NORDIC SHIPHOLDING

NORDIC SHIPHOLDING A/S
ANNUAL REPORT **2021**

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Name of conductor **Signature of conductor**

Contents

2021 in brief

- The Group continued to be a tonnage provider in the product tanker segment in 2021. The two handysize tankers remained commercially managed by the Hafnia Handy Pool (Nordic Agnetha and Nordic Amy) while the LR1 tanker (Nordic Anne) remained commercially managed by Hafnia LR Pool.

- Revenue earned by the vessels reached USD 21.5 million, which resulted in a Time Charter Equivalent ("TCE") revenue of USD 10.4 million and an EBITDA of USD 42,000.

- The average TCE rates in the first 9 months of the year were depressed due to reduced tonnage demand caused partially by the COVID-19 pandemic, coupled with an excessive tonnage availability in the market. In spite of the improvement in average TCE rates in Q4 2021, the average daily TCE rate earned in 2021 by the vessels was approximately 47% lower than the average TCE rate earned in 2020.

- After accounting for depreciation, impairment loss, and financial income and expenses, the Group incurred a loss of USD 5.8 million. This loss coupled with prior years' accumulated losses resulted in a negative equity of USD 14.3 million as at 31 December 2021.

- There was no cash sweep in 2021. 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 repayment of bank loans in 2021.

- Nordic Hanne and Nordic Pia were delivered to their new owners in April 2021.

- The remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy, were classified as assets held-for-sale in June 2021.

- As past attempts to search for a suitable merger partner did not materialise, the Board held discussions with the Group's various stakeholders to ensure the continuity of the Group's operations in a responsible manner. Discussions with the lenders, which commenced in December 2021, resulted in securing an agreement to extend the maturity of the existing bank loan facilities till 31 March 2022. The remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy were committed for sale in early 2022. As at the date of this report, Nordic Anne and Nordic Agnetha have been delivered to their respective new owners, and it is Management's expectation that Nordic Amy will be delivered to her new owner no later than mid-April 2022. The entire net proceeds from the sale of these vessels were or will be used to pay down the respective loans associated with the vessels. Upon the completion of the sale of the vessels, all bank loan facilities will be settled.

- 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 normal 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.

- The Chairman of the Board, Mr Knud Pontoppidan and a director of the Company, Mr Jens V. Mathiasen 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 actual results for 2021 were in line with the revised expectations of the Board, as indicated in the Company Announcement 01/2022 on 6 January 2022.

Group Key Figures 2017-2021

Amounts in USD thousand	2021	2020	2019	2018	2017
Income statement					
Revenue	21,519	42,319	36,119	32,787	32,841
Time charter equivalent revenue (TCE revenue)	10,380	27,766	22,498	19,173	23,232
EBITDA	42	13,942	6,840	2,036	6,651
Operating result (EBIT)	(3,899)	(12,551)	1,312	(17,801)	(180)
Net financials	(1,864)	(3,900)	(5,208)	(5,971)	(3,384)
Result after tax	(5,763)	(16,451)	(3,906)	(23,772)	(3,564)
Comprehensive income	(5,763)	(16,451)	(3,906)	(23,772)	(3,564)
Balance sheet and cashflow data					
Invested capital	25,614	45,103	75,265	80,313	107,612
Net working capital (NWC)	3,114	3,623	6,191	5,509	4,687
Equity	(14,312)	(8,549)	7,902	11,808	35,819
Balance sheet total	44,011	66,510	98,053	103,887	114,400
Investments in plant and equipment	-	73	6,220	974	1,168
Net interest bearing debt	39,926	53,652	67,363	68,505	71,793
Cash flow from operating activities	(711)	14,766	3,204	(2,738)	3,005
Cash flow for the year	(2,848)	(139)	(3,071)	5,288	(1,653)
Financial Ratios					
EBITDA margin (%)	0.2%	32.9%	18.9%	6.2%	20.3%
Net result margin (%)	-26.8%	-38.9%	-10.8%	-72.5%	-10.9%
Equity ratio (%)	-32.5%	-12.9%	8.1%	11.4%	31.3%
Net working capital/revenue	15.7%	11.6%	16.2%	15.5%	13.8%
Key figures per share					
(Loss)/earnings per share USD	(0.01)	(0.04)	(0.01)	(0.06)	(0.01)
Market price per share DKK, year end	0.09	0.34	0.54	0.37	0.54
Market price per share USD, year end	0.01	0.06	0.08	0.06	0.09
Exchange rate USD/DKK, year end	6.54	6.09	6.66	6.51	6.21
Average number of full time employees	1	1	1	1	1
Number of shares, year end	406,158,403	406,158,403	406,158,403	406,158,403	406,158,403

Management’s Review

The actual results for 2021 were in line with the revised expectations of the Board, as indicated in the Company Announcement 01/2022 on 6 January 2022. The TCE revenue for 2021 was 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 was expected to be in the range of USD -1.0 million – USD 1.0 million. The result before tax was forecasted at USD -7.0 million – USD -5.0 million.

The Group continued to be a tonnage provider in the product tanker segment in 2021. The existing two handysize tankers remained commercially managed by the Hafnia Handy Pool (Nordic Agnetha and Nordic Amy) while the LR1 tanker (Nordic Anne) remained commercially managed by Hafnia LR Pool. The technical management of the vessels are handled by Columbia Shipmanagement and Thome Ship Management.

The average TCE rates in the first 9 months of the year were depressed due to reduced tonnage demand caused partially by the COVID-19 pandemic, coupled with an excessive tonnage availability in the market. In spite of the improvement in average TCE rates in Q4 2021, the average daily TCE rate earned in 2021 by the vessels was approximately 47% lower than the average TCE rate earned in 2020.

TCE revenue earned by the vessels reached USD 10.4 million (USD 27.8 million). 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 contributed to the decline in TCE revenue in 2021.

Expenses relating to the operation of vessels in 2021 was lower at USD 9.0 million (USD 12.3 million) due primarily to the sale of Nordic Hanne and Nordic Pia.

EBITDA decreased significantly to USD 42,000 (USD 13.9 million) due primarily to the sharp decline in TCE revenue generated in 2021. Other external costs remained unchanged at USD 1.3 million (USD 1.3 million).

Finance expenses decreased to USD 3.2 million (USD 4.6 million) due to loan repayments totaling USD 16.4 million in 2021 and lower applicable 3M-USD LIBOR. A one-off finance income of USD 1.4 million relating to the writing-off of certain loan interest was recognised in 2021.

Including the impairment losses incurred in June 2021 of USD 4.5 million following the classification of Nordic Anne, Nordic Agnetha and Nordic Amy as assets held-for-sale and a net reversal of impairment losses in December 2021 on assets held-for-sale of USD 2.2 million, the Group incurred a loss after tax of USD 5.8 million in 2021 compared to a loss after tax of USD 16.5 million in 2020 (including impairment losses totaling USD 21.1 million).

Equity stood at negative USD 14.3 million (negative USD 8.5 million) as a result of the cumulative loss incurred during the financial year.

As past attempts to search for a suitable merger partner did not materialise, the Board held discussions with the Group’s various stakeholders to ensure the continuity of the Group’s operations in a responsible manner. Discussions with the lenders, which commenced in December 2021, resulted in securing an agreement to extend the maturity of the existing bank loan facilities till 31 March 2022. The remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy were committed for sale in early 2022. As at the date of this report, Nordic Anne and Nordic Agnetha have been delivered to their respective new owners, and it is Management’s expectation that Nordic Amy will be delivered to her new owner no later than mid-April 2022.

There was no cash sweep in 2021. 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 repayment of bank loans in 2021.

The majority shareholder of the Company has declared its intention to support 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. Refer to Note 0 for the discussion on the preparation of the financial statements on a going concern basis.

The Board of Directors and management remain thankful to our more than 3,700 shareholders that continued to support the Company throughout 2021.

Read about our diversity in management in the Statutory Corporate Governance Statement section on page 12.

Esben Søfren Poulsson	Philip Clausius
Chairman of the Board of Directors	Chief Executive Officer

Outlook for 2022

As at the date of this report, Nordic Anne and Nordic Agnetha have been delivered to their respective new owners, and it is Management's expectation that Nordic Amy will be delivered to her new owner no later than mid-April 2022. The entire net proceeds from the sale of these vessels were or will be used to pay down the respective loans associated with the vessels. Upon the completion of the sale of the vessels, all bank loan facilities will be settled.

Following the sale of the remaining three vessels, the sum of the forecasted receivables and bank balances will be sufficient to settle all unsecured creditors (excluding shareholder's loans) of the Group at least for the financial year 2022. The majority shareholder of the Company has the intention not to demand the full repayment of the shareholder's loans extended to the Group, thereby securing the financial conditions for the Group to continue its operations as a going concern.

Following the sale of the remaining three vessels, the TCE revenue for 2022 is forecasted to be in the region of USD 2.5 million – USD 3.0 million. 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.

Forward-looking statements

This report contains forward-looking statements reflecting Nordic Shipholding's current beliefs concerning future events. Forward-looking statements are inherently subject to uncertainty, and Nordic Shipholding's actual results may thus differ significantly from expectations. Factors which could cause actual results to deviate from the expectations include, but are not limited to, changes in macroeconomic, regulatory and political conditions, changes in currency exchange rates and operating expenses.

In a normal scenario, the Company's realized result may differ from the guidance caused by the factors as mentioned above, and in a normal scenario, these deviations typically will be at a manageable level.

Financial Review 2021

Financial highlights of the Group in 2021 (2020 figures in brackets)
Including the impairment losses incurred in June 2021 of USD 4.5 million following the classification of Nordic Anne, Nordic Agnetha and Nordic Amy as assets held-for-sale and a net reversal of impairment losses in December 2021 on assets held-for-sale of USD 2.2 million, the Group incurred a loss after tax of USD 5.8 million in 2021 compared to a loss after tax of USD 16.5 million in 2020 (including impairment losses totaling USD 21.1 million).

Revenue generated in 2021 was USD 21.5 million (USD 42.3 million), resulted in a TCE revenue of USD 10.4 million (USD 27.8 million). EBITDA (earnings before depreciation, impairment, amortisation, interest and tax) amounted to USD 42,000 (USD 13.9 million) and after accounting for depreciation and impairment, the Group made a net operating loss of USD 3.9 million (operating loss of USD 12.6 million).

- *Revenue*
  Revenue generated by the vessels in 2021 totalled USD 21.5 million (USD 42.3 million). 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 contributed to the decline in TCE revenue in 2021.

  After deduction of voyage expenses, the Group earned TCE revenue of USD 10.4 million (USD 27.8 million), a reduction of 62.6% in 2021 as compared to 2020.

- *Voyage expenses*
  The decline in voyage expenses was not in tandem with the loss of earnings from the sale of Nordic Hanne and Nordic Pia as voyage expenses was generally higher in 2021 than in 2020. Bunker prices, one of the key components of voyage expenses, was significantly higher in 2021 compared to 2020. As a result, voyage expenses reduced by 23.5% to USD 11.1 million (USD 14.6 million) in 2021.

- *Operating Costs*
  Expenses related to the operation of the vessels fell to USD 9.0 million (USD 12.3 million) mainly due to the sale of Nordic Hanne and Nordic Pia.

  Staff costs amounted to USD 0.3 million (USD 0.3 million) while other external costs remained unchanged at USD 1.3 million (USD 1.3 million).

- *Depreciation and write-downs*
  A total depreciation of USD 1.6 million (USD 5.4 million) was charged on the Group's vessels and the decline in depreciation in 2021 was due to classification of the remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy, as assets held-for-sale in June 2021.

  In 2021, net impairment losses of USD 2.3 million consist of (i) USD 4.5 million arising from the classification of Nordic Anne, Nordic Agnetha and Nordic Amy as assets held-for-sale in June 2021, (ii) additional incremental sale expenses recognised in relation to Nordic Hanne and Nordic Pia of USD 0.4 million and (iii) a reversal of USD 2.6 million on assets held-for-sale as the aggregate gross sale price less estimated incremental sale expenses exceeds the aggregate carrying value of Nordic Anne, Nordic Agnetha and Nordic Amy.

In 2020, the impairment losses totalling USD 21.0 million consist of (i) USD 6.1 million arising from the classification of Nordic Hanne and Nordic Pia as assets held-for-sale and (ii) USD 14.9 million on vessels (accounted as non-current assets at the point when the impairment loss was recognised). Refer to Note 7 for further disclosure.

- *Financial income and expenses*
  Finance expenses decreased to USD 3.2 million (USD 4.6 million) due to loan repayments totaling USD 16.4 million in 2021 and lower applicable 3M-USD LIBOR. A one-off finance income of USD 1.4 million representing the write-off of certain loan interest was recognised in 2021.

