NORDEN ASSET MANAGEMENT A/S

CVR NO. 41 05 87 49
Strandvejen 52, DK-2900 Hellerup

Annual Report 2023

The Annual Report was presented and adopted
at the annual general meeting of the Company
on 10 June 2024

Jan Rindbo
Chairman

Contents

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 NORDEN Asset Management A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial postion at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

We recommend that Annual Report be adopted at the Annual General Meeting.

Copenhagen, 10 June 2024

Executive Management

Henrik Lykkegaard Madsen
CEO

Board of Directors

Jan Rindbo Chairman	Martin Badsted	Henrik Lykkegaard Madsen

Independent Auditor's Report

To the Shareholder of NORDEN Asset Management A/S

Opinion
We have audited the financial statements of NORDEN Asset Management A/S for the financial year 1 January – 31 December 2023, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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 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 Company 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.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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.

Independent Auditor’s Report

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 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 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 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.

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.

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.

Independent Auditor's Report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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

Company Information

The Company	NORDEN Asset Management A/S Strandvejen 52 DK-2900 Hellerup Telephone: +45 3271 2300 Telefax: +45 3271 2349 CVR No.: 41058749 Financial period: 1 January - 31 December Financial year: 4th financial year Municipality of reg. Office: Gentofte
Executive Management	Henrik Lykkegaard Madsen
Board of Directors	Jan Rindbo Martin Badsted Henrik Lykkegaard Madsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg

Management Review

Key figures and financial ratios

Amounts in USD million	2023	2022	2021	2020
Income statement				
Revenue	95.5	117.9	117.0	146.7
EBITDA	51.6	59.1	58.2	75.8
EBIT	93.3	72.6	7.0	28.3
Financial items, net	5.4	-5.9	-5.9	-8.4
Profit for the year	97.2	66.3	0.6	19.6
Statement of financial position				
Total assets	620.3	631.9	727.8	731.4
Investments in tangible assets	204.5	152.4	155.2	58.4
Equity	599.7	502.5	436.2	435.6
Liabilities	20.6	129.4	291.6	295.8
Invested capital	545.6	495.4	659.3	726.9
Net interest-bearing debt	54.1	7.1	-223.1	-291.3
Other key figures and financial ratios				
EBITDA ratio	54.0%	50.1%	49.7%	51.7%
ROIC	17.9%	12.6%	1.0%	3.9%
ROE	17.6%	14.1%	0.1%	4.5%
Equity ratio	96.7%	79.5%	59.9%	59.6%
USD rate at year-end	674.5	697.2	656.1	605.8
Average USD rate	689.3	708.3	629.2	653.4

The ratios were computed in accordance with the definitions in the section "Accounting Policy".

Management Review

The Company's main activities
The principal activity of the Company is to own dry cargo and product tanker vessels and to employ time charters by placing a vessel at a charterer's disposal for a period of time.

Development in the activities and financial position
The result of the year
In 2023, the Company generated a revenue of USD 95.5 million, which has resulted in a profit for the year of USD 97.2 million.

The result for 2023 is founded by robust time charter margins supplemented by profits derived from vessel

The result for 2023 exceeds the expectation of the Management.

Expectation to the development in 2024
The Management anticipates a modest decrease in earnings compared to 2023, forecasting a total profit ranging between USD 60-90 million for the year. This forecast is reflecting an expected increase in revenue and earnings attributed to the acquisition of capsize vessels, while the expected earnings from vessel sales will be lower than in previous years.

Uncertainty related to recognition and measurement
See accounting policy for description of uncertainty.

Financial risks (currency-, interest-, credit- and liquidity risks)
The financial risks related to currency, credit and liquidity of the Company is assessed to be insignificant due to the nature of the activities of the Company.

Unusual events
The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Corporate Social Responsibility
Refer to the Annual Report 2023 for NORDEN Group (CVR no. 67 75 89 19). The report includes NORDEN's Communication on Progress to the UN Global Compact and meets the requirements of the Danish Financial Statements Act section §99a.

