



NORDIC SHIPHOLDING

Interim Report Q3 2021

24 November 2021

CVR-no. 76 35 17 16

Summary

The comparison figures for the period ended 30 September 2020 are stated in parenthesis.

The Group extended its loss in the first nine months of this year as the Time Charter Equivalent ("TCE") rates continued to be depressed due to reduced tonnage demand caused partially by the COVID-19 pandemic, coupled with an excessive tonnage availability in the market. The average daily TCE rate earned in Q3 2021 and 9M 2021 by the vessels was 65% and 58% lower than the average daily TCE rate earned in Q3 2020 and 9M 2020, respectively.

The Group incurred a loss after tax of USD 8.1 million (including one-off impairment loss of USD 4.9 million on the vessels) in 9M 2021 compared to a loss after tax of USD 3.9 million (including one-off impairment loss of USD 10.7 million on the vessels) for the same period last year. The significant decline in TCE rates and the loss of earnings resulting from the sale of two vessels, Nordic Hanne and Nordic Pia, in April 2021 largely drove the loss incurred in 9M 2021.

Expenses relating to the operation of vessels in 9M 2021 was lower at USD 7.0 million (USD 8.6 million) due primarily to the sale of Nordic Hanne and Nordic Pia in April 2021.

EBITDA decreased significantly to negative USD 0.5 million (USD 14.2 million) due to the lower TCE revenue generated in 9M 2021. Other external costs remained unchanged at USD 1.0 million (USD 1.0 million).

As stated in the Company Announcement 12/2021, past attempts to search for a suitable merger partner did not materialise. The Board is currently in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner. In accordance with the agreement with the Lenders, the remaining three vessels are to be sold in an orderly fashion. Hence, the Group recognised an impairment loss of USD 4.5 million in Q2 2021 following the classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale. In 9M 2020, a total impairment loss of USD 10.7 million was recognised on the vessels. Due to the volatile market, it is noted that the estimation of the remaining vessels' expected sale value is highly uncertain.

The Group recognised a further impairment loss of USD 0.4 million in 9M 2021 due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021.

After accounting for depreciation, impairment losses, interest expenses and other finance expenses, the loss after tax was USD 8.1 million in 9M 2021 (loss of USD 3.9 million).

Between 31 December 2020 and 30 September 2021, equity decreased from negative USD 8.5 million to negative USD 16.7 million as a result of the cumulative loss incurred during the period.

The Group is also subject to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There was no cash sweep in 9M 2021 (cash sweep of USD 13.3 million was used to pay down the loan in 9M 2020).

During the financial period under review, cash flow from operations was a net cash outflow of USD 0.8 million (net cash inflow of USD 14.1 million) after payment of periodic interest expenses on the term loan. Apart from the quarterly loan instalments totalling USD 2.1 million, the net proceeds from the sale of Nordic Hanne and Nordic Pia were applied towards the prepayment of bank loans in 9M 2021. As a result, cash and cash equivalents was reduced to USD 2.1 million as at 30 September 2021 from USD 5.4 million as at 31 December 2020.

As the Group moves into the new phase of winding down its business, the Chairman of the Board, Mr Knud Pontoppidan and an independent director of the Company, Mr Jens V. Mathiasen have retired from the Board of the Company with effect from 14 October 2021. Mr Esben Poulsson, an independent director of the Company, was appointed as the new Chairman of the Board of the Company on the same day.

The remaining vessels are expected to be sold before the end of 2021 for delivery in 2022. The results for 2021 is expected to be a loss of between USD -9.5 million – USD -7.5 million. The outlook for 2021 remains unchanged as indicated in the Company Announcement 15/2021 on 23 November 2021. For the detailed outlook, please refer to Page 6 of this report.