  No gain on loan modification was recognised in 2021. For 2020, a loan modification gain of USD 0.7 million was recognised as a result of a loan restructuring completed in 2018.

- *Tax*
  The Company's tax payment is primarily calculated according to the rules and regulations in Denmark. The Singapore Income Tax Act is applied for the Singapore-incorporated vessel-owning entities. For further information, please refer to Note 11 in the financial statements.

- *Assets*
  At 31 December 2021, the Group's balance sheet totalled USD 44.0 million (USD 66.5 million) comprising mainly of vessels, assets held-for-sale, receivables and cash.

  Vessels and docking is USD NIL (USD 38.9 million) in 2021 mainly due to classification of the remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy, as assets held-for-sale, depreciation and impairment losses on the vessels.

  The carrying value of the vessels held-for-sale was supported by agreed sale prices less assumed selling expenses.

  Receivables amounted to USD 4.5 million as at 31 December 2021 (USD 6.3 million). The decrease was primarily due to the reduced number of vessels deployed in the various pools.

  As at 31 December 2021, the Group's cash balance was USD 2.5 million (USD 5.4 million), after USD 16.4 million (USD 14.8 million) repayments on the loan facility during the financial year.

- *Equity*
  Equity stood at negative USD 14.3 million (negative USD 8.5 million). The change in equity was due to the net loss after tax of USD 5.8 million (USD 16.5 million) incurred in 2021.

- *Liabilities*
  Total liabilities amounted to USD 58.3 million (USD 75.1 million). The Group's interest-bearing bank loans, including accrued interest, amounted to USD 42.3 million (USD 59.0 million), which is due on 31 March 2022. The decrease in the Group's interest-bearing bank loans was due mainly to the (i) loan repayments of USD 16.4 million, of which USD 14.3 million was due to the net proceeds from the sale of Nordic Hanne and Nordic Pia and USD 2.1 million of loan amortisation, offset by (iii) the capitalisation of loan interest margin of 2.5% per annum.

  Loans due to majority shareholder increased by USD 1.2 million to USD 12.8 million (USD 11.6 million) due to the interest accrued on the interest-bearing USD 9.0 million loans (USD

9.0 million) extended to the Group by the majority shareholder in 2018 and the finance charge accrued on the USD 3.85 million Banker's Guarantee provided by the majority shareholder as additional security to the lenders in Q1 2018.

Trade payables amounted to USD 3.0 million as at 31 December 2021 (USD 4.4 million). The decrease was primarily due to the reduced number of vessels deployed in the various pools.

- *Cash flows*
  Cash flow from operations amounted to -USD 0.7 million (USD 14.8 million) mainly from the reduced distributions earned by the vessels.

  Cash flow from investing activities amounted to USD 14.2 million due to the sale of Nordic Hanne and Nordic Pia. In 2020, cash flow from investing activities amounted to USD -0.1 million due to balance dry-docking payment for Nordic Amy.

  In 2021, cash flow from financing activities amounted to -USD 16.4 million due to loan repayments, of which 14.3 million arose due to the net proceeds from the sale of Nordic Hanne and Nordic Pia and USD 2.1 million of loan amortisation. In 2020, cash flow from financing activities amounted to -USD 14.8 million due to loan repayments, of which USD 13.3 million arose due to cash sweep and USD 1.5 million of regular loan amortisation which was reinstated after the loan restructuring concluded in December 2020.

  Cash flows for the year thus amounted to USD -2.8 million (USD -0.1 million), bringing the cash balance at year end to USD 2.5 million (USD 5.4 million).

Financial highlights of the Company (Parent) in 2021 (2020 figures in brackets)

The Company incurred a loss after tax of USD 5.8 million in 2021 (USD 16.5 million). The Company recognised an impairment loss of USD 3.8 million (USD 14.7 million) on its investment in subsidiaries. As a result, the Company's equity dropped to negative USD 14.3 million (negative USD 8.5 million). At 31 December 2021, the Company's total assets amounted to USD 0.1 million (USD 1.2 million). The Company's total liabilities amounted to USD 14.4 million (USD 9.8 million) mainly due to provision for negative equity in its subsidiaries, interest capitalised on the shareholder's loan extended by the majority shareholder of the Company and funding from its wholly-owned subsidiary for the Company's operations.

Vision & Strategy

As past attempts to search for a suitable merger partner did not materialise, and with the sale of the remaining three vessels, the Board of the Company will oversee that the Group continues its operations in a responsible manner and continue to explore opportunities to restructure the Group.

Statutory Corporate Governance Statement

This statutory corporate governance statement covers the financial period 1 January to 31 December 2021.

Corporate Governance

Nordic Shipholding is committed to maintaining a high standard of corporate governance, and the Board of Directors continuously reviews the framework and principles for the overall governance of the Company. The Company is in compliance with the majority of the recommendations given in the Recommendations for Corporate Governance as made public by Nasdaq Copenhagen. Refer to 'Corporate Governance' section on the Company's website at: http://www.nordicshipholding.com/corporate-governances

Following is a brief description of the main deviations from the recommendations:

Composition of the Board of Directors

The Company's Board does not consist of a majority of independent directors given that the Company has a controlling shareholder. Strong representation on the Board by its controlling shareholder is deemed important for the Company in light of its business plans and present financial position.

The Company's Chief Executive Officer ('CEO') is also a member of the Board of Directors. Due to the nature of the Company's operations as well as the Company's slim organisation, the Board of Directors has found it beneficial that the Company's CEO is part of the Board of Directors. The CEO does not participate in board deliberations or decisions regarding the executive management.

Report on the Gender Distribution in Management, cf. Section 99b of the Danish Financial Statements Act

The current Board of Directors consists of four men. The Group's vessels' operations will cease following the sale of the remaining vessels, therefore, the Company does not have a long-term goal for the composition of its directors.

Board Committees

The Board of Directors does not find it necessary to establish other Board Committees, including an Audit Committee, Nomination Committee and Remuneration Committee, because of its shareholder structure and the nature of the Company's activities. All Board members are equally involved in the review of financial and audit matters.

Assessment of the performance of the Board of Directors and management

The Board of Directors does not have a formalised assessment procedure upon which the performance and results of the Board of Directors and the individual Board members, including the chairman, are evaluated on a regular basis. Furthermore, there is no predefined clear criteria to evaluate the work and performance of the CEO. For the time being, the Company has not found it necessary to institute a formal predefined procedure given that internal reviews are being carried out on an on-going basis by the Board of Directors.

Whistle-blower

Besides the CEO, who is engaged through the Corporate Manager, the Company has only one employee, hence, the Company's Board of Directors has not found it necessary to establish a whistle-blower policy. There is a whistle-blower hotline setup administrated at and by the individual service providers of the Group.

Internal Control

Control environment
Transport Capital Pte. Ltd. ('Transport Capital') has been appointed as the corporate manager for the Nordic Shipholding A/S Group since December 2013. Transport Capital has authorities and procedures for entering into binding agreements on behalf of the Company. Being a corporate manager, Transport Capital adheres to strict guidelines on segregation of duties, reporting procedures, manages the overall corporate functions and oversees the technical and commercial aspects of the Company.

Financial reporting process
The Board of Directors is responsible for the Group's internal control and risk management in connection with the financial reporting process, including observance of relevant statutory rules and regulations in connection with its financial reporting.

The Board of Directors receives weekly and monthly reports and is kept abreast of the developments in the industry.

Prior to publication of quarterly and annual reports, a Board meeting is held. At the meeting, the reports are discussed and an overall assessment of the risks associated with the financial reporting process is made. The financial statements are reviewed and explained relative to the budget and expectations. Moreover, any estimates and assessments used in the financial reporting are discussed and decided on.

Risk Management

From 2020, we recognised that the global COVID-19 pandemic would pose significant risk to the business.

The Group has also identified the following risks which have the most significant effect on its financial position and business performance.

Operational risks

Freight rates

The Group is exposed to significant risks relating to the product tanker segment. Freight rates and market values of the vessels owned by the Group are the main risk elements.

The Group's revenues are exclusively generated from activities in the product tanker segment. The tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes and ship values.

Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the large variety of products that the vessels carry.

Pool

The vessels are placed in leading pools. Consequently, the Group is dependent on the pool's ability to attract customers and offer a product which is among the best in the market.

Bunkers

Bunker fuels constitute the major component affecting TCE earnings and increasing prices can have a material impact on the Group's results.

Financial risks

Financing and Cash flows

In the current market situation, access to cash is an important factor for the Group's development. The Group monitors its cash flow situation carefully to ensure it has adequate liquidity for its working capital requirements and interest payments. The Group's liquidity and cash flow was and will continue to be affected due to the negative impact on the world economy arising from the COVID-19 situation.

The loan restructuring concluded in December 2020 has expired on 30 December 2021. Discussions with the lenders, which commenced in December 2021, resulted in securing an agreement to extend the maturity of the existing bank loan facilities till 31 March 2022. The remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy were committed for sale in early 2022. As at the date of this report, Nordic Anne and Nordic Agnetha have been delivered to their respective new owners, and it is Management's expectation that Nordic Amy will be delivered to her new owner no later than mid-April 2022. The entire net proceeds from the sale of these vessels were or will be used to pay down the respective loans associated with the vessels. Upon the completion of the sale of the vessels, all bank loan facilities will be settled.

Current loan agreements contain financial covenants including (i) minimum liquidity levels, (ii) minimum value (fair market value of vessels as a percentage of outstanding loan) and (iii) minimum equity ratio. Under the loan restructuring concluded with the lending banks in Q4 2018 which expired on 30 December 2020, financial covenants such as (i) minimum value and (ii) minimum equity ratio were waived whilst the minimum liquidity level was reduced. As part of the loan restructuring in December 2020, testing of financial covenants such as (i) minimum liquidity levels and (ii) minimum value resumed from December 2020. In conjunction with the agreement from the lenders to extend the maturity of the existing loan facilities till 31 March 2022, all financial covenants under the loans are waived.

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 until certain covenant ratios are met.

Interest rates
The Group's interest-bearing debt (with variable interest) amounted to USD 42.5 million as at 31 December 2021 (2020: USD 59.0 million). In addition, the Group has shareholder loans (with fixed interest) totalling USD 12.8 million as at 31 December 2021 (2020: USD 11.6 million). Both the bank loans and the shareholder loans are denominated in USD.

Credit risk
As of year-end, the Group is reliant on two reputable pools and its pool managers to distribute the allocated earnings on a regular basis. It is the Group's policy to cooperate with recognised pool partners in order to minimise this risk. Should the pools, however, fail to honour its obligations under the pool agreement and/or delay the distribution of pool earnings, the Group could sustain significant losses which could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Corporate Social Responsibility (CSR)

Business model
Nordic Shipholding Group owns three vessels and is a tonnage provider within the product tanker segment. The Group has one administrative employee who is employed accordingly to Danish employment standards. All tasks and activities in connection with operating the three vessels are outsourced to service providers including corporate management, commercial management and technical management. The CEO is provided by Transport Capital Pte. Ltd. as part of the corporate management agreement signed between the Company and Transport Capital Pte. Ltd.

Risk assessment
Although Nordic Shipholding Group has only one employee and has outsourced all activities in connection with operating its three vessels, the Company acknowledges its responsibility for ensuring that crews are treated with respect and in accordance with the law and agreed upon contracts, that the environmental and climate related footprints are minimized, and that legislation in general and specifically regarding human rights and anti-corruption are complied with by all the service providers contracted by Nordic Shipholding Group.

Nordic Shipholding Group has communicated its expectations and requirements regarding employee conditions, environmental impact, climate change, human rights, and anti-corruption to all significant service providers, which are required at any time to live up to these requirements and be able to document compliance to Nordic Shipholding Group if required by the Company.

When preparing this statement in accordance with the Danish Financial Statements Act, Nordic Shipholding Group has required its main service providers to give input on how they have worked with the requirements during the reporting year, and the results have been consolidated along with a description of the inherent risks identified by Nordic Shipholding Group leading to the need for placing requirements on how service providers bring our expectations to life.

Environment and climate change
The negative environmental and climate related impact of our activities must be minimized due to the damage it can cause and the negative long-term effects it may have on the maritime eco-system. Environmental accidents are costly and may do great harm and must be avoided through environmental and fuel management. Also, environmental accidents result in bad publicity and lower trust with our customers.