The Annual Report 2023 for NORDEN Group can be found on the following link:
https://norden.com/web_page/3142

Data Ethics
Refer to the Annual Report 2023 for NORDEN Group (CVR no. 67 75 89 19). The report includes NORDEN's policies for data ethical topics and work with data ethical questions which meets the requirements of the Danish Financial Statements Act section §99d.

The Annual Report 2023 for NORDEN Group can be found on the following link:
https://norden.com/web_page/3142

Management Review

Reporting on gender distribution, cf. Danish Financial Statements Act section §99b

The Company was founded with three men on the Board of Directors, as this was appropriate at the time of the foundation.The Company has a goal of having one woman out, of three members, on the Board of Directors by the year 2025.

Below we have listed the development in the gender representation in the Board of Directors at the Company.

Board of Directors	**2023**	**2022**	**2021**	**2020**
Total number of members	3	3	3	3
Men	100%	100%	100%	100%
Women	0%	0%	0%	0%
Target figure in %	33%	33%	33%	33%
Year for fulfilment of target figure	2025	2025	2025	2025

Other Management	**2023**	**2022**	**2021**	**2020**
Total number of members	1	1	1	1

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.

In 2023, the nomination committee sought after qualified female candidates for board nominations and endorsements. No changes were made in 2023 to the board composition, due to the existing members, which is selected based on their extensive experience, expertise, and alignment with the company's strategic needs. In 2024 the nominination comittee will continue to seek after qualified female candidates for board nominations and endorsements.

Other management is represented by one member who is the CEO. The company has less than 50 employees and is therefore exempt from setting targets for the company's other management levels, as well as from the requirement to draw up and account for a policy regarding other management levels.

Events after the reporting date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting policies

Basis of preparation
The annual report of NORDEN Asset Management A/S has been prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class C (large).

The accounting policies applies remain unchanged from last year.

The Annual Report for 2023 is presented in USD, which is the entity's functional currency. In respect of applied USD exchange rates, reference is made to the key figures and financial ratios in Management's Review.

Exemption from preparing cash flow statements
In pursuance of section 86 (4) of the Danish Financial Statements Act, the Company has omitted preparing a cash flow statement as the company's cash flow is included in the consolidated cash flow statement of Dampskibsselskabet NORDEN A/S.

Fee to auditors appointed at the general meeting
With reference to section 96(3) of the Danish Financial Statement Act, audit fees are not disclosed.

Recognition and measurement
Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Liabilities are recognised in the balance sheet when to the settlement of which is probable that resources will flow out of the Company, and the value of the liability can be measured reliably.

Foreign currency translation
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting policies

Income Statement

Revenue
Revenue comprises the present value of services rendered, net of discounts. Services rendered comprise time-charter income. Revenue is recognised in the income statement for the financial year as earned.

Vessel operating costs
Vessel operating costs comprise the expenses, excluding depreciation, incurred to generate the revenue for the year. Vessel operating costs therefore 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. Costs directly attributable to transportation of the vessel to the loading port are capitalised and amortised over the course of the transportation period. Vessel operating costs other than these capitalised costs are recognised upon receipt of services in accordance with the charter parties concluded.

Other external expenses
Other external expenses comprise costs and expenses of management fee and premises as well as office expenses, external assistance, etc.

Financial income and expenses
Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

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

Shipping activities in Denmark are taxed on the basis of the net tonnage (vessels), which the Company has it's disposal.

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

The Company is jointly taxed with Dampskibsselskabet NORDEN A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Accounting estimates
Contigent tax may become a current tax if the tonnage tax regime is dissolved, if the Company's net investments in vessels decrease significantly or if the Company is liquidated. The Company's business plans therefore constitute an important basis for the estimate.

Accounting policies

Balance Sheet

Tangible assets

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.

Depreciation is based on the straight-line method over the estimated useful lives of the assets:

	Years
Vessels	25

Estimated useful lives and residual values are reassessed annually.

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

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

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

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

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

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 it is determined that the vessels are to be put up for sale.