Consolidated financial highlights

<i>Amounts in USD thousand</i>	YTD 30 Sep 2021	YTD 30 Sep 2020	FY 2020
Time charter equivalent revenue (TCE revenue)	7,476	23,983	27,766
EBITDA	(505)	14,191	13,942
Operating result (EBIT)	(7,016)	(791)	(12,551)
Net finance expenses	(1,095)	(3,090)	(3,900)
Result after tax	(8,111)	(3,881)	(16,451)
Equity ratio (%)	-41.4%	5.1%	-12.9%
Earnings per share, US cents	(2.00)	(0.96)	(4.05)
Market price per share DKK, period end	0.19	0.37	0.34
Market price per share USD, period end	0.03	0.06	0.06
Exchange rate USD/DKK, period end	6.42	6.35	6.09
Number of shares, period end	406,158,403	406,158,403	406,158,403
Average number of shares	406,158,403	406,158,403	406,158,403

Company data

Company

Nordic Shipholding A/S (the "Company")
C/O Gorrissen Federspiel, Axel Towers, Axeltorv 2,
DK-1609 Copenhagen, Denmark
CVR- no. 76 35 17 16

Website: www.nordicshipholding.com

Registered office: Copenhagen

Contact persons regarding this interim report: Esben Søfren Poulsson, Chairman
Philip Clausius, CEO

Executive Management

Philip Clausius, CEO

Board of Directors

Esben Søfren Poulsson, Chairman
Jon Robert Lewis, Deputy Chairman
Kanak Kapur
Philip Clausius

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Forward-looking statements

This report contains forward-looking statements reflecting Nordic Shipholding A/S's current beliefs of future events. Forward-looking statements are inherently subject to uncertainty, and Nordic Shipholding A/S's actual results may differ significantly from expectations. Factors which could cause actual results to deviate from the expectations include, but not limited to, changes in macroeconomic, regulatory and political conditions, especially on the Company's main markets, changes in currency exchange and interest rates, freight rates, operating expenses and vessel prices as well as possible disruptions of traffic and operations resulting from outside events. Also, the COVID-19 pandemic adds significant uncertainties to the expectations.

Management's review

The Group with its three vessels, continues to be a tonnage provider in the product tanker segment. The two handysize tankers (Nordic Agnetha and Nordic Amy) remained commercially managed by the Hafnia Handy Pool while the LR1 tanker (Nordic Anne) remained commercially managed by Hafnia LR Pool.

The Group extended its loss in the first nine months of this year as the TCE rates continued to be depressed due to reduced tonnage demand caused partially by the COVID-19 pandemic, coupled with an excessive tonnage availability in the market. The average daily TCE rate earned in Q3 2021 and 9M 2021 by the vessels was 65% and 58% lower than the average daily TCE rate earned in Q3 2020 and 9M 2020, respectively.

Financial results for the period 1 January – 30 September 2021

The comparison figures for the same period in 2020 are stated in parenthesis.

The Group incurred a loss after tax of USD 8.1 million (including one-off impairment loss of USD 4.9 million on the vessels) in 9M 2021 compared to a loss after tax of USD 3.9 million (including one-off impairment loss of USD 10.7 million on the vessels) for the same period last year. The significant decline in TCE rates and the loss of earnings resulting from the sale of two vessels, Nordic Hanne and Nordic Pia, in April 2021 largely drove the loss incurred in 9M 2021.

Expenses relating to the operation of vessels in 9M 2021 was lower at USD 7.0 million (USD 8.6 million) due primarily to the sale of Nordic Hanne and Nordic Pia in April 2021.

EBITDA decreased significantly to negative USD 0.5 million (USD 14.2 million) due to the lower TCE revenue generated in 9M 2021. Other external costs remained unchanged at USD 1.0 million (USD 1.0 million).

As stated in the Company Announcement 12/2021, past attempts to search for a suitable merger partner did not materialise. The Board is currently in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner. In accordance with the agreement with the Lenders, the remaining three vessels are to be sold in an orderly fashion. Hence, the Group recognised an impairment loss of USD 4.5 million in Q2 2021 following the classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale. In 9M 2020, a total impairment loss of USD 10.7 million was recognised on the vessels. Due to the volatile market, it is noted that the estimation of the remaining vessels' expected sale value is highly uncertain.

The Group recognised a further impairment loss of USD 0.4 million in 9M 2021 due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021.

During the period under review, depreciation amounted to USD 1.6 million (USD 4.3 million).