Consequently, we as a Company want to reduce and minimize the negative impact on the environment as much as possible and reduce our impact on the climate as well. Our policy includes:

- A commitment to a continued reduction in Greenhouse Gas (‘GHG’) emissions/carbon emissions.
- Continue exploring and implementing comprehensive energy management and energy-saving initiatives.
- Ensure vessels operate efficiently and sustainably to reduce material consumption, waste and damage to the environment.
- Eliminate use of plastic bottles and materials to reduce demand and consumption of single-use plastics.
- Implement water-saving initiatives and measures.
- Ensure all vessels implement a ballast water management ("BWM") plan in accordance with IMO's guidelines. All vessels to carry a ballast water record book, an International Ballast Water Management Certificate and carry out ballast water management procedures based on international standards.
- Maintain ISO 14001/ 50001 certification across all operations.
- Ensure and maintain compliance with regulatory, company and customer environmental requirements and have zero tolerance for regulations violations (MARPOL, Basel, EU, Singapore, etc).

Optimization and reduction of our bunker consumption is an ongoing effort, and also in 2021, our technical managers had focused on lowering our consumption per travelled nautical mile. Also, the reduction of disposed plastics in the ocean has been a focus area in 2021. The use of plastics on our vessels have been reduced to also minimize the amount of waste we need to dispose of.

Finally, we have in 2021 only consumed low-sulfur bunker leading to lower emissions of sulfur to the atmosphere.

In 2021, all our vessels have complied with the IMO Ballast Water Management (BWM) Convention in the management of ballast water onboard.

Social and employee conditions
Occupational Health & Safety ('OHS') is a key risk while at sea. The well-being of crews and employees working our vessels is of great importance to us. The risk of poor work and safety conditions at our vessels would not only be of great distress to our customers and the companies we work with, but it would also give Nordic Shipholding Group a poor reputation within our business. Our policy includes:

- Commit to the provision of a safe and healthy working environment for people employed at work, or people affected by our work, and embrace the Vision Zero mindset that all injuries and ill health at work can be prevented, and that zero harm is possible.
- Regularly review and monitor progress of the OHS goals and targets, so they remain relevant.
- Aim to identify the key OHS challenges and determine the risks and hazards holistically.
- Endeavour to provide OHS challenges and determine the risks and hazards holistically.
- Endeavour to provide OHS training for our workforce and promote OHS Training for portfolio companies/assets.
- Ensure that vessels are equipped with necessary equipment, tools, manuals and other information to ensure that all operations are conducted in such a manner as to minimize any other OHS effects.
- Ensure that vessels are equipped with adequate Personal Protective Equipment and other safeguarding equipment and the crew are trained to use it appropriately.
- Ensure that ship managers comply with accident prevention and OHS protection measures.

Also in 2021, our service providers have conducted employee events where health & safety, mental health under Covid-19, flexibility and how to encourage more women to seek employment have been on the agenda.

Further, policies have been updated as part of our work with the ISO 45001 (OH & S Management System) certification, and appraisal systems have been implemented to address employee's satisfaction and career growth within the Company.

Human rights
Maintaining and respecting human rights is a prerogative to Nordic Shipholding Group. To be seen in connection with breaches or disrespect regarding human rights would do damage not only to our core values but also to our customer relations and license to operate. While at sea and when engaging with other cultures and nationalities it is a risk, that human rights are not viewed in the same way. Our positions include:

- Embrace and support employees' differences in gender, age, nationality, ethnic origin, caste, religion or belief, sexual orientation, disability or health, HIV status, union membership, political affiliation, marital status, and other characteristics that make our employees unique.
- Equal opportunity extends to all aspects of the employment relationship, including but not limited to hiring, promotions, training, and development, working conditions, compensation, and benefits.
- Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.

- Take acts of discriminatory conduct, harassment, vilification, or victimisation committed by an employee very seriously and taking serious disciplinary action against the employee.
- Develop a formal channel for grievance redressal and taking initiatives and providing support to build an inclusive environment.

We have in 2021 ensured that employees with our main service providers have been informed about and how to use whistleblower systems set up and administrated by the individual service providers if cases of harassments or discrimination are experienced. Performance and knowledge have been verified through feedback from suppliers and associated companies, but no cases of non-compliance were experienced in 2021.

Anti-corruption
Nordic Shipholding Group does not engage in bribery or corruption of any form. We comply with relevant laws and regulations that prohibit bribery and corruption, and we do everything that we can to make sure our suppliers, contractors and business partners do the same. Several of our service providers are members of the Maritime Anti-Corruption Network (MACN). Through submission of data to MACN, members contribute in driving changes in global trade through collective action. Also, within the organization, we encourage a culture of openness and transparency where all individuals can speak up.

In 2021 employees with our service providers have been provided with training with respect to anti-corruption, and all new employees have been introduced to our zero-tolerance policy.

All employees of our service providers are informed about the whistleblower hotline setup administrated at and by the individual service providers; however, in 2021 no substantiated cases were reported.

Data ethics

According to the Danish Financial Statements Act section 99d, Nordic Shipholding is required to state if the Company has a policy for data ethics and explain the contents of the policy and how Nordic Shipholding has worked with the policy in the reporting year; alternatively, explain why it is not relevant for the Company to uphold such a policy.

Nordic Shipholding comply with the Danish GDPR legislation regarding personal data. However, Nordic Shipholding, given the Company’s business model, have very limited amounts of data in storage, and considers that data as business critical, which is why it is not data we would sell or make available to third parties, nor do the data allow for different use than the purpose for which it have been retrieved.

Consequently, Nordic Shipholding has decided not to author and maintain a policy for data ethics at this time, but Management will reevaluate its decision on an annual basis.

Shareholders Information

Share data at 31 December 2021

Listed on: NASDAQ OMX Copenhagen

Share capital: DKK 40,615,840

Nominal value: DKK 0.1

Shares issued: 406,158,403 shares

Shares trading on NASDAQ OMX Copenhagen: 406,158,403 shares
(Security ID code: DK0060083996)

Share classes: One

Votes per share: One

Bearer share: Yes

Restriction on voting rights: No

Restricted negotiability: No

For further corporate information please see www.nordicshipholding.com

Movements in the Company's share price at 31 December 2021

The closing price at year-end 2021 was DKK 0.09, a decrease of 74% compared with year-end 2020 (DKK 0.34).

Shareholder structure

At 31 December 2021, Nordic Shipholding had 3,772 registered shareholders.

On 31 December 2021, the following shareholders held more than or equal to 5% of the share capital and voting rights:

- Nordic Maritime S.à r.l., Luxemburg – 76.03%
- Nordea Danmark, Filial af Nordea Bank ABP, Finland – 11.03%

Treasury shares

At year-end 2021, Nordic Shipholding held nominally DKK 2,400 treasury shares, corresponding to 24,000 shares and equivalent to 0.01% of the share capital. The acquisition hereof was part of the preparations for the IPO, and the Company has not acquired treasury shares since its listing in 2007.

Dividend policy

No dividend will be distributed for the financial year 2021, and Nordic Shipholding does not expect to distribute any dividend for the financial year 2022. Currently, the Company does not have a dividend policy.

Procedures for election of members to the Board of Directors

All the members are elected to the Board of Directors at the Annual General Meeting.

Procedures for making amendments to the articles of association

Resolutions to amend the Company's articles of association are passed at the Annual General Meeting.

Financial calendar 2022

Annual Report 2021	31 March 2022
General Assembly	26 April 2022
Interim report - Q1 2022	25 May 2022
H1 interim report 2022	24 August 2022
Interim report - Q3 2022	23 November 2022

Board of Directors and Executive Management

Board of Directors

Esben Søfren Poulsson
Chairman of the Board.
Born 1948. Elected to the Board of Directors on 20 April 2018 and appointed as Chairman of the Board on 14 October 2021.

Background:
Chairman of Enesel Pte. Ltd.

Education:
Diploma in Business Administration from British Columbia Institute of Technology, Vancouver, Canada.

Other directorships:
AVRA Properties Pte. Ltd., BW EPIC Kosan, Cambiaso Risso Asia Pte. Ltd., Finnlines PLC., Tamar Shipmanagement Ltd., Cap San Artemissio Pte. Ltd., Cap San Maleas Pte. Ltd., Cap San Sounio Pte. Ltd., Cap San Tainaro Pte. Ltd., Evergreen Asset Group Co. Pte. Ltd., Hamburg Sud Asset Group Co Pte. Ltd., Intermediate Holdco 1 Pte. Ltd., Thalassa Avra Pte. Ltd., Thalassa Axia Pte. Ltd., Thalassa Doxa Pte. Ltd., Thalassa Elpida Pte. Ltd., Thalassa Hellas Pte. Ltd., Thalassa Mana Pte. Ltd., Thalassa Niki Pte. Ltd., Thalassa Patris Pte. Ltd., Thalassa Pistis Pte. Ltd., Thalassa Tyhi Pte. Lltd., Maritime and Port Authority of Singapore (MPA). Chairman of the International Chamber of Shipping, London. Senior Advisor to the Chairman of X-Press Feeders Ltd./Sea Consortium Pte. Ltd. On the Advisory panel of the Singapore Maritime Foundation.

Esben Søfren Poulsson is considered independent.

Attendance at Board meetings held in 2021: 10/10

Jon Robert Lewis
Deputy Chairman of the Board.
Born 1962. Elected to the Board of Directors on 17 December 2013.

Background:
Partner, Managing Director and Group General Counsel of PAG.

Education:
Graduate from Cornell University and the University of Michigan Law School.

Other directorships:
Member of the Board of Directors of Ariel Asset LLC (formerly known as Ariel Asset Daebu Yuhanhoesa), Asia Sapphire Pte. Ltd., Asia Ruby Pte. Ltd., Asia Ruby One Pte. Ltd., Asia Pragati Capfin Private Limited, China Equity Investments Designated Activity Company (formerly known as: China Equity Investments Limited), DBZ (Cyprus) Limited, Indigo Star Investments Limited, Nordic Maritime S.à r.l., Pacific Alliance Group Asset Management Limited, Pacific Alliance Group Limited, Pacific Alliance Special Situations Management Limited, Pacific Alliance-FF Management Limited, Pacific Alliance-W Management Limited, PACL Secretaries Limited, PAFF Secretaries

Limited, PAG Asia Capital GP I Limited, PAG Asia Capital GP II Limited, PAG Asia Loan Management Limited, PAG Asia Loan Management II Limited (formerly known as PAG Asia Loan Management II (USD) Limited), PAG China Equity Investment Management Limited, PAG China Investment Limited, PAG China Limited (formerly known as PAG Hedge Limited), PAG Consulting Australia Pty Ltd, PAG Holdings Limited (formerly known as Pacific Alliance Group Holdings Limited), PAG IPR Holdings Limited, PAG Japan Limited (formerly known as Pacific Alliance Japan Limited), PAG Real Estate (HK) Limited (formerly known as Pacific Alliance Real Estate Limited), PAG Real Estate Limited, PAG Real Estate GP Limited (formerly known as PAG Real Estate Value GP Limited), PAG Real Estate Value LLC, PAG Secretaries Limited, PAG Special Situations LLC, PAG Special Situations Management II Limited (formerly known as PAG Management II Limited), PAIM GP I Limited, PAIM GP II Limited, PAIM Secretaries Limited, PAL GP I Limited, PAL GP II Limited, PA-LF Secretaries Limited, PA-LF2 Secretaries Limited, PARE Secretaries Limited, PASS Secretaries Limited, PASS2 Secretaries Limited, PA-W Secretaries Limited, PAX Secretaries Limited, PREP Secretaries Limited, PAG Enhanced Credit LLC (formerly known as PAG Credit Guarantee Limited), PAG Enhanced Credit Management Limited (formerly known as PAG Credit Guarantee Management Limited), PAG Enhanced Credit Investment Management Limited, PAG-C Management Limited, PAIM II GP II Limited, PAL II GP II Limited, PREP GP II Limited, PAG Real Estate Holding Limited, PAGAC II GP II Limited, PECF GP I Limited, PAG Asia Alpha Advisors Limited, PAG Enhanced Credit Advisors Limited, PAG Special Situations Advisors Limited, PAG Asia Loan Advisors Limited, PAG China Special Situations Advisors Limited, PAG Real Estate Korea Limited, PAG Growth Capital Limited (formerly known as PAG Growth Advisors Limited), PAG Asia Loan LLC, Pacific Alliance Investment Management Limited, PAG-P Management Limited (formerly known as PAG-PK Management Limited), PAG AR Opportunistic Strategies Limited, PAG Asia Alpha LLC, PAG Alpha Investment Management Limited, Asia Alpha Secretaries Limited, PREP GP I Limited, PAGAC2 Secretaries Limited, PA-ECF Secretaries Limited, PAGAC GP I Limited, PAGAC GP II Limited, PAGAC II GP I Limited, PAG CA Partners GP Limited, PAG China Special Situations LLC, PAG China Special Situations GP Limited, PAG-C AR Co-Investment GP Limited, PAG-G AR Co-Investment GP Limited, PAG Growth Capital GP I Limited, PAG BRS LLC (formerly known as PAG Reg Cap Limited), PAG BRS Advisors Limited (formerly known as PAG Reg Cap Advisors Limited), PAG BRS GP Limited (formerly known as PAG Reg Cap Management Limited), Ellida Investment Solutions Advisors Limited (fka: PAG Investment Solutions Advisors Limited), PAG Asia Loan GP III Limited, PA-LF3 Secretaries Limited, PAG Opportunistic Strategies Advisors Limited, PAG Real Estate GP II Limited, PAL III GP Limited, Maritime Asia Diamond Pte. Ltd., MFE Formwork Technology Sdn. Bhd., PAG Real Estate Partners (Luxembourg) II GP S.àr.l., PAG Enhanced Credit GP II Limited, PAG Enhanced Credit II Feeder GP Limited, PAG Asia Opportunity S Class GP Limited, PAG Special Situations GP III Limited, PAG Special Situations III Feeder GP Limited, PAG Asia Capital GP III Limited, PAG Asia Opportunity S Class Feeder I GP Limited, PAG Asia Opportunity S Class Feeder II GP Limited, PREP II Cayman GP Limited, PAGAC III GP Limited, PECF GP II Limited, PAGGC I Acme Holding GP Limited, Autumn Investment GP Limited, PAGAC Galileo Investment Holding GP Limited, PAGAC Galileo Holding GP I Limited, PAGGC 1 Autobots Holding GP Limited, PAG PI Feeder GP Limited, PAIM III GP Limited, PAG-MAG AR Investment GP Limited (formerly known as PAG - GRE AR Investment GP Limited), PAG Loan GP IV Limited, PAG Loan IV Feeder GP Limited, PAG BRS GP II Limited, PAG BRS II Feeder GP Limited, Polymer Holdings Limited, PAG BRS II Feeder Ltd., PAG Capital Structure Opportunity Feeder GP Limited (fka: PAG Asia Opportunity CB Feeder GP Limited), PAG-B Pooled GP Limited, PAG S Class Public Pooled GP Limited, PAG Asia Opportunity B GP Limited, PAG-B Feeder GP Limited, Ellida Global Macro GP Limited (formerly known as PAGQS Global Macro GP Limited), Ellida Global Macro Feeder GP Limited (formerly known as PAGQS Global Macro Feeder GP Limited), PBRS GP II Limited, PAG Special Situations 3.2 Feeder GP Limited, PAG Special Situations GP 3.2 Limited, Ellida Global Macro Feeder II GP Limited (formerly known as PAGQS Global Macro Feeder II GP Limited), PAG Enhanced Credit GP III Limited, PAG Enhanced Credit III Feeder GP Limited, PAIM 3.2 GP Limited, PAG Loan V Feeder GP Limited, PAG Loan GP V Limited, PAG Real Estate GP III Limited, PAGGC GP II Limited, PAG Loan V Feeder GP Limited, PAG Capital