Impairment test

Management continuously monitors the carrying amounts of our 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.

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

Tangible assets, continued

Impairment test, continued

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

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

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

Accounting judgements

Significant accounting judgement includes the definition of CGUs. Among other things, the judgement effects on which basis an impairment test is performed. The CGUs are determined as Dry Cargo and Tankers. When determining the CGUs, the respective dry cargo and tanker vessels part of the segment and department Asset Management have been included in the respective CGU; Dry Cargo or Tankers. Management has considered the degree of interdependency between Asset Management and Dry Operator/Tanker Operator in respect of taking decisions related to the vessel capacity and has concluded that the interdependency is of such extent that the cash inflows are not largely independent from each other and that, consequently, the three operating segments form two CGUs. When determining that the CGU is not at a lower level than the total Dry Cargo and Tanker fleets, respectively, Management has attached importance to the fact that both fleets are managed on a portfolio level.

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

The indications assessed by Management comprise, among other things, financial performance, broker values, newbuilding prices and development in OPEX.

When considering vessel values, Management obtains two independent broker valuations of all vessels and newbuildings, which are indicative. Management uses these broker valuations to, among other things, determine the net selling price, which is also part of the recoverable amount in an impairment test. In this regard, Management assesses the broker´s independency, objectivity, qualifications and experience and whether the valuations are appropriate for the purpose, e.g. based on sufficient market data.

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

Management's assessment of future freight and time charter rates is especially highly judgemental. Shortterm rates are based on publicly available market data of FFAs covering a future period of one to two years. Mid- and long-term rates are based on Management's judgements.

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

Accounting policies

Tangible assets, continued
Accounting estimates
If indications exist, Management assesses through an impairment test the recoverability of the carrying amount of tangible assets and other related assets related to the relevant CGU.

Recoverable amount is determined based on a calculation of the higher of the net selling price and the value-in-use.

Regarding assessment of the net selling price, reference is made to the description in respect of broker valuations mentioned above under accounting judgements.

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

Other significant accounting estimates when determining the carrying value of tangible assets include i.a. useful lives, asset capacity, running cost inflation, docking estimates and residual values.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value less provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Prepayments under Assets
Prepayments include costs incurred regarding the succeeding financial year such as interest and insurance premiums etc.

Equity
Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend
Dividend distribution is recognised as a deduction in equity in the period where the dividend is declared.

Accounting policies

Loans and financial debts
Loans comprise of amounts borrowed from banks and a credit institution. Loans 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 are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan, 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. 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.

Other debt are recognised initially at fair value. Subsequently they are measured at amortised cost, substantially corresponding to nominal value.

Tax receivables and payables
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Key figures and financial ratios
The ratios listed in the key figures and financial ratios section are calculated as follow:

Invested capital = Equity plus net interest-bearing debt at year end.

Net interest-bearing debt = Interest-bearing debt less cash and cash equivalents at year end.

EBITDA ratio = $\frac{EBITDA * 100}{Net\ revenue}$

ROIC = $\frac{Profit/loss\ from\ operations * 100}{Average\ invested\ capital}$

ROE = $\frac{Profit/loss\ for\ the\ year * 100}{Average\ equity}$

Equity ratio = $\frac{Equity\ at\ year\ end * 100}{Total\ assets}$

Income statement 1 January – 31 December

Amounts in mUSD

Note		2023	2022
1	**Revenue**	**95.5**	**117.9**
2	Vessel operating costs	-40.9	-53.6
	Contribution margin	**54.6**	**64.3**
	Other external expenses	-3.0	-5.2
	Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**51.6**	**59.1**
	Profit/(loss) from sale of vessels, etc.	64.5	37.6
6	Depreciation, amortisation and impairment losses	-22.8	-24.1
	Profit/loss from operations (EBIT)	**93.3**	**72.6**
	Financial income	11.2	3.5
3	Financial expenses	-5.8	-9.4
	Profit/loss before tax	**98.7**	**66.7**
4	Tax for the year	-1.5	-0.4
5	**Net profit/loss for the year**	**97.2**	**66.3**