Finance expenses decreased to USD 2.5 million (USD 3.6 million) due to loan repayments totaling USD 17.9 million between 30 September 2020 and 30 September 2021 and lower

3M-USD LIBOR. An one-off finance income of USD 1.4 million representing the write-off of certain loan interest was recognised in 9M 2021.

After accounting for depreciation, impairment losses, interest expenses and other finance expenses, the loss after tax was USD 8.1 million in 9M 2021 (loss of USD 3.9 million).

Financial position as at 30 September 2021

The comparison figures for 31 December 2020 are stated in parenthesis.

Total assets amounted to USD 40.2 million (USD 66.5 million).

Vessels and docking is USD NIL as at 30 September 2021 (USD 38.9 million) due to classification of the vessels as asset held-for-sale.

Receivables balance was USD 3.9 million as at 30 September 2021 (USD 6.3 million).

Assets held-for-sale relate to the expected sale value of the remaining three vessels as at 30 September 2021. As at 31 December 2020, asset held-for-sale relate to the expected sale value of Nordic Hanne and Nordic Pia.

From 31 December 2020 to 30 September 2021, net working capital¹ decreased by USD 0.4 million from USD 3.6 million to USD 3.2 million.

Cash and cash equivalents stood at USD 2.1 million (USD 5.4 million), a decrease of USD 3.3 million from 31 December 2020.

Between 31 December 2020 and 30 September 2021, equity decreased from negative USD 8.5 million to negative USD 16.7 million as a result of the cumulative loss incurred during the period.

Non-current liabilities stood at USD NIL (USD 11.1 million which comprised the loans from majority shareholder). Current liabilities at USD 56.9 million (USD 64.0 million) comprised the current portion of term loan of USD 42.2 million (USD 59.0 million), loans from majority shareholder of USD 12.5 million (USD 0.5 million) and other current liabilities of USD 2.2 million (USD 4.4 million).

The Group is also subject to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There was no cash sweep in 9M 2021 (cash sweep of USD 13.3 million was used to pay down the loan in 9M 2020).

Cash flow for the period 1 January – 30 September 2021

The comparison figures for the same period in 2020 are stated in parenthesis.

During the financial period under review, cash flow from operations was a net cash outflow of USD 0.8 million (net cash inflow of USD 14.1 million) after payment of periodic interest expenses on the term loan. Apart from the quarterly loan instalments totalling USD 2.1 million, the net proceeds from the sale of Nordic Hanne and Nordic Pia were applied

¹ Net working capital is defined as inventories, receivables and other current operating assets less trade payables and other liabilities (excluding provisions) as well as other current operating liabilities.

towards the prepayment of bank loans in 9M 2021. As a result, cash and cash equivalents was reduced to USD 2.1 million as at 30 September 2021 from USD 5.4 million as at 31 December 2020.

Outlook for 2021

The outlook for 2021 remains unchanged as indicated in the Company Announcement 15/2021 on 23 November 2021. The TCE revenue for 2021 is expected to be in the region of USD 8.5 million – USD 10.5 million. After accounting for operating expenditure budgeted by the respective technical managers, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for 2021 is expected to be in the range of USD -1.0 million – USD 1.0 million. The result before tax is forecasted at USD -9.5 million – USD -7.5 million.

Management statement

We have today considered and approved the interim financial statements of Nordic Shipholding A/S for the period 1 January – 30 September 2021.

The interim report, which has not been audited or reviewed, has been presented in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies applied are appropriate and the interim report gives a true and fair view of the Group's financial position at 30 September 2021 and of its financial performance and cash flows for the period 1 January – 30 September 2021. In our opinion, the management's review gives a true and fair review of the development in and results of the Group's operations and financial position as a whole and a specification of the significant risks and uncertainties facing the Group. Besides what has been disclosed in the interim report for the period 1 January – 30 September 2021, in particular Note 0, no other changes in the Group's most significant risks and uncertainties have occurred.