Holdings Limited, PAG Infrastructure Limited, PAG Real Estate Feeder GP III Limited, PECF GP III Limited, PAG Venture Holdings Limited, PAG Real Estate Partners (Luxembourg) III GP S.à r.l., PAG Real Estate Feeder GP III Limited, PAG Asia Capital GP IV Limited, Polymer Consulting Holdings Limited, PAG Pegasus LLC, PAG Pegasus Advisors Limited, PAG Pegasus (Cayman) Fund Ltd, Polymer Capital Holdings Limited, PAG-Coral Co-Investment GP Limited, PAG China Credit Dislocation GP Limited, PAG China Credit Dislocation Feeder I GP Limited, PAGAC IV GP Limited, PAG-AD AR Co-Investment GP Limited, PM Partners GP I Limited (fka: PAGAC Wonderland Holding GP Limited), PM Partners GP II Limited, PM Partners GP III Limited. PREP III (Albert St) Co-Invest GP Limited, PREP III Strategic Co-Invest GP Limited, PREP III Cayman GP Limited, PCDF GP I Limited and PAL V GP Limited.

Jon Robert Lewis is not considered independent due to his relationship with the major shareholder of the Company.

Attendance at Board meetings held in 2021: 10/10

Kanak Kapur
Member of the Board.
Born 1970. Elected to the Board of Directors on 14 April 2015.

Background:
Partner in PAG.

Education:
MBA from NYU Stern School of Business

Other directorships:
Intero Investments Limited
Bremen Developments Limited
Asia Pragati Capfin Private Limited
Maritime Asia Diamond Pte. Ltd.
Nordic Shipholding A/S
Blue Canyon Country Club Co., Ltd.
Maritime Asia Pearl Pte. Ltd.
Maritime Asia Emerald Pte. Ltd.
Maritime Asia Zircon Pte. Ltd.
Maritime Asia Crystal Pte. Ltd.
Maritime Asia Opal Pte. Ltd.
APSE SPV1 Pte. Ltd.
Blue Canyon Development Co., Ltd.
Blue Canyon Property Corp., Ltd.

Kanak Kapur is not considered independent due to his relationship with the major shareholder of the Company.

Attendance at Board meetings held in 2021: 10/10

Philip Clausius
Chief Executive Officer (CEO)
Born 1968. Elected to the Board of Directors on 17 December 2013.

Background:
Previously CEO of FSL Trust Management Pte. Ltd.

Education:
Graduate degree (Diplom-Betriebswirt) in Business Administration from the European Business School, Germany.

Other directorships:
Member of the Board of Directors of the Singapore-incorporated subsidiaries of Nordic Shipholding A/S Group, CEO and Director of Transport Capital Pte. Ltd., Director of Transport Capital Holdings Pte. Ltd. and its subsidiaries, Maritime Asia Diamond Pte. Ltd., APSE SPV2 Pte. Ltd., APSE SPV3 Pte. Ltd., APSE SPV4 Pte. Ltd., Wellard Limited and its Singapore-incorporated subsidiaries, The Standard Club Ltd, The Standard Club Asia Ltd and Bengal Tiger Line Pte. Ltd.

Supervisor to the Board of Columbia Shipmanagement (Shanghai) Co., Ltd. and Columbia Crew Management (Shanghai) Co., Ltd. and Chairman of Singapore War Risks Mutual (SWRM) Class Committee.

Philip Clausius is not considered independent as he is the CEO of the Company.

Attendance at Board meetings held in 2021: 10/10

Executive Management

Philip Clausius
Born 1968. CEO since 2 January 2014.

As Philip Clausius is also a director of Nordic Shipholding, please see his profile under Board of Directors.

Board members' shares

Board members' ownership of shares in Nordic Shipholding A/S at 31 December 2021

Board Member	Shares owned
Esben Søfren Poulsson	108,295
Jon Robert Lewis	-
Kanak Kapur	-
Philip Clausius	-

Management Statement

We have today considered and approved the Annual Report of Nordic Shipholding A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and Company's financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2021 and of their financial performance and their cash flows for the financial year 1 January – 31 December 2021.

Furthermore, in our opinion the management review (page 1 – 26) gives a true and fair review of the development in the Group's and the Company's operations and financial matters, the results of the Group and the Company for the year and the financial position as a whole, and describes the significant risks and uncertainties facing the Group and the Company.

In our opinion, the annual report of Nordic Shipholding A/S for the financial year 1 January to 31 December 2021 with the file name NSH-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be adopted at the General Assembly.

Copenhagen, 31 March 2022

Executive Management

Philip Clausius
CEO

Board of Directors

Esben Søfren Poulsson
Chairman of the
Board of Directors

Jon Robert Lewis
Deputy Chairman of
the Board of Directors

Philip Clausius

Kanak Kapur

Independent Auditor's Report

To the shareholders of Nordic Shipholding A/S

Report on the audit of the financial statements

Our opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's financial position at 31 December 2021 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

What we have audited

The consolidated financial statements and parent company financial statements of Nordic Shipholding A/S for the financial year 1 January to 31 December 2021 comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including summary of accounting policies for the group as well as for the parent company. Collectively referred to as the "financial statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Nordic Shipholding A/S on 20 April 2012 for the financial year 2012. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of ten years including the financial year 2021.

Material uncertainty related to going concern

The Company's and Group's equity is negative and Management is in the process of selling, respectively delivering, the remaining vessels to settle the Group's bank loan facilities. Management expects to have delivered all remaining vessels to their respective new owners no later than mid of April 2022. As stated in Note 0, these events or conditions, along with other matters as set forth in Note 0, 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.

Our opinions are not modified in respect of this matter.

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 2021. Except for the matter described in the section Material uncertainty related to going concern, we have determined that there are no other key audit matters to communicate in our report.

Statement on the Management review

Management is responsible for the Management review.

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

Moreover, we considered whether the Management review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 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 about 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 the 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 these financial statements.

As part of an audit in accordance with ISAs and the 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 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 or the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the 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 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation
As part of our audit of the financial statements we performed procedures to express an opinion on whether the annual report of Nordic Shipholding A/S for the financial year 1 January to 31 December 2021 with the filename NSH-2021-12-31-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.

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;

- 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 Nordic Shipholding A/S for the financial year 1 January to 31 December 2021 with the file name NSH-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 31 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Gert Fisker Tomczyk	**Jacob Brinch**
State Authorised Public Accountant	State Authorised Public Accountant
mne9777	mne35447

Financial Statements

Statement of comprehensive income for the period 1 January - 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2021**	**2020**	**2021**	**2020**
3	Total revenue	-	-	21,519	42,319
	Voyage related expenses	-	-	(11,139)	(14,553)
	Time charter equivalent revenue (TCE revenue)	**-**	**-**	**10,380**	**27,766**
4	Other income	-	-	292	74
	Expenses related to the operation of vessels	-	-	(8,978)	(12,320)
5	Staff costs	(303)	(292)	(303)	(292)
6	Other external costs	(1,050)	(930)	(1,349)	(1,286)
	Earnings before depreciation (EBITDA)	**(1,353)**	**(1,222)**	**42**	**13,942**
7	Depreciation	-	-	(1,601)	(5,442)
7	Write-down on vessels	-	-	(4,496)	(14,909)
7	Write-back/(write-down) on asset held-for-sale	-	-	2,156	(6,142)
	Operating result (EBIT)	**(1,353)**	**(1,222)**	**(3,899)**	**(12,551)**
8	Write-down on investments	(3,816)	(14,679)	-	-
9	Financial income	-	-	1,380	721
10	Financial expenses	(594)	(550)	(3,244)	(4,621)
	Result before tax	**(5,763)**	**(16,451)**	**(5,763)**	**(16,451)**
11	Tax on result	-	-	-	-
	Result after tax	**(5,763)**	**(16,451)**	**(5,763)**	**(16,451)**
	Total comprehensive income	**(5,763)**	**(16,451)**	**(5,763)**	**(16,451)**
12	Earnings per share (EPS) (USD)			(0.01)	(0.04)
12	Diluted earnings per share (USD)			(0.01)	(0.04)

Statement of financial position

		Company		Group	
Note	**Amounts in USD thousand**	**2021**	**2020**	**2021**	**2020**
	Non-current assets				
13	Vessels and docking	-	-	-	38,857
	Tangible assets	**-**	**-**	**-**	**38,857**
14	Investment in subsidiaries	-	1,064	-	-
	Financial assets	**-**	**1,064**	**-**	**-**
	Total non-current assets	**-**	**1,064**	**-**	**38,857**
	Current assets				
	Bunkers	-	-	1,624	1,757
15	Trade receivables	-	-	3,564	4,634
16	Other receivables	44	80	949	1,640
	Total bunkers and receivables	**44**	**80**	**6,137**	**8,031**
18	Cash & cash equivalents	82	77	2,540	5,388
17	Asset held-for-sale	-	-	35,334	14,234
	Total current assets	**126**	**157**	**44,011**	**27,653**
	Total assets	**126**	**1,221**	**44,011**	**66,510**
	Equity				
23	Share capital	7,437	7,437	7,437	7,437
	Retained earnings	(21,749)	(15,986)	(21,749)	(15,986)
	Equity, parent company	**(14,312)**	**(8,549)**	**(14,312)**	**(8,549)**
	Equity, non-controlling interests	-	-	-	-
	Total equity	**(14,312)**	**(8,549)**	**(14,312)**	**(8,549)**
	Liabilities				
20	Loans from majority shareholder	-	7,055	-	11,059
	Non-current liabilities	**-**	**7,055**	**-**	**11,059**
19	Finance loans, etc.	-	-	42,466	59,040
20	Loans from majority shareholder	7,645	-	12,795	513
21	Trade payables	147	240	3,023	4,408
22	Payables to subsidiaries	3,857	2,438	-	-
24	Provision for negative equity in subsidiaries	2,752	-	-	-
	Corporation tax	37	37	39	39
	Total current liabilities	**14,438**	**2,715**	**58,323**	**64,000**
	Total liabilities	**14,438**	**9,770**	**58,323**	**75,059**
	Liabilities and equity	**126**	**1,221**	**44,011**	**66,510**

For information about treasury shares and share capital, please refer to Note 23.

