.6	-
Fair value adjustment, derivatives	2.0	-
Total financial income	**38.1**	**11.2**
Interest expenses	12.7	8.9
Interest expenses related to cash pool	17.6	4.7
Fair value adjustment, derivatives	0.1	0.3
Interest expenses on lease liabilities	35.0	34.5
Total financial expenses	**65.4**	**48.4**

4.5 Financial instruments and risks

Refer to note 4.4 "Financial instruments and risks" in the consolidated financial statements.

4.6 Derivative financial instruments

Refer to note 4.6 "Derivative financial instruments" in the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

5.1 Share-based payment

Refer to note 5.1 "Share-based payment" in the consolidated financial statements.

5.2 Income tax

Amounts in USD million	2023	2022
Tax on profit for the year	8.8	7.6
Adjustment of tax regarding previous years	-0.8	-0.3
Total	**8.0**	**7.3**

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 income subject to joint taxation in Denmark.

5.3 Fees to auditor appointed at the general meeting

Amounts in USD million	2023	2022
"Other external costs" include the following fees to the independent auditor:		
Statutory audit	0.3	0.7
Other assurance services	0.1	0.1
Tax consultancy	-	-
Other services	-	0.2
Total	**0.4**	**1.0**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to USD 0.1 million including other assurance opinions and other services.

Fees for 2022 relates to the Group's former auditor PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

5.4 Unrecognised contingent assets and 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 4.2 "Loans, bonds and lease liabilities" and note 3.4 "Tangible assets", respectively, in the consolidated financial statements.

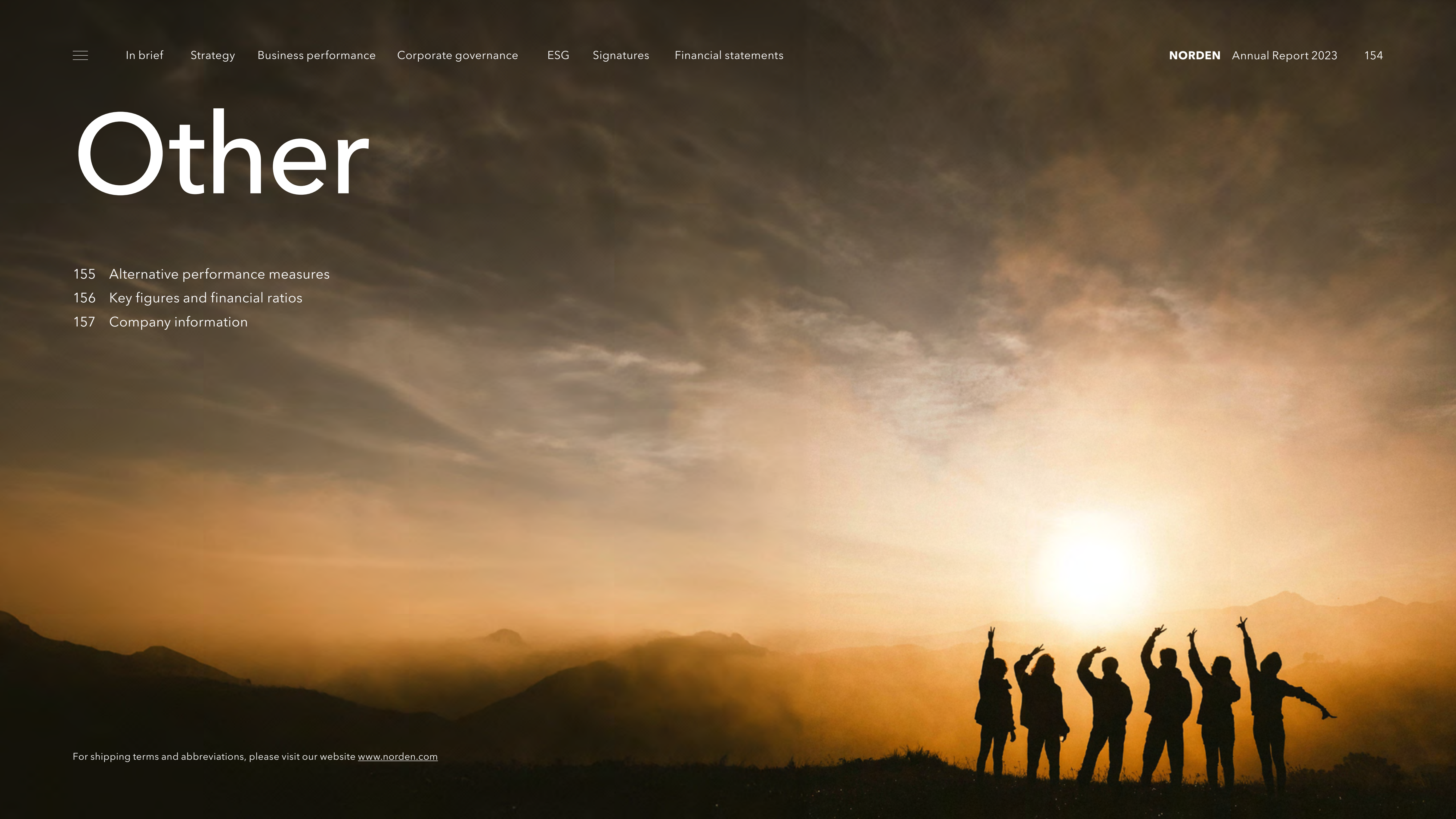
The company has not issued guarantees for loans, etc. raised by subsidiaries.