Copenhagen, 24 November 2021

Executive Management

Philip Clausius, CEO

Board of Directors

Esben Søfren Poulsson
Chairman

Jon Robert Lewis
Deputy Chairman

Kanak Kapur

Philip Clausius

Consolidated statement of comprehensive income (condensed)

<i>Amounts in USD thousand</i>	Q3 2021	Q3 2020	YTD 30 Sep 2021	YTD 30 Sep 2020	FY 2020
Total revenue	3,165	7,976	14,821	36,285	42,319
Voyage related expenses	(2,248)	(3,406)	(7,345)	(12,302)	(14,553)
TCE revenue	917	4,570	7,476	23,983	27,766
Other income	-	-	292	74	74
Expenses related to the operation of vessels	(1,880)	(2,973)	(7,036)	(8,646)	(12,320)
Staff costs	(73)	(73)	(242)	(218)	(292)
Other external costs	(304)	(299)	(995)	(1,002)	(1,286)
EBITDA	(1,340)	1,225	(505)	14,191	13,942
Depreciation	-	(1,275)	(1,601)	(4,299)	(5,442)
Impairment loss on vessels	-	(6,506)	(4,496)	(6,506)	(14,909)
Impairment loss on asset-held-for-sale	(61)	(2,171)	(414)	(4,177)	(6,142)
Operating result (EBIT)	(1,401)	(8,727)	(7,016)	(791)	(12,551)
Financial income	-	179	1,379	539	721
Financial expenses	(754)	(986)	(2,474)	(3,629)	(4,621)
Result before tax	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Tax on result	-	-	-	-	-
Result after tax	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Other comprehensive income	-	-	-	-	-
Comprehensive income	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Distribution of result					
Parent Company	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Non-controlling interest	-	-	-	-	-
	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Distribution of comprehensive income					
Parent Company	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Non-controlling interest	-	-	-	-	-
	(2,155)	(9,534)	(8,111)	(3,881)	(16,451)
Number of shares, end of period	406,158,403	406,158,403	406,158,403	406,158,403	406,158,403
Earnings per share, US cents	(0.53)	(2.35)	(2.00)	(0.96)	(4.05)
Diluted earnings per share, US cents	(0.53)	(2.35)	(2.00)	(0.96)	(4.05)

Statement of financial position (condensed)

<i>Amounts in USD thousand</i>	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current assets			
Vessels and docking	-	56,882	38,857
Total non-current assets	-	56,882	38,857
Current assets			
Bunkers and lubricant stocks	1,412	1,548	1,757
Receivables	3,917	6,759	6,274
Cash & cash equivalents	2,115	6,219	5,388
Asset held-for-sale	32,760	7,720	14,234
Total current assets	40,204	22,246	27,653
Total assets	40,204	79,128	66,510
Equity and liabilities			
Equity			
Equity, Parent Company	(16,660)	4,021	(8,549)
Equity, non-controlling interest	-	-	-
Total equity	(16,660)	4,021	(8,549)
Liabilities			
Non-current liabilities			
Finance loans, etc.	-	-	-
Loans from majority shareholder	-	-	11,059
Total non-current liabilities	-	-	11,059
Current liabilities			
Finance loans, etc.	42,194	60,363	59,040
Loans from majority shareholder	12,483	11,271	513
Other current liabilities	2,187	3,473	4,447
Total current liabilities	56,864	75,107	64,000
Total liabilities	56,864	75,107	75,059
Equity and liabilities	40,204	79,128	66,510

Statement of changes in equity (condensed)

<i>Amounts in USD thousand</i>	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2021	7,437	(15,986)	(8,549)	-	(8,549)
Result for the period	-	(8,111)	(8,111)	-	(8,111)
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 September 2021	7,437	(24,097)	(16,660)	-	(16,660)

<i>Amounts in USD thousand</i>	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2020	7,437	465	7,902	-	7,902
Result for the period	-	(3,881)	(3,881)	-	(3,881)
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 September 2020	7,437	(3,416)	4,021	-	4,021

Statement of cash flow (condensed)

