



NORDIC SHIPHOLDING

Interim Report H1 2022

24 August 2022

CVR-no. 76 35 17 16

Summary

The comparison figures for the period ended 30 June 2021 are stated in parenthesis.

The operating performance of the Group for H1 2022 was impacted by the sale of the remaining three vessels. The last vessel, Nordic Amy, was delivered to her new owner on 1 April 2022.

The Group generated a profit after tax of USD 3.6 million (including write-off of certain loan interest of USD 3.9 million on the vessels) in H1 2022 compared to a loss after tax of USD 6.0 million for the same period last year. TCE revenue in Q2 2022 was recognised due to IFRS 15 reversals and revision of previous periods' pool distributions by pool managers. Despite the improvement in average TCE rates in Q1 2022, the loss of earnings from the sale of vessels resulted in lower TCE revenue in H1 2022 as compared to H1 2021.

Expenses relating to the operation of vessels in H1 2022 was lower at USD 1.8 million (USD 5.2 million) due primarily to the sale of the respective vessels.

EBITDA decreased to USD 0.6 million (USD 0.8 million). Other external costs remained relatively unchanged at USD 0.7 million (USD 0.7 million).

The Group recognised a reversal of previously recognised write-downs on assets held-for-sale of USD 27,000 in H1 2022 as certain actual incremental expenses relating to the sale of vessels were lower than estimated.

After accounting for depreciation, impairment losses, write-down and reversals on assets held-for-sale, financial expenses and financial income, the profit after tax was USD 3.6 million in H1 2022 (loss of USD 6.0 million).

Between 31 December 2021 and 30 June 2022, equity improved from negative USD 14.3 million to negative USD 10.7 million as a result of the profit recognised during the period.

The Group was also subjected 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 were no cash sweep in H1 2021.

During the financial period under review, cash flow from operations was a net cash inflow of USD 2.2 million (net cash outflow of USD 0.4 million) due partially to the bunker proceeds received upon the delivery of the respective vessels to the new owners. The net proceeds from the sale of Nordic Anne, Nordic Agnetha and Nordic Amy were applied towards the repayment of bank loans in H1 2022. Overall, cash and cash equivalents improved to USD 3.7 million as at 30 June 2022 from USD 2.5 million as at 31 December 2021.

As announced on 21 January 2022 (Company Announcement 2/2022), the Group reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

To support the ongoing efforts to clarify the future activities of the Group, the majority shareholder of the Company intends, if necessary, to support the Group, financially or otherwise, in the course of business of the Group with a view to ensuring that the Group will be able to continue its operations as a going concern for at least the financial year 2022. For the avoidance of doubt, the intent does not constitute a legal obligation to provide any funding or support to the Group. The majority shareholder of the Company has also extended the maturity of the shareholder's loans till mid-April 2023.

The outlook for 2022 remains unchanged as indicated in the 2021 Annual Report.

Consolidated financial highlights

<i>Amounts in USD thousand</i>	YTD 30 Jun 2022	YTD 30 Jun 2021	FY 2021
Time charter equivalent revenue (TCE revenue)	3,055	6,559	10,380
EBITDA	552	835	42
Operating result (EBIT)	579	(5,615)	(3,899)
Net finance expenses	3,039	(341)	(1,864)
Result after tax	3,618	(5,956)	(5,763)
Equity ratio (%)	-194.6%	-33.5%	-32.5%
Earnings per share, US cents	0.89	(1.47)	(1.42)
Market price per share DKK, period end	0.10	0.31	0.09
Market price per share USD, period end	0.01	0.05	0.01
Exchange rate USD/DKK, period end	7.09	6.27	6.54
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.

Management's review

Following the sale of the remaining vessels, the majority shareholder of the Company is in discussions with various stakeholders on the development plans for the Company.

The operating performance of the Group for H1 2022 was impacted by the sale of the remaining three vessels. The last vessel, Nordic Amy, was delivered to her new owner on 1 April 2022.

Financial results for the period 1 January – 30 June 2022

The comparison figures for the same period in 2021 are stated in parenthesis.

The Group generated a profit after tax of USD 3.6 million (including write-off of certain loan interest of USD 3.9 million on the vessels) in H1 2022 compared to a loss after tax of USD 6.0 million for the same period last year. TCE revenue in Q2 2022 was recognised due to IFRS 15 reversals and revision of previous periods' pool distributions by pool managers. Despite the improvement in average TCE rates in Q1 2022, the loss of earnings from the sale of vessels resulted in lower TCE revenue in H1 2022 as compared to H1 2021.

Expenses relating to the operation of vessels in H1 2022 was lower at USD 1.8 million (USD 5.2 million) due primarily to the sale of the respective vessels.

EBITDA decreased to USD 0.6 million (USD 0.8 million). Other external costs remained relatively unchanged at USD 0.7 million (USD 0.7 million).

The Group recognised a reversal of previously recognised write-downs on assets held-for-sale of USD 27,000 in H1 2022 as certain actual incremental expenses relating to the sale of vessels were lower than estimated.