Balance sheet at 31 December

Amounts in mUSD

Note		2023	2022
	Assets		
6	Vessels	411.2	433.7
6	Prepayments on vessels and newbuildings	34.2	15.9
	Total tangible assets	**445.4**	**449.6**
	Total non-current assets	**445.4**	**449.6**
7	Receivables from group enterprises	112.5	56.3
	Other receivables	1.7	6.3
8	Prepayments	6.6	4.7
	Receivables	**120.8**	**67.3**
	Cash and cash equivalents	**54.1**	**115.0**
	Total current assets	**174.9**	**182.3**
	TOTAL ASSETS	**620.3**	**631.9**
	Equity and liabilities		
9	Share capital	0.1	0.1
	Retained earnings	599.6	502.4
	Total equity	**599.7**	**502.5**
10	Loans	-	89.3
	Total non-current liabilities	**-**	**89.3**
10	Loans	-	18.6
	Trade payables	4.3	0.9
	Debt to joint ventures	0.0	0.2
	Tax payables	1.6	0.4
	Other payables	14.8	20.0
	Total current liabilities	**20.6**	**40.1**
	Total liabilities	**20.6**	**129.4**
	TOTAL EQUITY AND LIABILITIES	**620.3**	**631.9**

11 Unrecognised contingents liabilities
12 Related parties
13 Events after the reporting date

Statement of Changes in Equity

Amounts in mUSD

	Share capital	Retained earnings	Total
Equity at 1 January 2023	**0.1**	**502.4**	**502.5**
Net profit/loss for the year	-	97.2	97.2
Equity at 31 December 2023	**0.1**	**599.6**	**599.7**

Notes to the Financial Statements

Amounts in mUSD

Note

Note		2023	2022
1	**Revenue**	**2023**	**2022**
	Dry Cargo	40.7	46.7
	Tankers	54.8	71.2
	Total revenue	**95.5**	**117.9**

The Company manages owned vessels and internally charters out its capacity within the Group. All revenue transactions take place exclusively with the Daish parent company.

2 **Remuneration to Execuive Management and Board of Directors**

Information on salaries and remuneration for Executive Management and the Board of Directors has been omitted pursuant to Section 98b, subsection 3 of the Danish Financial Statements Act.

		2023	2022
3	**Financial expenses**		
	Interest expenses	5.8	9.4
	Total financial expenses	**5.8**	**9.4**

		2023	2022
4	**Tax for the year**		
	Current tax for the year	1.5	0.4
	Tax for the year	**1.5**	**0.4**

The Company entered the Danish tonnage tax regime for a binding 10-year period from 2021. The Danish Group companies are jointly and severally liable for the tax on the Group's jointly taxed income in Denmark.

Contingent tax, disclosed under this note, may become a current tax if the tonnage tax regime is dissolved, if the company's net investments in vessels decrease significantly or if the Company are liquidated. The business plans therefore constitute an important basis for this estimate.

	2023	2022
Contingent tax under the tonnage tax scheme	**16.3**	**16.3**

Contingent tax is calculated at the prevailing tax rate for the year and going forward. This rate is 22% in 2023.

		2023	2022
5	**Distribution of net profit**		
	Retained earnings	97.2	66.3
	Total	**97.2**	**66.3**

Amounts in mUSD

Note

6 Tangible assets

2023

	Vessels	Prepayments on vessels and newbuildings	Total
Cost at 1 January	523.4	15.9	539.3
Additions	142.6	61.9	204.5
Disposals	-223.8	-	-223.8
Transferred during the year	43.6	-43.6	-
Cost at 31 December	485.8	34.2	520.0
Depreciation at 1 January	-89.1	-	-89.1
Depreciation	-22.8	-	-22.8
Reversal of depreciation on disposals	37.3	-	37.3
Depreciation at 31 December	-74.6	-	-74.6
Impairment losses at 1 January	-0.6	-	-0.6
Impairment losses	-	-	-
Reversal of impairment losses	-	-	-
Reversed impairment losses on disposals	0.6	-	0.6
Impairment losses at 31 December	-	-	-
Carrying amount at 31 December	**411.2**	**34.2**	**445.4**

Amount insured on vessels USD 640 million.