Statement of changes in equity - Company

Amounts in USD thousand	Share capital	Retained earnings	Total equity
Shareholders' equity at 1 January 2021	**7,437**	**(15,986)**	**(8,549)**
Result for the year	-	(5,763)	(5,763)
Total comprehensive income	-	(5,763)	(5,763)
Shareholders' equity at 31 December 2021	**7,437**	**(21,749)**	**(14,312)**
Shareholders' equity at 1 January 2020	**7,437**	**465**	**7,902**
Result for the year	-	(16,451)	(16,451)
Total comprehensive income	-	(16,451)	(16,451)
Shareholders' equity at 31 December 2020	**7,437**	**(15,986)**	**(8,549)**

Statement of changes in equity - Group

Amounts in USD thousand	Share capital	Retained earnings	Equity parent company	Equity group
Shareholders' equity at 1 January 2021	**7,437**	**(15,986)**	**(8,549)**	**(8,549)**
Result for the year	-	(5,763)	(5,763)	(5,763)
Total comprehensive income	-	(5,763)	(5,763)	(5,763)
Shareholders' equity at 31 December 2021	**7,437**	**(21,749)**	**(14,312)**	**(14,312)**
Shareholders' equity at 1 January 2020	**7,437**	**465**	**7,902**	**7,902**
Result for the year	**-**	(16,451)	(16,451)	(16,451)
Total comprehensive income	**-**	(16,451)	(16,451)	(16,451)
Shareholders' equity at 31 December 2020	**7,437**	**(15,986)**	**(8,549)**	**(8,549)**

Statement of cash flows
1 January - 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2021**	**2020**	**2021**	**2020**
	Operating result (EBIT)	**(1,353)**	**(1,222)**	**(3,899)**	**(12,551)**
7	Depreciation and write-downs	-	-	3,941	26,493
	Non-cash financial (expenses)/income	(4)	(4)	(37)	(48)
	Changes in inventories	-	-	133	615
	Changes in receivables	36	23	1,761	4,369
	Changes in liabilities	(93)	112	(1,803)	(2,416)
	Paid financial expenses	-	-	(807)	(1,689)
	Paid corporate tax expense	-	-	-	(7)
	Cash flow from operating activities	**(1,414)**	**(1,091)**	**(711)**	**14,766**
	Net proceeds from sale of asset held-for-sale	-	-	14,234	-
13	Investments in tangible assets	-	-	-	(73)
	Cash flow from investment activities	-	-	14,234	**(73)**
22	Increase in payables to subsidiaries	1,419	1,102	-	-
20	Loans from majority shareholder	-	-	-	-
	Repayment of finance loans	-	-	(16,371)	(14,832)
	Cash flow from financing activities	1,419	**1,102**	**(16,371)**	**(14,832)**
	Cash flows for the year	**5**	**11**	**(2,848)**	**(139)**
	Cash and cash equivalents as of 1 January	**77**	**66**	**5,388**	**5,527**
	Cash and cash equivalents at the end of the year	**82**	**77**	**2,540**	**5,388**

Statement of cash flows
1 January - 31 December (cont'd)

Reconciliation of liabilities arising from financing activities:

	Company	
Amounts in USD thousand	**Payables to subsidiaries**	**Loans from majority shareholder**
1 January 2021	2,438	7,055
Proceeds from borrowings	1,419	-
Non-cash change:		
Interest expense	-	590
31 December 2021	3,857	7,645
1 January 2020	1,336	6,509
Proceeds from borrowings	1,102	-
Non-cash change:		
Interest expense	-	546
31 December 2020	2,438	7,055

	Group	
Amounts in USD thousand	**Finance loans**	**Loans from majority shareholder**
1 January 2021	59,040	11,572
Principal payments	(16,371)	-
Interest payments	(807)	-
Non-cash changes:		
Interest expense	1,984	1,223
Write-off of loan interest	(1,380)	-
Modification gain	-	-
Amortisation of prepaid loan fees	-	-
31 December 2021	42,466	12,795
1 January 2020	72,890	10,391
Principal payments	(14,832)	-
Interest payments	(1,689)	-
Non-cash changes:		
Interest expense	3,354	1,181
Write-off of loan interest	-	-
Modification gain	(708)	-
Amortisation of prepaid loan fees	25	-
31 December 2020	59,040	11,572

List of Notes

0. Going concern assumption

Since 2018, management has continuously worked with various initiatives to secure the long-term financing of the Group. As the attempts to secure long-term financing did not materialise, the Board held discussions with the Group's various stakeholders to ensure the continuity of the Group in a responsible manner.

Discussions with the lenders, which commenced in December 2021, resulted in securing an agreement to extend the maturity of the existing bank loan facilities till 31 March 2022. The remaining three vessels, Nordic Anne, Nordic Agnetha and Nordic Amy were committed for sale in early 2022. As at the date of this report, Nordic Anne and Nordic Agnetha have been delivered to their respective new owners, and it is Management's expectation that Nordic Amy will be delivered to her new owner no later than mid-April 2022. The entire net proceeds from the sale of these vessels were or will be used to pay down the respective loans associated with the vessels. Upon the completion of the sale of the vessels, all bank loan facilities will be settled.

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 normal 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.

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. Significant accounting estimates, assumptions and uncertainties

Nordic Shipholding's annual report, which includes the consolidated financial statements and the financial statements of the Company, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act. The accounting policies are described in Note 2.

In connection with the preparation of the financial statements, management applies estimates and assumptions. Such estimates and assumptions are based on the most recent information available at the time of preparing the financial statements.

The most significant estimates relate to:

- measurement of vessels, and
- depreciation periods.

The estimates and assumptions are based on premises that management find reasonable, but which are uncertain or unpredictable. It may be necessary to change previous estimates as a result of future changes in the assumptions, new information, further experience or subsequent events.

Measurement of vessels
In 2020 and 2021, vessels are tested for impairment if there are indications of impairment. The Company evaluates the carrying amount of three vessels within two cash generating units – (1) one LR1 vessel deployed in Hafnia LR Pool, (2) two vessels deployed in Hafnia Handy Pool respectively - to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

The impairment tests are based on value in use calculations and net realisable values assessed by leading and independent international ship brokers, which are compared to the carrying amount of the assets within each of the cash generating units.

The carrying amount of the Group's vessels may not necessarily represent their actual market value at any point in time as market prices of second-hand vessels to a certain degree fluctuate with changes in charter rates and the cost of new-buildings.

If the estimated future cash flows or related assumptions change permanently, it may be necessary to reduce the carrying amount of vessels for the cash generating units.

In 2021, an impairment of USD 4.5 million was recognised arising from classification of Nordic Agnetha, Nordic Amy and Nordic Anne as asset-held-for-sale whilst in 2020, an impairment of USD 6.1 million was recognised arising from classification of Nordic Hanne and Nordic Pia as asset-held-for-sale and an impairment of USD 14.9 million was recognised on vessels (accounted as non-current assets at the point when the impairment loss was recognised) The carrying amount of vessels at 31 December 2021 amounted to USD NIL million (2020: USD 38.9 million).

Please refer to Note 7 for more information about the impairment tests performed.

Depreciation periods

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 annual depreciation. The carrying amount of vessels at 31 December 2021 amounted to USD NIL million (2020: USD 38.9 million).

2. Accounting policies

Basis of preparation

The annual report of Nordic Shipholding A/S which includes the consolidated financial statements and the financial statements of the Company, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act. The accounting policies are consistent with those applied to the annual report for 2020.

Adoption of new and amended IFRSs

Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRSs') issued by IASB and IFRSs endorsed by the European Union effective on or after 1 January 2021, it has been assessed that the application of these new IFRSs has not had a material impact on the consolidated financial statements in 2021, and management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

Consolidated financial statements

The consolidated financial statements include Nordic Shipholding (Company) and the enterprises (subsidiaries) which are controlled by the Company. Control is presumed to exist when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of Nordic Shipholding and its subsidiaries and joint operations. The consolidated financial statements have been prepared by adding together items of a uniform nature.

The accounts used for consolidation purposes have been prepared in accordance with the Group's accounting policies. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. Subsidiaries' items are recognised in full in the consolidated financial statements.

For vessels deployed in pools, it is evaluated based on the pool agreement between the pool and the vessel company. For pool arrangements where the vessel enters the pool via a time charterparty, the vessel company recognises its net interests for its vessels in the pool. For pool agreements, which qualify as joint operation, investments in the joint operations are recognised and measured in the consolidated financial statements pro rata with the Group's ownership interest and presented on a line-by-line basis in the consolidated financial statements. The proportionate share of the results of the entities after elimination of unrealised proportionate intercompany profits and losses is recognised in the income statement. The proportionate share of all transactions and events recognised directly in the other comprehensive income and equity of the joint operations is also recognised as such in Group equity.

Foreign currency translation

The functional and presentation currency of the Company is USD.

On initial recognition, transactions in currencies other than the functional currency of each enterprise are translated using the exchange rate at the date of the transaction.

Receivables, payables and other monetary items in foreign currencies, which have not been settled at the balance sheet date, are translated using the rate of exchange at the balance sheet date. Any exchange differences arising between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income and expenses.

Vessels and docking, inventories and other non-monetary assets purchased in foreign currencies and measured using historical costs are translated using the rate of exchange at the date of the transaction. Non-monetary items that are revalued at fair value are translated using the rate of exchange at the date of the revaluation.

Upon recognition in the consolidated financial statements of enterprises with functional currencies other than USD, the income statements are translated at the average exchange rates for the respective months. Balance sheet items are translated using the exchange rates ruling at the balance sheet date. Exchange differences arising from translation of balance sheet items at the beginning of the year at the rates of exchange at the balance sheet date and from translation of income statements from average rates of exchange to the rates of exchange at the balance sheet date are recognised as other comprehensive income. Correspondingly, exchange differences arising from changes made directly in the equity of these enterprises are also recognised as other comprehensive income.

Segment information

Nordic Shipholding has only one segment: Product Tankers. The Company therefore does not disclose segment information.

Statement of comprehensive income

Revenue recognition

Nordic Shipholding generates its revenue primarily through pool arrangements.

Total pool revenue is generated from each vessel participating in the pool. The pool measures revenue based on the contractual rates and the duration of each voyage, and revenue is recognised in the income statement upon delivery of service (percentage of completion). The percentage of completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. 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). The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the next discharge (load to discharge).

For pool arrangements where the vessel enters the pool via a time charterparty, the vessel company recognises its net interests for its vessels in the pool. For pool agreements, which qualify as joint operation, investments in the joint operations are recognised and measured in the consolidated financial statements pro rata with the Group's ownership interest and presented on a line-by-line basis in the consolidated financial statements. The proportionate share of the results of the entities after elimination of unrealised proportionate intercompany profits and losses is recognised in the income statement. The proportionate share of all transactions and events recognised directly in the other comprehensive income and equity of the joint operations is also recognised as such in Group equity.

Voyage expenses
These are expenses related to Nordic Shipholding's vessels managed in a pool. Voyage expenses consist mainly of bunkers, port expenses and commissions. Voyage expenses are recognised as incurred on a load-to-discharge basis.

Operating expenses
Operating expenses include costs relating to the operation and maintenance of vessels, including costs relating to crew. Operating expenses are recognised as incurred.

Staff costs
Staff costs comprise directors' fees, wages and salaries and social security costs and are recognised as incurred.

Other external costs
Other external costs comprise administrative expenses.

Depreciation and write downs
Depreciation on fixed assets pertains mainly to vessels and dry-dockings (see 'Vessels' and 'Dockings' for the description of depreciation principles). Write downs are made when impairment tests show that the value of fixed assets is impaired.

Financial income and expenses, net
Financial income and expenses include interest income and interest expenses, realised and unrealised exchange differences, and modification gain or loss. Interest income and expenses are accrued on the basis of the principal and the effective interest rate. The effective interest rate is the discount rate that is used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount. When a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss is recognised in the profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the financial year end.

No provision is made for taxation on qualifying shipping income derived from the operation of the Group's vessels held by Singapore-incorporated entities which is exempt from taxation under Section 13A of the Singapore Income Tax Act. The Singapore-incorporated entities are subject to tax on its non-tax exempt income such as interest income at the prevailing corporate tax rate, after adjusting for allowable expenses.

Deferred tax assets are recognised to the extent that it is probable that they can be utilised against future taxable income.

Earnings per share and diluted earnings per share

Earnings per share is calculated as the profit or loss for the year compared to the weighted average of the issued shares in the financial year. The basis for the calculation of diluted earnings per share is the weighted average number of shares in the financial year.

Statement of financial position

Vessels and docking

Vessels and docking includes vessels, upgrade costs and dockings, and are measured at cost less accumulated depreciation and impairment.