As a result of the reclassification in Q2 2021 of the remaining three vessels to assets held-for-sale, depreciation amounted to USD NIL million (USD 1.6 million) in H1 2022.

Finance expenses decreased to USD 0.9 million (USD 1.7 million) due to loan repayments totaling USD 22.4 million between 30 June 2021 and 30 June 2022. An one-off finance income of USD 3.9 million representing the write-off of certain loan interest was recognised in H1 2022.

After accounting for depreciation, impairment losses, write-down and reversals on assets held-for-sale, financial expenses and financial income, the profit after tax was USD 3.6 million in H1 2022 (loss of USD 6.0 million).

Financial position as at 30 June 2022

The comparison figures for 31 December 2021 are stated in parenthesis.

Total assets amounted to USD 5.5 million (USD 44.0 million).

Receivables balance was USD 1.8 million as at 30 June 2022 (USD 4.5 million). The decrease was primarily due to the reduced number of vessels deployed in the various pools.

Assets held-for-sale is USD NIL as at 30 June 2022. As at 31 December 2021, asset held-for-sale relate to the expected sale value of Nordic Anne, Nordic Agnetha and Nordic Amy.

From 31 December 2021 to 30 June 2022, net working capital¹ decreased by USD 1.9 million from USD 3.1 million to USD 1.2 million.

Cash and cash equivalents stood at USD 3.7 million (USD 2.5 million), an increase of USD 1.2 million from 31 December 2021.

Between 31 December 2021 and 30 June 2022, equity improved from negative USD 14.3 million to negative USD 10.7 million as a result of the profit recognised during the period.

Current liabilities at USD 16.2 million (USD 58.3 million) comprised the current portion of term loan of USD NIL (USD 42.5 million), loans from majority shareholder of USD 15.6 million (USD 12.8 million) and other current liabilities of USD 0.5 million (USD 3.1 million).

The Group was also subjected 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 were no cash sweep in H1 2021.

Cash flow for the period 1 January – 30 June 2022

The comparison figures for the same period in 2021 are stated in parenthesis.

During the financial period under review, cash flow from operations was a net cash inflow of USD 2.2 million (net cash outflow of USD 0.4 million) due partially to the bunker proceeds received upon the delivery of the respective vessels to the new owners. The net proceeds from the sale of Nordic Anne, Nordic Agnetha and Nordic Amy were applied towards the repayment of bank loans in H1 2022. Overall, cash and cash equivalents improved to USD 3.7 million as at 30 June 2022 from USD 2.5 million as at 31 December 2021.

Outlook for 2022

The outlook for 2022 remains unchanged as indicated in the 2021 Annual Report. Notwithstanding the sale of all the remaining vessels, the TCE revenue for 2022 was forecasted to remain in the region of USD 2.5 million – USD 3.0 million, pending the finalisation of the pools' accounts. After accounting for estimated vessel operating costs and administrative operating expenditure, the Group's expected EBITDA (earnings before interest, tax, depreciation and amortisation) for 2022 would be in the range of USD -0.5 million – USD 0.5 million, and the result before tax, positively impacted by one-off income, would be between USD 2.0 million – USD 3.0 million. Please also refer to Note 0 'Going concern assumption'.

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.

Management statement

We have today considered and approved the interim financial statements of Nordic Shipholding A/S for the period 1 January 2022 – 30 June 2022.

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 June 2022 and of its financial performance and cash flows for the period 1 January 2022 – 30 June 2022. 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 2022 – 30 June 2022, in particular Note 0, no other changes in the Group's most significant risks and uncertainties have occurred.

Copenhagen, 24 August 2022

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>	Q2 2022	Q2 2021	YTD 30 Jun 2022	YTD 30 Jun 2021	FY 2021
Total revenue	353	4,654	5,981	11,656	21,519
Voyage related expenses	(132)	(1,834)	(2,926)	(5,097)	(11,139)
TCE revenue	221	2,820	3,055	6,559	10,380
Other income	-	292	104	292	292
Expenses related to the operation of vessels	(63)	(2,211)	(1,778)	(5,156)	(8,978)
Staff costs	(54)	(94)	(111)	(169)	(303)
Other external costs	(267)	(417)	(718)	(691)	(1,349)
EBITDA	(163)	390	552	835	42
Depreciation	-	(800)	-	(1,601)	(1,601)
Impairment loss on vessels	-	(4,496)	-	(4,496)	(4,496)
Write-down and reversals on assets held-for-sale	(189)	(148)	27	(353)	2,156
Operating result (EBIT)	(352)	(5,054)	579	(5,615)	(3,899)
Financial income	1,282	1,379	3,934	1,379	1,380
Financial expenses	(227)	(796)	(895)	(1,720)	(3,244)
Result before tax	703	(4,471)	3,618	(5,956)	(5,763)
Tax on result	-	-	-	-	-
Result after tax	703	(4,471)	3,618	(5,956)	(5,763)
Other comprehensive income	-	-	-	-	-
Comprehensive income	703	(4,471)	3,618	(5,956)	(5,763)
Distribution of result					
Parent Company	703	(4,471)	3,618	(5,956)	(5,763)
Non-controlling interest	-	-	-	-	-
	703	(4,471)	3,618	(5,956)	(5,763)
Distribution of comprehensive income					
Parent Company	703	(4,471)	3,618	(5,956)	(5,763)
Non-controlling interest	-	-	-	-	-
	703	(4,471)	3,618	(5,956)	(5,763)
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	0.17	(1.10)	0.89	(1.47)	(1.42)
Diluted earnings per share, US cents	0.17	(1.10)	0.89	(1.47)	(1.42)