Dry Cargo

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 Q3 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.

Note

6 Tangible assets, continued

The outcome of the impairment assessment revealed an excess value of USD 5 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%. The sensitivity to a one per cent change in WACC is estimated to USD 12 million. Management notes that the book values were supported by broker values by year end (3% above book value).

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.

Tankers

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. Moreover, the high freight rates drove up vessel values during the year and we find strong support from broker valuation of our book values. At year end the fleet was valued approximately 38% higher than its book value. 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 over time.

7 Receivables from group enterprises

Receivables from Parent Company comprise of receivables related to time-charter agreements of vessels and a joint cash-pool agreement, which per year end amounted to USD 112.5 million.

8 Prepayments

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

9 Share capital

The share capital consists of 500,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

Note

		2023	2022
10	**Loans**	**2023**	**2022**
	Loans comprise of amounts borrowed from banks and a credit institution.		
	Repayment within 1 year	-	18.6
	Repayment between 1 to 5 years	-	89.3
	Repayment over 5 years	-	-
	Total	**-**	**107.9**
	Mortgages and security		
	As security for loans	0.0	107.9
	- number of vessels pledged	5	11
	- carrying amount	130.6	293.2
	- mortgaged amount	182.1	401.1

The Company's loan agreements generally include a clause on the lender's option to terminate agreement in the event the majority control of the Company is changed.

Some of the mortgages have been registered with an amount to secure future drawings under a revolving credit facility in Dampskibsselskabet NORDEN A/S of USD 200 million of which USD 0 million have been drawn. Furthermore, the Company has issued a guarantee towards Dampskibsselskabet NORDEN A/S related to the same credit facility.

11 Unrecognised contingent liabilities

The NORDEN Group's Danish companies are jointly and severally liable of the tax of the NORDEN Group's jointly taxed income etc. The total amount of corporation tax due is stated in the Annual Report of Dampskibsselskabet NORDEN A/S, which is the administration company for the joint taxation.

The Company has entered into agreements for future delivery of vessels. The remaining contract amounts to USD 249 million.

12 Related party disclosure

Related parties include the Board of Directors and the Management as well as their close relatives. Related parties also include companies, which have direct or indirect significant influence through shareholdings.

In addition, related parties include joint ventures.

The Company choosen to disclosure trancactions with related parties, which has not been carried out on arm's lenght in accordance with the Danish Financial Statements Act § 98 c, section 7.

Note

12 Related party disclosure, continued

In 2023, all transactions with related parties have been carried out on arm's lenght.

In 2023, Board of Directors and the Management have not received any fees from the Company.

Controlling interest	Basis
Dampskibsselskabet NORDEN A/S, Hellerup, Denmark	Parent

Consolidated financial statements

The Company is included in the consolidated financial statements of Dampskibsselskabet NORDEN A/S, Strandvejen 52, DK-2900 Hellerup, where these can be obtained.

13 Events after the reporting date

No material subsequent events have occured after the balance sheet date.

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Henrik Lykkegaard Madsen
CEO
On behalf of: NORDEN Asset Management A/S
Serial number: bac45d76-10cc-4c31-bc33-3c65c365e395
IP: 194.182.xxx.xxx
2024-06-11 11:44:57 UTC

Martin Badsted
Board Member
On behalf of: NORDEN Asset Management A/S
Serial number: 7a2b204f-6440-4633-8b31-a03651824b51
IP: 94.147.xxx.xxx
2024-06-11 15:15:28 UTC

Jan Rindbo
Chairman
On behalf of: NORDEN Asset Management A/S
Serial number: ad2571be-2b84-4890-9a74-91dd279af4e4
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Morten Weinreich Larsen
State Authorised Public Accountant
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Mikkel Sthyr
State Authorised Public Accountant
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2024-06-11 17:06:04 UTC