The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use, including interest expenses incurred during the period of construction. Other borrowing costs are taken to the income statement.

Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year.

Vessels are measured at cost less accumulated depreciation and write-downs. All major components of vessels except for dry-docking are depreciated on a straight-line basis to the estimated residual value over their estimated useful lives, which Nordic Shipholding estimates to be 25 years. Depreciation is based on cost less the estimated residual value. Residual value is estimated as the light weight tonnage of each vessel multiplied by scrap value per ton.

The useful life and residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group's business plans. Moreover, the Group evaluates the carrying amount of the vessels to determine whether events have occurred that indicate impairment and would require an adjustment of the carrying amounts.

Prepayments on vessels under construction are recognised as instalments paid.

The fleet of own vessels is required to undergo planned dry-dockings for major repairs and maintenance, which cannot be carried out while the vessels are operating. Dry-dockings are generally required every 30-60 months depending on the nature of the work. Costs relating to dry-dockings are capitalised and depreciated on a straight-line basis to the next scheduled dry-docking. The residual value is estimated at zero.

A portion of the cost of acquiring a new vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. For new buildings, the initial dry-docking asset is estimated on the basis of the expected costs related to the first-coming docking, which is based on experience with similar vessels. At subsequent dry-dockings, the asset comprises the actual docking costs incurred.

Impairment tests

Vessels are tested for impairment when there are indications of impairment.

If an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the need for recognising an impairment and the extent hereof. If an asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. The recoverable amount is defined as the higher of the fair value of the asset or the cash generating unit less costs to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted.

The fair value of vessel is usually determined based on the estimated selling price assessed by external brokers less costs to sell. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount.

An impairment for the cash-generating unit is allocated to the assets of the unit, but no asset will be reduced to a lower value than its fair value less expected costs to sell. Impairment are recognised in the income statement.

If an impairment subsequently is reversed as a result of changes in assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash-generating unit.

Bunkers

Inventories consist of oils and lubricants, etc. and are measured at cost using the FIFO method or the net realisable value, whichever is lower.

Receivables

Receivables comprise trade and other receivables. The Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Asset held-for-sale

Non-current asset is classified as asset held-for-sale and is recognised at the carrying amount at the date of classification if (i) its carrying amount is recovered principally through a sale transaction rather than through continuing use and (ii) the sale is highly probable. The sale is considered highly probable due to the commitment shown by the management on its plan to sell, an active programme is in place to sell the asset, the asset is actively marketed at a reasonable price, significant changes to plan are unlikely and the sale is expected to be completed within one year.

The asset is not depreciated while it is classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Dividend

Dividend is recognised as a liability at the time of approval by the General Meeting. Dividend proposed by management in respect of the year is stated under equity.

Treasury shares

Acquisition costs and consideration for treasury shares and dividend on treasury shares are recognised directly as retained earnings in equity.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions with an expected maturity of more than one year from the balance sheet date are measured at present value.

Finance loans

Finance loans are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities. Finance loans are initially measured at fair value less any transaction costs. Finance loans are subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the amount on initial recognition and the redemption value is recognised in the income statement as a financial expense over the term of the loan using the effective interest method.

Loans from majority shareholder

Loans from majority shareholder are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities. Loans from majority shareholder are initially measured at fair value less any transaction costs. Loans from majority shareholder are subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the amount on initial recognition and the redemption value is recognised in the income statement as a financial expense over the term of the loan using the effective interest method.

Other financial liabilities

Other financial liabilities comprise trade payables and other payables to public authorities, etc. Other financial liabilities are initially measured at fair value less any transaction costs. Liabilities are subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

Cash flow statement

The consolidated and Company cash flow statements are presented using the indirect method and show cash flow from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is stated as the operating profit or loss, adjusted for non-cash operating items and changes in working capital, less financial expenses paid attributable to operating activities.

Cash flow from investing activities includes payments in connection with the acquisition and divestment of enterprises and financial assets and the acquisition, development, improvement and sale, etc. of vessels and docking.

Cash flow from acquisition and divestment of enterprises is shown separately under cash flow from investing activities. Cash flow from acquired enterprises is recognised in the cash flow statement from the time of their acquisition, and cash flow from divested enterprises is recognised up to the time of sale.

Cash flow from financing activities comprises changes in the Company's share capital and related costs as well as raising and repayment of loans, instalments on interest bearing debt, acquisition of treasury shares and payment of dividend.

Cash flows in other currencies than the functional currency are recognised in the cash flow statement using average exchange rates for the respective months, unless these deviate materially from the actual exchange rates ruling at the dates of the transactions. If so, the actual exchange rates are used.

Cash and cash equivalents comprise cash at bank and cash held by the master of the respective vessels.

Supplementary accounting policies for the Company

Investments in subsidiaries in the financial statements of the Company
Investments in subsidiaries are measured at cost. If the cost price exceeds the recoverable amount of the investment, it is written down to this lower amount. The recoverable amount is defined as the higher of the fair value of the subsidiary less costs of sale and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the enterprise in question for which the estimates of future cash flows have not been adjusted.

Dividends received from subsidiaries are recognised in the income statement.

The conversion of intercompany debt owed by its subsidiaries is measured at carrying amount.

3. Revenue

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Revenue	-	-	21,519	42,319
Total revenue	**-**	**-**	**21,519**	**42,319**

4. Other income

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Other income	-	-	292	74
Total other income	**-**	**-**	**292**	**74**

5. Staff costs

	Company and Group	
Amounts in USD thousand	**2021**	**2020**
Staff costs		
Wages and salaries	(303)	(292)
Total staff costs	**(303)**	**(292)**
Of which:		
Board of Directors:		
Remuneration to the Board of Directors	(83)	(91)
Average number of full-time employees^	1	1

^ The average number excludes the CEO of the Company.

Nordic Shipholding A/S entered into a corporate management agreement with Transport Capital Pte. Ltd. ('Transport Capital') for the day to day management and operation of the Company. As part of the corporate management agreement, Transport Capital provides a CEO for the Company. The CEO's remuneration for his role in Nordic Shipholding A/S is estimated to be USD 0.3 million (2020: USD 0.3 million) and is compensated from the fee under the corporate management agreement.

Refer to Note 25 for related party transactions for the fees paid to Transport Capital Pte. Ltd., the corporate manager for the Group, during the financial year.

6. Auditor fee

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Statutory audit of annual accounts	(117)	(121)	(171)	(178)
Tax advices	(64)	(13)	(81)	(36)
Other assistance	(7)	(33)	(7)	(33)
Total fees	**(188)**	**(167)**	**(259)**	**(247)**

The above is for the corporate auditor, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. The figures include fees for statutory audits in Singapore.

Fees for services other than statutory audits provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group consists of assistance with XBRL reporting, and other general financial reporting and tax consultancy services.

7. Depreciation and write-downs on vessels

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Depreciation - vessels	-	-	(1,601)	(5,442)
Write down - vessels	-	-	(4,496)	(14,909)
Write-back/(write-down) - asset held-for-sale	-	-	2,156	(6,142)
Total	-	-	**(3,941)**	**(26,493)**

As stated in the Company Announcement 11/2021, the merger discussions with potential merger partners have stalled. In accordance with the agreement with the lenders, management put in place a process to sell the remaining three vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, in an orderly fashion. Hence, the Group recognised an impairment loss of USD 4.5 million in H1 2021 following the classification of these three remaining vessels as assets held-for-sale.

On 3 January 2022, each of the three wholly-owned subsidiaries of Nordic Shipholding A/S, namely Nordic Anne Pte. Ltd., Nordic Amy Pte. Ltd., and Nordic Agnetha Pte. Ltd., entered into a Sale and Purchase Memorandum of Agreement to sell the Nordic Anne, Nordic Amy and Nordic Agnetha, respectively. As the aggregate gross sale price of USD 37.1 million exceeds the aggregate carrying value for the three vessels, the Group reversed impairment losses of USD 2.6 million in December 2021. This reversal, netted against additional incremental sale expenses recognised in relation to Nordic Hanne and Nordic Pia of USD 0.4 million, resulted in a net write-back of impairment losses on asset held-for-sale of USD 2.2 million in 2021.

In 2020, following the classification of Nordic Hanne and Nordic Pia as asset-held for sale in June 2020 and December 2020, respectively, the Group recognised an impairment loss on asset held-for-sale of USD 6.1 million in relation to Nordic Hanne and Nordic Pia.

Impairment test

In accordance with IAS 36, tangible assets are tested if there are indications of impairment. Any impairment tests are performed in accordance with IAS 36. The impairment test was based on the knowledge that was available at 31 December 2021 and 31 December 2020.

Impairment assessment of tangible assets - Vessels and dry-docking

The management assessed the performance of the vessels based on their employment and vessel type. The remaining two handysize vessels (Nordic Agnetha and Nordic Amy) are employed in Hafnia Handy Pool. Nordic Anne, an LR1 tanker was redelivered under the 3-year time charter in October 2017, and at the same time re-entered the Hafnia LR Pool. Hence, for impairment assessment, the Group evaluates the carrying amount of vessels within two cash generating units ('CGU') – (1) one LR1 vessel deployed in Hafnia LR Pool ('CGU one') and (2) two vessels deployed in Hafnia Handy Pool ('CGU two') respectively - to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

According to Nordic Shipholding's accounting policies regarding impairment tests, a write-down is made to the higher of an estimated sale price less cost of sale (Fair Market Value, 'FMV') or calculated net present value ('value in use') for each CGU. The estimated sale price is based on valuations from accredited independent shipbrokers and is considered a level 2 on the fair value hierarchy. For impairment assessment in 2021 and 2020, the recoverable amount of both CGUs was based on FMV.

In view of the declining freight rates from May 2020, the Group recognised impairment losses of USD 6.5 million on all vessels in Q3 2020 (excluding Nordic Hanne who was reclassified as an asset-held-for-sale in June 2020). Management has assessed that when considering the Company's current position, fair value less costs to sell is the best reflection of the recoverable amount of the vessels, which do not meet the criteria for being classified as asset held-for-sale as of 31 December 2020. Consequently, an additional impairment charge of USD 8.4 million has been recognised as at 31 December 2020.

8. Write-down on investments

	Company	
Amounts in USD thousand	**2021**	**2020**
Write-down on investments in subsidiaries	(1,064)	(14,679)
Provision for negative equity in subsidiaries	(2,752)	-
Total write-down on investments in subsidiaries	(3,816)	(14,679)

9. Financial income

	Company		**Group**	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Interest income on bank balances	-	-	-	13
Modification gain on finance loans	-	-	-	708
Write-off of loan interest	-	-	1,380	-
Total financial income	**-**	**-**	**1,380**	**721**

In 2021, there was a write-off of certain loan interest following the application of proceeds from sale of Nordic Hanne and Nordic Pia towards prepayment of the underlying bank loans.

In 2020, the Group recognised modification gain on finance loans of USD 0.7 million which arose from the release to the income statement upon the payment of scheduled loan interest and loan repayments.

10. Financial expenses

	Company		**Group**	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Financial expenses to bank	-	-	(25)	(49)
Interest on finance loans	-	-	(1,984)	(3,354)
Interest on loans from majority shareholder	(590)	(546)	(833)	(790)
Finance charge on banker's guarantee provided by majority shareholder to lenders	-	-	(390)	(391)
Expenses from exchange rate adjustments	(4)	(4)	(12)	(37)
Total financial expenses	**(594)**	**(550)**	**(3,244)**	**(4,621)**
Total net financial income and expenses	**(594)**	**(550)**	**(1,864)**	**(3,900)**

Arising from the agreement with the lending banks in Q1 2018 to amend certain loan covenants, in particular, the Minimum Value Covenant, a USD 3.85 million Banker’s Guarantee was provided by the majority shareholder of the Group as additional security to the lenders. Following from the loan restructuring concluded in December 2020, the expiry of this Banker’s Guarantee was extended till early 2022. Following from the extension of the existing loan facilities till 31 March 2022, the expiry of this Banker’s Guarantee was extended till mid-April 2022. The related finance charge calculated on this Banker’s Guarantee is USD 0.4 million (2020: USD 0.4 million).

11. Tax for the year

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Current tax expense	-	-	-	-
Tax for the year recognised in the income statement	-	-	-	-
Result before tax	(5,763)	(16,451)	(5,763)	(16,451)
- of which subject to tonnage taxation or other schemes	-	-	3,816	14,677
Adjusted result before tax	**(5,763)**	**(16,451)**	**(1,947)**	**(1,774)**
Calculated tax at 22.0% (2020: 22.0%)	**(1,268)**	**(3,619)**	**(428)**	**(390)**
Write-down on investments not subject to tax	840	3,229	-	-
Tax assets not recognised	428	390	428	390
	1,268	3,619	428	390

No deferred tax has been recognised in other comprehensive income.