The company has provided financial support to NORDEN Shipping (Singapore) Ltd. to enable the company to meet its liabilities as regards POLAR Navigation.

Other contingencies are disclosed in note 4.7 "Provisions" in the consolidated financial statements.

5.5 Related party disclosures

Refer to note 5.4 "Related party disclosures" in the consolidated financial statements.



Other

For shipping terms and abbreviations, please visit our website www.norden.com

ALTERNATIVE PERFORMANCE MEASURES

This Annual Report contains certain measures that are non-IFRS financial measures. They are used by the Group as an integrated part of the financial reporting internally, as well as in the audited annual reports and interim financial reports to monitor the financial performance of its business and operations. It is to be noted that since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies (even if similarly labelled). Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS.

The Group uses the following non-IFRS financial measures:

Adjusted results
Adjusted Results are computed as "Profit/loss for the period" adjusted for "Profit/loss from sale of vessels, etc." and sale of vessels in joint ventures.

Contribution margin
The Group reports Contribution margin as it provides additional information regarding the Group's profitability after direct costs i.e. the direct profitability of the shipping activities provided. Contribution margin is computed as "Revenue" plus "Other operating income" less "Vessel operating costs". 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)".

Contribution margin can be derived directly from the consolidated income statement.

Invested capital
The Group reports Invested capital as it provides additional information regarding the capital invested in the Group's business and operations in order to generate the Group's returns. Invested capital is computed as described and shown in note 3.1 "Return on Invested Capital after tax".

Net interest bearing debt
The Group reports Net interest bearing debt as it provides additional information regarding the financial leverage of the Group. Net interest bearing debt is computed as "Loans" (current and non-current) plus "Bonds" (current and non-current) plus "Lease liabilities" (current and non-current) less "Cash and cash equivalents".

Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)
The Group reports Profit before depreciation, amortisation and impairment losses, etc. (EBITDA) as it is considered a generally applied financial measure which provides additional information regarding the Group's profitability after direct costs and "Overhead and administrative costs" but not impacted by the effects from capital investments in the form of depreciation, amortisation and impairment losses nor impacted by profit/loss from divestments of vessels etc., the Group's capital structure or tax.

Profit before depreciation, amortisation and impairment losses, etc. (EBITDA) is computed as Profit/loss before "Depreciation, amortisation and impairment losses", "Profit/loss from sale of vessels etc.", (in parent income statement) "Profit/loss from investments in subsidiaries", "Share of profit/loss of joint ventures", "Financial income", "Financial expenses" and "Tax".

Profit before depreciation, amortisation and impairment losses, etc. (EBITDA) can be derived directly from the income statements.

Profit from operations (EBIT)
The Group reports Profit from operations (EBIT) as it is considered a generally applied financial measure which provides additional information regarding the Group's profitability before the impact from the Group's capital structure or tax.

Profit from operations (EBIT) is computed as Profit/loss before "Financial income", "Financial expenses" and "Tax". For the parent income statement, Profit from operations (EBIT) is in addition also before "Profit/loss from investments in subsidiaries" and "Profit/loss from investments in subsidiaries".

Profit from operations (EBIT) can be derived directly from the income statements.

KEY FIGURES AND FINANCIAL RATIOS

Book value per DKK 1 share	=	$\frac{\text{Year-end equity}}{\text{Number of shares at year end, excluding treasury shares}}$
Conversion ratio	=	$\frac{\text{EBIT adjusted for sales profit/loss x 100}}{\text{Contribution margin}}$
Dividend yield	=	$\frac{\text{Dividend per share x 100}}{\text{Share price}}$
EBITDA ratio	=	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
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	=	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
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 three months, etc. less instalments on lease liabilities, plus financial payments, received, less financial payments, paid. *(For adjusted free cash flow acquisition of businesses and investments is added on the free cash flow).*
Lost-Time Incident Rate (LTIR)	=	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 profit or loss per DKK 1 share	=	$\frac{\text{Profit/loss for the year}}{\text{Number of shares at year end, excluding treasury shares}}$
Operating margin	=	$\frac{\text{EBIT x 100}}{\text{EBITDA}}$
Payout ratio	=	$\frac{\text{Proposed dividend (incl. interim dividend), excluding treasury shares x 100}}{\text{Profit/loss for the year}}$
Price/book value	=	$\frac{\text{Share price at year end per DKK 1 share}}{\text{Book value per DKK 1 share}}$
Return on equity in % (ROE)	=	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Return on invested capital (ROIC)	=	$\frac{\text{Profit/loss from operations, less operational tax x 100}}{\text{Average invested capital}}$
Share price at year end per DKK 1 share	=	$\frac{\text{(Current share price – Purchase Price) + dividends}}{\text{Purchase price}}$
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 Danish central bank at year end.

COMPANY INFORMATION

Company information
Dampskibsselskabet NORDEN A/S
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 Tuesday 12 March 2024 at 2pm and will be held as a virtual event.

Board of Directors
Klaus Nyborg, Chair
Johanne Riegels Østergård, Vice Chair
Karsten Knudsen
Robert Hvide Macleod
Ian Mcintosh
Vibeke Bak Solok
William Boatwright
Christina Lerchedahl Christensen
Henrik Røjel

Executive Management
Jan Rindbo, CEO
Martin Badsted, CFO

Auditor
EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
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.

Dampskibsselskabet NORDEN A/S
52 Strandvejen
2900 Hellerup
Denmark

Telephone: +45 3315 0451
norden.com
CVR no. 67 75 89 19

NORDEN Trust powered by intelligence