

## GLOSSARY

### ALTERNATIVE PERFORMANCE MEASURES

**Net profit/(loss) for the year excluding impairment:** Net profit excluding impairment is net profit less impairment and reversals of impairment generated from impairment testing during the year (Please refer to Note 8). The Company reports Net profit excluding impairment because we believe it provides additional meaningful information to investors regarding the operational performance excluding fluctuations in the valuation of fixed assets.

USDm	2019	2018	2017
<b>Reconciliation to net profit/(loss) for the year</b>			
Net profit/(loss) for the year	166.0	-34.8	2.4
Reversal of impairment losses on tangible assets	-120.0	-	-
<b>Net profit/(loss) for the year excluding impairment</b>	<b>46.0</b>	<b>-34.8</b>	<b>2.4</b>

**Time Charter Equivalent (TCE) earnings:** TORM defines TCE earnings, a performance measure, as revenue after port expenses, bunkers and commissions incl. freight and bunker derivatives. The Company reports TCE earnings because we believe it provides additional meaningful information to investors in relation to revenue, the most directly comparable IFRS measure. TCE earnings is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e. spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. Below is presented a reconciliation from Revenue to TCE earnings:

USDm	2019	2018	2017
<b>Reconciliation to revenue</b>			
Revenue	692.6	635.4	657.0
Port expenses, bunkers and commissions	-267.7	-283.0	-259.9
<b>TCE earnings</b>	<b>424.9</b>	<b>352.4</b>	<b>397.1</b>

**Gross profit:** TORM defines Gross profit, a performance measure, as revenue less port expenses, bunkers and commissions, charter hire and operating expenses. The Company reports Gross profit because we believe it provides additional meaningful information to investors, as Gross profit measures the net earnings from shipping activities. Gross profit is calculated as follows:

USDm	2019	2018	2017
<b>Reconciliation to revenue</b>			
Revenue	692.6	635.4	657.0
Port expenses, bunkers and commissions	-267.7	-283.0	-259.9
Charter hire	-	-2.5	-8.5
Operating expenses	-173.0	-180.4	-188.4
<b>Gross profit</b>	<b>251.9</b>	<b>169.5</b>	<b>200.2</b>

**Net interest-bearing debt:** Net interest-bearing debt is defined as borrowings (current and non-current) less loans receivables and cash and cash equivalents, including restricted cash. Net interest-bearing debt depicts the net capital resources, which cause net interest expenditure and interest rate risk and which, together with equity, are used to finance the Company's investments. As such, TORM believes that net interest-bearing debt is a relevant measure which Management uses to measure the overall development of the use of financing, other than equity. Such measure may not be comparable to similarly titled measures of other companies. Net interest-bearing debt is calculated as follows:

USDm	2019	2018	2017
Borrowings	863.4	754.7	753.9
Loans receivables	-4.6	-	-
Cash and cash equivalents, including restricted cash	-72.5	-127.4	-134.2
<b>Net interest-bearing debt</b>	<b>786.3</b>	<b>627.3</b>	<b>619.7</b>