Statement of financial position (condensed)

<i>Amounts in USD thousand</i>	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Current assets			
Bunkers and lubricant stocks	-	1,875	1,624
Receivables	1,795	6,106	4,513
Cash & cash equivalents	3,700	2,550	2,540
Asset held-for-sale	-	32,760	35,334
Total current assets	5,495	43,291	44,011
Total assets	5,495	43,291	44,011
Equity and liabilities			
Equity			
Equity, Parent Company	(10,694)	(14,505)	(14,312)
Equity, non-controlling interest	-	-	-
Total equity	(10,694)	(14,505)	(14,312)
Liabilities			
Current liabilities			
Finance loans, etc.	-	41,927	42,466
Loans from majority shareholder	15,642	12,173	12,795
Other current liabilities	547	3,696	3,062
Total current liabilities	16,189	57,796	58,323
Total liabilities	16,189	57,796	58,323
Equity and liabilities	5,495	43,291	44,011

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 2022	7,437	(21,749)	(14,312)	-	(14,312)
Result for the period	-	3,618	3,618	-	3,618
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 June 2022	7,437	(18,131)	(10,694)	-	(10,694)

<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	-	(5,956)	(5,956)	-	(5,956)
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 June 2021	7,437	(21,942)	(14,505)	-	(14,505)

Statement of cash flow (condensed)

<i>Amounts in USD thousand</i>	YTD 30 Jun 2022	YTD 30 Jun 2021	Year 2021
Operating result (EBIT)	579	(5,615)	(3,899)
Adjustments for:			
Depreciation, write-down and reversal of previously recognised write-down on assets held-for-sale	(27)	6,450	3,941
Non-cash financial expenses	-	-	(37)
Operating profit before working capital changes	552	835	5
Changes in working capital	1,858	(708)	91
Net financial expenses paid	(172)	(481)	(807)
Cash flows from operating activities	2,238	(354)	(711)
Net proceeds from sale of assets held-for-sale	35,334	13,887	14,234
Net cash from investing activities	35,334	13,887	14,234
Repayment of finance loans	(38,724)	(16,371)	(16,371)
Loans from majority shareholder -utilisation of banker's guarantee	2,312	-	-
Net cash from financing activities	(36,412)	(16,371)	(16,371)
Cash flows for the period	1,160	(2,838)	(2,848)
Cash and cash equivalents at beginning of period	2,540	5,388	5,388
Cash and cash equivalents at end of period	3,700	2,550	2,540

Notes

0. Going concern assumption

As announced on 21 January 2022 (Company Announcement 2/2022), the Group reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

To support the ongoing efforts to clarify the future activities of the Group, the majority shareholder of the Company intends, if necessary, to support the Group, financially or otherwise, in the course of business of the Group with a view to ensuring that the Group will be able to continue its operations as a going concern for at least the financial year 2022. For the avoidance of doubt, the intent does not constitute a legal obligation to provide any funding or support to the Group. Although the shareholder's loans are due to mature in mid-April 2023, it is management's expectation that the majority shareholder is unlikely to demand for repayment of the shareholder's loans before the Company's future activities are clarified.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern.

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 2021 Annual Report for Nordic Shipholding A/S.

New IAS/IFRSs

The new financial reporting standards or interpretations, effective from 1 January 2022, have no impact on Nordic Shipholding A/S's results or equity in the interim report and disclosure in the notes.

2. Finance loans

As at 30 June 2022, the Group had outstanding finance loans of USD NIL (31 December 2021: USD 42.5 million). The reduction in finance loans from 31 December 2021 was due to repayments on term loan and write-off of certain loan interest, which was partly offset by the capitalisation of 2.5% point of the total loan interest margin.

As announced on 21 January 2022 (Company Announcement 2/2022), the Group reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds from the

sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

3. Loans from majority shareholder

As at 30 June 2022, the Group had outstanding loans from majority shareholder of USD 15.6 million (31 December 2021: USD 12.8 million). The increase in the loans from the majority shareholder from 31 December 2021 is due to (i) accrued interest on the outstanding loans and banker's guarantee of USD 3.85 million provided as additional security to the Lenders, and (ii) utilisation of USD 2.3 million under the banker's guarantee for repayment of bank loan. The unutilised portion of the banker's guarantee expired in mid-April 2022. Although the shareholder's loans are due to mature in mid-April 2023, it is management's expectation that the majority shareholder is unlikely to demand for repayment of the shareholder's loans before the Company's future activities are clarified.