The Company and the Group have deferred tax assets which have not been recognised due to the uncertainty regarding future earnings.

There are no unrecognised tax liabilities associated with investments in foreign subsidiaries in 2021 and 2020.

12. Earnings per share

	Group	
Amounts in USD thousand	**2021**	**2020**
Earnings per share (EPS)		
Loss for the Company's shareholders	(5,763)	(16,451)
Number of shares used in calculation of earnings per share:		
Weighted average number of outstanding shares	406,158,403	406,158,403
Number of treasury shares	(24,000)	(24,000)
Number of shares used in calculation	**406,134,403**	**406,134,403**
For continuing operations:		
Earnings per share (USD)	(0.01)	(0.04)

No dividends is proposed for 2021 (2020: USD Nil).

13. Vessels and docking

Amounts in USD thousand	Group 2021 Vessels and Docking	Group 2020 Vessels and Docking
Cost at 1 January	119,006	176,146
Disposals during the year	-	(1,073)
Additions during the year	-	73
Reclassified to asset held-for-sale	(119,006)	(56,140)
Cost at 31 December	**-**	**119,006**
Depreciation and write-down at 1 January	(80,149)	(96,635)
Depreciation during the year	(1,601)	(5,442)
Disposals during the year	-	1,073
Write-downs of vessels	(4,496)	(14,909)
Reclassified to asset held-for-sale	86,246	35,764
Depreciation and write-down at 31 December	**-**	**(80,149)**
Book value at 31 December	**-**	**38,857**
Geographical split of tangible assets:		
Singapore	-	38,857
	-	**38,857**

The carrying amount of vessels pledged as security for finance loans in the Group is USD NIL million as at 31 December 2021 (2020: USD 38.9 million) including the carrying amount of the asset held-for-sale as disclosed in Note 17.

14. Investment in subsidiaries

Amounts in USD thousand	Company 2021	Company 2020
Cost at 1 January	49,764	49,764
Additions during the year	-	-
Cost at 31 December	**49,764**	**49,764**
Write-down at 1 January	(48,700)	(34,021)
Write-down during the year	(1,064)	(14,679)
Write-down at 31 December	(49,764)	(48,700)
Carrying amount at 31 December	**-**	**1,064**

Company summary	Primary operations	Domicile	Owner-ship %	Voting right %
Subsidiaries for Nordic Shipholding A/S				
Nordic Shipholding Singapore Pte. Ltd.	Investment holding company	Singapore	100	100
Subsidiaries for Nordic Shipholding Singapore Pte. Ltd.				
Nordic Agnetha Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Amy Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Anne Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Hanne Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Pia Pte. Ltd.	Shipowning company	Singapore	100	100

15. Trade receivables

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Receivables from freight	-	-	1,262	1,234
Working capital with pools	-	-	2,302	3,400
Total trade receivables	**-**	**-**	**3,564**	**4,634**

The carrying amount corresponds to the fair value of the receivables.

Historically, the Group has only minor losses on trade receivables and the implementation of IFRS 9 has no material effect on the provision matrix for trade receivables.

16. Other receivables

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Pre-payments and deposits	39	61	195	416
Other receivables	5	19	754	1,224
Total other receivables	**44**	**80**	**949**	**1,640**

The carrying amount corresponds to the fair value of the receivables.

17. Asset held-for-sale

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Asset held-for-sale	-	-	35,334	14,234
Total asset held-for-sale	**-**	**-**	**35,334**	**14,234**

As disclosed in Note 7, the Group classified the three remaining vessels as assets held-for-sale, Nordic Agnetha, Nordic Amy and Nordic Anne, in H1 2021.

On 3 January 2022, the respective vessel owner entered into a Sale and Purchase Memorandum of Agreement to sell these vessels. As the aggregate gross sale price of USD 37.1 million exceeds the aggregate carrying value for the three vessels, the Group reversed impairment losses of USD 2.6 million in December 2021.

In conjunction with the loan restructuring concluded in December 2020, one of the agreed terms include the sale of two vessels, Nordic Hanne and Nordic Pia, within the first half of 2021. For Nordic Hanne, two co-brokers were appointed in May 2020 to officially test the buying interest for her. Hence, the Group recognised impairment losses totalling USD 4.4 million in 2020 following the classification of Nordic Hanne as an asset held-for-sale in June 2020. For Nordic Pia, following her classification as an asset-held for sale in December 2020, an impairment loss of USD 1.7 million was recognised.

The carrying amount corresponds to the fair value of the held-for-sale asset based on the signed Sale and Purchase Memorandum of Agreements for the respective held-for-sale asset.

The carrying amount of asset held-for-sale pledged as security for finance loans in the Group is USD 35.3 million as at 31 December 2021 (2020: USD 14.2 million) including the carrying amount of vessels as disclosed in Note 13.

18. Financial risks and financial instruments

Foreign exchange, interest rate and credit risks and application of financial instruments

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Trade receivables	-	-	3,564	4,634
Other receivables	44	80	949	1,640
Cash and cash equivalents	82	77	2,540	5,388
Financial assets measured at amortised cost	**126**	**157**	**7,053**	**11,662**
Finance loans	-	-	42,466	59,040
Loans from majority shareholder	7,645	7,055	12,795	11,572
Trade payables	147	240	3,023	4,408
Financial liabilities measured at amortised cost	**7,792**	**7,295**	**58,284**	**75,020**

Methods and assumptions in determining fair value

Other financial assets and liabilities:
The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents and trade payables) corresponds to fair value.

Policy for managing financial risks
Due to its operations, investments and financing, the Group is exposed to fluctuations in foreign exchange rates and interest rates. The Company monitors and manages the Group's financial risks centrally and coordinates the Group's liquidity management, including funding. The Group pursues a finance policy which operates with a low risk profile, ensuring the foreign exchange, interest and credit risks arise only on the basis of commercial factors. Hence, when required, the Group uses financial instruments to hedge risks. For further information on accounting policies and methods, including recognition criteria and bases of measurement, see the section on accounting policies in Note 2.

Currency risks
The Group and the Company are mildly sensitive to exchange rate fluctuations as earnings and costs are primarily denominated in USD. No financial hedges have been made for the DKK, EUR and SGD exposure in 2021 and 2020. The Group's policy is to review the currency exposure and hedge the risk if this is significant. The sensitivity towards changes in exchange rates is approximately USD 0 million for each percentage change in USD towards DKK, EUR and SGD combined (2020: USD 0 million).

Interest rate risks
As at the year-end, 100% of the Group's debt is unhedged (2020: 100% of the Group's debt is unhedged) and is vulnerable to interest rate risks. Any changes in interest rates could therefore have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Group
Interest rate fluctuations affect the Group's finance loans. A one percentage point increase in interest rates compared with the realised interest level would have had an adverse impact of approximately USD 0.5 million (2020: USD 0.7 million) on results for the year and equity. A corresponding decrease in interest rates would have a corresponding positive impact on results for the year and equity.

Company

Interest rate fluctuations do not significantly affect the Company in 2021 and 2020.

Date of revaluation/maturity – Group and Company

The Group's and Company's fixed-rate interest-bearing loans from the majority shareholder do not expose them to interest rate risks. The Group's and Company's floating-rate interest-bearing financial assets and liabilities expose them to interest rate risks. In respect of the Group's and Company's financial assets and liabilities, the following contractual dates of reassessment and maturity, whichever is earlier, are listed below.

Amounts in USD thousand		**Company**		
31.12.2021	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Cash and cash equivalents	82	-	-	82
Loans from majority shareholder, fixed rate^	(7,645)	-	-	(7,645)
Total	**(7,563)**	**-**	**-**	**(7,563)**
31.12.2020				
Cash and cash equivalents	77	-	-	77
Loans from majority shareholder, fixed rate^	-	(7,055)	-	(7,055)
Total	**77**	**(7,055)**	**-**	**(6,978)**

^ excludes interest and finance charge on banker's guarantee

Amounts in USD thousand		**Group**		
31.12.2021	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Cash and cash equivalents	2,540	-	-	2,540
Finance loans, floating rate^^	(42,694)	-	-	(42,694)
Loans from majority shareholder, fixed rate^	(10,645)	-	-	(10,645)
Total	**(50,799)**	**-**	**-**	**(50,799)**
31.12.2020				
Cash and cash equivalents	5,388	-	-	5,388
Finance loans, floating rate^^	(58,576)	-	-	(58,576)
Loans from majority shareholder, fixed rate^	(10,055)	-	-	(10,055)
Total	**(63,243)**	**-**	**-**	**(63,243)**

^ excludes interest and finance charge on banker's guarantee
^^ excludes interest

Liquidity Risks

The Group needs to comply with minimum liquidity levels from 19 December 2014. Hence, the Group needs to monitor its liquidity carefully to ensure that it has sufficient liquidity to repay its scheduled interest payments and meet expected operational expenses. The Group's and Company's cash resources consist of cash, which is placed with a leading Nordic bank with good creditworthiness.

Cash resources consist of the following:	**Company**		**Group**	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Cash and cash equivalents	82	77	2,540	5,388
Total	**82**	**77**	**2,540**	**5,388**

Under the loan agreement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility ('cash sweep'). There was no cash sweep in 2021. 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 2021. The cash sweep mechanism under the loan agreement was activated in 2020. Excess cash totalling USD 13.3 million was used to pay down the loan, in addition to the USD 1.5 million regular loan amortisation which was reinstated after the loan restructuring concluded in December 2020.

As part of the loan restructuring concluded with the lending banks in Q4 2018 which expired on 30 December 2020, the quarterly loan instalments due from December 2018 to September 2020 were deferred to December 2020.

As part of the loan restructuring concluded in December 2020, the quarterly loan instalments are re-instated from December 2020.

Maturities of liabilities

The following table shows maturity of liabilities. The cashflows are shown including interests.

Amounts in USD thousand			**Company**		
2021	**Book value**	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Non-derivative financial liabilities					
Loans from majority shareholder	(7,645)	(7,823)	-	-	(7,823)
Trade payables	(147)	(147)	-	-	(147)
Total	**(7,792)**	**(7,970)**	-	-	**(7,970)**
2020					
Non-derivative financial liabilities					
Loans from majority shareholder	(7,055)	-	(7,670)	-	(7,670)
Trade payables	(240)	(240)	-	-	(240)
Total	**(7,295)**	**(240)**	(7,670)	-	**(7,910)**

Amounts in USD thousand			**Group**		
2021	**Book value**	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Non-derivative financial liabilities					
Finance loans, floating	(42,456)	(42,847)	-	-	(42,847)
Loans from majority shareholder	(10,645)	(10,893)	-	-	(10,893)
Trade payables	(3,023)	(3,023)	-	-	(3,023)
Interest payable on finance loans	(10)	(10)	-	-	(10)
Interest payable on loans from shareholder	(734)	(734)	-	-	(734)
Finance charge on banker's guarantee provided by shareholder	(1,416)	(1,416)	-	-	(1,416)
Total	**(58,284)**	**(58,923)**	**-**	**-**	**(58,923)**
2020					
Non-derivative financial liabilities					
Finance loans, floating	(59,026)	(59,424)	-	-	(59,424)
Loans from majority shareholder	(10,055)	-	(10,923)	-	(10,923)
Trade payables	(4,408)	(4,408)	-	-	(4,408)
Interest payable on finance loans	(14)	(14)	-	-	(14)
Interest payable on loans from shareholder	(491)	-	(491)	-	(491)
Finance charge on banker's guarantee provided by shareholder	(1,026)	(513)	(513)	-	(1,026)
Total	**(75,020)**	**(64,359)**	**(11,927)**	**-**	**(76,286)**

The fair value of the finance loans (level 3) is equal to nominal value.

With reference to the letter of intent received from the majority shareholder, the majority shareholder of the Company has the intention not to demand the repayment of shareholder's loans for at least the financial year 2022. Hence, the fair value of the loans from majority shareholder is expected to be near zero.

Restructuring of loan agreements

As part of the loan restructuring concluded with the lending banks in Q4 2018, the financial covenants under the original loans such as (i) minimum value (fair market value of vessels as a percentage of outstanding loan) and (ii) minimum equity ratio are waived whilst the minimum liquidity level is reduced. The relief from these financial covenants are provided till end of September 2020.

As part of the loan restructuring concluded in December 2020, financial covenants such as the minimum liquidity level is revised and minimum value clause is re-introduced.

Discussions with the lenders, which commenced in December 2021, resulted in the lenders agreeing to (i) extend the maturity of the existing loan facilities till 31 March 2022 and (ii) waive all financial covenants under the loans.

Credit risks

It is the Group's policy to cooperate with recognised pool partners and only grant credit to oil majors and other first class customers in order to minimise credit risks. As such, the Group's credit risk relates to receivables from these first class customers and oil majors from pool arrangements contracted with recognised business partners in the product tanker segment.