<i>Amounts in USD thousand</i>	YTD 30 Sep 2021	YTD 30 Sep 2020	Year 2020
Operating result (EBIT)	(7,016)	(791)	(12,551)
Adjustments for:			
Depreciation and write-downs	6,511	14,982	26,493
Non-cash financial expenses	-	-	(48)
Operating profit before working capital changes	(505)	14,191	13,894
Changes in working capital	373	1,317	2,568
Net financial expenses paid	(657)	(1,438)	(1,689)
Income tax paid	-	(7)	(7)
Cash flows from operating activities	(789)	14,063	14,766
Net proceeds from sale of assets held-for-sale	13,887	-	-
Investments in tangible assets	-	(73)	(73)
Net cash from investing activities	13,887	(73)	(73)
Repayment of finance loans	(16,371)	(13,298)	(14,832)
Net cash from financing activities	(16,371)	(13,298)	(14,832)
Cash flows for the period	(3,273)	692	(139)
Cash and cash equivalents at beginning of period	5,388	5,527	5,527
Cash and cash equivalents at end of period	2,115	6,219	5,388

Notes

0. Going concern assumption

As stated in Company Announcement 11/2020, the Company entered into an agreement with its Lenders in December 2020, for an extension of the Company's loan facility by another year to 30 December 2021. Hence, the Group's loan portfolio continues to be classified as current loans.

As stated in the Company Announcement 12/2021, past attempts to search for a suitable merger partner did not materialise. The Board is currently in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner. In accordance with the agreement with the Lenders, the remaining three vessels are to be sold in an orderly fashion. Following the classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale, it is noted that the estimation of these vessels' expected sale value is highly uncertain due to the volatile market.

The remaining vessels are expected to be sold before the end of 2021 for delivery in 2022.

1. Accounting policies

The interim report has been presented as a condensed set of financial statements in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The accounting policies have been consistently applied. For a further description of the accounting policies, see the 2020 Annual Report for Nordic Shipholding A/S.

New IAS/IFRSs

The new financial reporting standards or interpretations, effective from 1 January 2021, have no impact on Nordic Shipholding A/S's results or equity in the interim report and disclosure in the notes.

2. Accounting estimates

Impairment tests

In accordance with IAS 36, tangible assets are tested if there are indications of impairment. As at 30 September 2021, all vessels owned by the Group have been classified as assets held-for-sale.

In 9M 2021, an impairment loss of USD 0.4 million was recognised on assets held-for-sale due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021. In addition, the Group recognised an impairment loss of USD 4.5 million in Q2 2021 following the classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale.

Depreciation

Depreciation on vessels is material for the Group. Vessels are depreciated over their useful life, which management estimates to be 25 years, to a residual value. The estimates are reassessed regularly based on available information. Changes to estimates of useful lives and residual values may affect the depreciation for the period. There was no change to the estimates of useful lives and residual values during 9M 2021. The carrying amount of vessels as at 30 September 2021 amounted to USD NIL (31 December 2020: USD 38.9 million). Assets classified as 'held-for-sale' are not being depreciated.

3. Finance loans

As at 30 September 2021, the Group had outstanding finance loans of USD 42.2 million (31 December 2020: USD 59.0 million). The reduction in finance loans from 31 December 2020 was due to repayments on term loan, which is offset by the capitalisation of 2.5% point of the total loan interest margin.

Following successful negotiations between the major shareholder of the Group, management and the Lenders in December 2020, an agreement was reached with the Lenders for an extension of the Company's loan facility by another year to 30 December 2021. Terms of the re-negotiated financing agreements include but are not limited to (i) the sale of two vessels, Nordic Hanne and Nordic Pia, within the first half of 2021, (ii) extension of the existing USD 3.85 million banker's guarantee provided by the majority shareholder until early 2022, (iii) reinstatement of quarterly loan instalments from December 2020 subject to agreed liquidity threshold, and (iv) new financial covenants such as revised minimum liquidity level and minimum value clauses.

4. Loans from majority shareholder

As at 30 September 2021, the Group had outstanding loans from majority shareholder of USD 12.5 million (31 December 2020: USD 11.6 million). The increase in the loans from the majority shareholder from 31 December 2020 is due to accrued interest on the (i) outstanding loans and (ii) banker's guarantee of USD 3.85 million provided as additional security to the Lenders.