The credit risk is deemed to be minimal and consequently, receivables are not hedged. The Group's maximum credit risk associated with receivables corresponds to their carrying amounts.

Amounts in USD thousand	**Company**			
2021	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Non-derivative financial assets				
Other receivables	44	-	-	44
Total	**44**	**-**	**-**	**44**
2020				
Non-derivative financial assets				
Other receivables	80	-	-	80
Total	**80**	**-**	**-**	**80**

Amounts in USD thousand	**Group**			
2021	**Within 1 year**	**Between 1-5 years**	**After 5 years**	**Total**
Non-derivative financial assets				
Trade receivables	3,564	-	-	3,564
Other receivables	949	-	-	949
Total	**4,513**	**-**	**-**	**4,513**
2020				
Non-derivative financial assets				
Trade receivables	4,634	-	-	4,634
Other receivables	1,640	-	-	1,640
Total	**6,274**	**-**	**-**	**6,274**

There is no provision of doubtful debts in 2021 and 2020.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment or obtain new borrowings.

The Company, in a negative equity position, is not in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

As mentioned in Note 0, following the sale of the vessels, 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 normal 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. Hence, the financial statements for 2021 has been prepared on a going concern basis.

19. Finance loans

	Group	
Amounts in USD thousands	**2021**	**2020**
Finance loans		
Payables to lenders are recognised in the balance sheet as follows:		
Current liabilities	42,466	59,040
	42,466	**59,040**

At 31 December, the Group had the following loans:

Currency	**Fixed/ floating**	**2021**	**2020**
Finance loans (USD)	floating	42,456	59,026
Accrued modification loss		-	-
Calculated interest not yet due on finance loans		10	14
		42,466	**59,040**
Due within one year		42,466	59,040
Due between 1-2 years		-	-
Due between 2-3 years		-	-
Due between 3-4 years		-	-
Due between 4-5 years		-	-
Due after 5 years		-	-
		42,466	**59,040**

The loan agreements include change of control clauses, whereby the finance loans fall due by a change of controlling interest in the Company, change of more than 33% of the outstanding shares or voting rights, or change of more than 25% of the outstanding shares or voting rights combined with a change in the members of the Board of Directors.

Under the loan agreement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility ('cash sweep'). There was no cash sweep in 2021. 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 2021. The cash sweep mechanism under the loan agreement was activated in 2020. Excess cash totalling USD

13.3 million was used to pay down the loan, in addition to the USD 1.5 million regular loan amortisation which was reinstated after the loan restructuring concluded in December 2020.

As part of the loan restructuring concluded with the lending banks in Q4 2018, the quarterly loan instalments due from December 2018 to September 2020 were deferred to December 2020. In addition, the financial covenants under the original loans such as (i) minimum value and (ii) minimum equity ratio are waived whilst the minimum liquidity level is reduced. The relief from these financial covenants are provided till 30 September 2020. In exchange, the interest margin is increased by 1% to 4%, of which 2.5% point of the total interest margin is capitalised quarterly. Following successful negotiations between the major shareholder of the Group, management and the lenders, an agreement has been 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) re-instatement of quarterly loan instalments from December 2020, (iii) revised minimum liquidity level and (iv) re-introduction of minimum value clause. The interest margin remains at 4%, of which 2.5% point of the total interest margin is capitalised quarterly.

Discussions with the lenders, which commenced in December 2021, resulted in the lenders agreeing to (i) extend the maturity of the existing loan facilities till 31 March 2022 and (ii) waive all financial covenants under the loans.

Arising from the loan restructuring concluded with the lenders in Q4 2018, an estimated loss of USD 1.6 million was recognised due to the modification of certain terms under the bank loans and this amount was gradually released to the income statement upon the payment of scheduled loan interest from Q4 2018. As at 31 December 2020, the unamortised portion of the modification loss is USD NIL.

The fair value of the finance loans is equal to nominal value.

20. Loans from majority shareholder

Amounts in USD thousands		Company 2021	Company 2020	Group 2021	Group 2020
Loans from majority shareholder					
Payables to the major shareholder are recognised in the balance sheet as follows:					
Non-current liabilities		-	7,055	-	11,059
Current liabilities		7,645	-	12,795	513
		7,645	**7,055**	**12,795**	**11,572**

At 31 December, the Company and the Group had the following loans:

Currency	Fixed/ floating	2021	2020	2021	2020
Loans from shareholder (USD)	Fixed	7,645	7,055	10,645	10,055
Calculated interest on loans from shareholder		-	-	734	491
Calculated finance charge on banker's guarantee provided by shareholder		-	-	1,416	1,026
		7,645	**7,055**	**12,795**	**11,572**
Due within one year		7,645	-	12,795	513
Due between 1-2 years		-	7,055	-	11,059
Due between 2-3 years		-	-	-	-
Due between 3-4 years		-	-	-	-
Due between 4-5 years		-	-	-	-
Due after 5 years		-	-	-	-
		7,645	**7,055**	**12,795**	**11,572**

Arising from the agreement with the lending banks in Q1 2018 to amend certain loan covenants, in particular, the Minimum Value Covenant, a USD 3.85 million Banker's Guarantee was provided by the majority shareholder of the Group as additional security to the lenders. Following from the loan restructuring concluded in December 2020, the expiry of this Banker's Guarantee was extended till early 2022. Following from the extension of the existing loan facilities till 31 March 2022, the expiry of this Banker's Guarantee was extended till mid-April 2022. The related finance charge accrued on this Banker's Guarantee is USD 1.4 million (2020: USD 1.0 million).

Arising from the loan restructuring concluded with the lenders in Q4 2018, the majority shareholder of the Company extended an interest-bearing shareholder loan of USD 6.0 million and USD 3.0 million to the Company and NSHS (a wholly-owned subsidiary of the Company), respectively. Both shareholder loans are due in mid-April 2022. The interest on the USD 6.0 million shareholder loan extended to the Company is capitalised quarterly and is due in mid-April 2022 while the interest on the USD 3.0 million shareholder loan extended to NSHS is due in mid-April 2022.

With reference to the letter of intent received from the majority shareholder, the majority shareholder of the Company has the intention not to demand the repayment of shareholder's loans for at least the financial year 2022. Hence, the fair value of the loans from majority shareholder is expected to be near zero.

21. Trade payables

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Suppliers of goods and services	147	240	3,023	4,408
Total trade payables	**147**	**240**	**3,023**	**4,408**

The carrying amount corresponds to the fair value of the liabilities.

22. Payables to subsidiaries

	Company	
Amounts in USD thousand	**2021**	**2020**
Payables to subsidiaries	3,857	2,438
Total payables to subsidiaries	**3,857**	**2,438**

The fair value of the payables to subsidiaries may be below nominal value.

23. Treasury and share capital

	Company and Group	
Number of shares	**2021**	**2020**
Treasury shares at 1 January	24,000	24,000
Less: Treasury shares sold during the year	-	-
Treasury shares at 31 December	24,000	24,000
Amounts in DKK		
Nominal value		
Treasury shares at 1 January	2,400	2,400
Less: Treasury shares sold during the year	-	-
Treasury shares at 31 December	**2,400**	**2,400**
% of share capital		
Treasury shares at 1 January	0.01%	0.01%
Effect of change in share capital	0.00%	0.00%
Treasury shares at 31 December	**0.01%**	**0.01%**

Share capital as at 31 December 2021

The share capital as at 31 December 2021 consisted of 406,158,403 shares of DKK 0.1 (2020: 406,158,403 shares of DKK 0.1). The shares have not been divided into classes, and there are no special rights attached to the shares.

Transactions on the share capital have been the following:

Amounts in USD thousand	**2021**	**2020**	**2019**	**2018**	**2017**
Share capital at 1 January	7,437	7,437	7,437	7,437	7,437
Capital reduction	-	-	-	-	-
Capital increase	-	-	-	-	-
Share capital at 31 December	**7,437**	**7,437**	**7,437**	**7,437**	**7,437**
Number of shares:					
Shares at 1 January	406,158,403	406,158,403	406,158,403	406,158,403	406,158,403
Issue of new shares	-	-	-	-	-
Shares at 31 December	**406,158,403**	**406,158,403**	**406,158,403**	**406,158,403**	**406,158,403**

24. Provision for negative equity in subsidiaries

Amounts in USD thousand	Company 2021	Company 2020
Provision on 1 January	-	-
Provision during the year	(2,752)	-
Provision on 31 December	(2,752)	-

The Company made a provision for negative equity in subsidiaries as the accumulated losses incurred by its subsidiaries exceeded the carrying value of the investment in subsidiaries as at 31 December 2021 and the provision is recognised to ensure that all obligations are met.

25. Related party transactions

	Company		Group	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Related parties with a significant influence:				
Transport Capital Pte. Ltd. ("Transport Capital"), the Corporate Manager of the Group, is considered a related party of the Group and the Company.				
The Group has engaged in the following transaction with Transport Capital as follows:				
• Management fee paid to Transport Capital	507	508	507	508
Gorrissen Federspiel, a law firm, is considered a related party of the Group and the Company from April 2018 to October 2021.				
The Group has engaged in the following transaction with Gorrissen Federspiel as follows:				
• Legal assistance fees paid to Gorrissen Federspiel	76	16	76	16
Majority shareholder of the Company provided a USD 3.85 million banker's guarantee to the lending banks as additional security for the loan facility.				
Calculated finance charge on banker's guarantee	-	-	390	391
Majority shareholder of the Company provided shareholder loans of USD 6.0 million to the Company and USD 9.0 million to the Group.				
Interest on loans from majority shareholder	590	546	833	790

Board members' ownership of shares in Nordic Shipholding A/S as at 31 December:

Number of shares held by the following Board Member	Company 2021	Company 2020
Esben Søfren Poulsson	108,295	108,295
Jon Robert Lewis	-	-
Kanak Kapur	-	-
Philip Clausius	-	-

On 31 December 2021, the following shareholders held more than or equal to 5% of the share capital and voting rights:

- Nordic Maritime S.à r.l., Luxemburg – 76.03%
- Nordea Danmark, Filial af Nordea Bank ABP, Finland – 11.03%

Guarantees provided to subsidiaries can be found in Note 26.

Apart from the related parties transactions mentioned above, remuneration of the Board of Directors (Note 5), and financial expenses (Note 10), there are no significant transactions with related parties.

Transactions with subsidiaries are eliminated in the consolidated accounts, in accordance with the Accounting Policies in Note 2.

26. Contingent liabilities and contractual obligations

	Company and Group	
Amounts in USD thousand	**2021**	**2020**
The Company has provided guarantee to the lending banks for the finance loans extended to wholly-owned vessel-owning subsidiaries^	42,466	59,040

^ The security provided to the lending banks includes cross-collateralised mortgages over all vessels owned by the Group, pledge over the shares in all subsidiaries, assignment of earnings and insurances in respect of all vessels owned by the Group, cross-guarantees from all subsidiaries in the Group and Nordic Shipholding A/S in each case as primary and joint liable obligors, and pledge of bank accounts operated by the Group.

27. Events after the reporting date

Nordic Anne Pte. Ltd., Nordic Agnetha Pte. Ltd. and Nordic Amy Pte. Ltd., wholly-owned subsidiaries of the Company, entered into a Sale and Purchase Memorandum of Agreement on 3 January 2022 to sell the Nordic Anne, Nordic Agnetha and Nordic Amy, respectively, at a total gross sale price of USD 37.1 million. Nordic Anne and Nordic Agnetha were delivered to their respective new owners on 28 February 2022 and 18 March 2022, respectively.

Definitions and calculation formulas

Net interest-bearing debt is defined as the sum of finance loans less cash and cash equivalents. Invested capital is defined as net working capital (NWC) plus vessels and docking and intangibles and less other provisions and other non-current operating liabilities. The equity ratio is defined as equity divided by total assets. This financial ratio is not defined in the Danish Society of Financial Analysts' guidelines "Recommendations & Financial Ratios". Net working capital (NWC) 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.

EBITDA margin (%)	$\dfrac{\text{EBITDA}}{\text{Revenue}}$
Net result margin (%)	$\dfrac{\text{Result}}{\text{Revenue}}$
Equity ratio (%)	$\dfrac{\text{Equity} * 100}{\text{Balance sheet total}}$
Return on invested capital (%)	$\dfrac{\text{EBIT} * 100}{\text{Year end invested capital}}$
Return on equity (%)	$\dfrac{\text{Result} * 100}{\text{Year end equity}}$
Financial gearing	$\dfrac{\text{Net interest-bearing debt}}{\text{Year end equity}}$
Net working capital/revenue (%)	$\dfrac{\text{Average net working capital} * 100}{\text{Revenue}}$