NORDIC SHIPHOLDING

Interim Report H1 2021

25 August 2021
CVR-no. 76 35 17 16

Summary

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

The Group performed poorly in the first six months of this year as the Time Charter Equivalent ("TCE") rates were largely depressed due to low tonnage demand caused by the COVID-19 pandemic coupled with excessive tonnage in the market. As a result, the average daily TCE rate earned in H1 2021 by the vessels was 58% lower than the average daily TCE rate earned in H1 2020.

For the 6 months ended 30 June 2021, the Group incurred a loss after tax of USD 6.0 million (including one-off impairment losses totalling USD 4.8 million on the vessels), compared to a profit after tax of USD 5.7 million (including one-off impairment loss of USD 2.0 million on the vessels) for the same period last year. The significant decline in TCE rates coupled with the loss of earnings resulting from the sale of two vessels, Nordic Hanne and Nordic Pia, in April 2021 drove the loss incurred in H1 2021.

Expenses relating to the operation of vessels in H1 2021 is lower at USD 5.2 million (USD 5.7 million) due primarily to the sale of Nordic Hanne and Nordic Pia in April 2021.

EBITDA decreased significantly to USD 0.8 million (USD 13.0 million) due to the lower TCE revenue generated in H1 2021. Other external costs remained unchanged at USD 0.7 million (USD 0.7 million).

As stated in the Company Announcement 12/2021, the merger discussions with potential merger partners have stalled. The Company, however, is keeping its options open in its continued search for suitable merger partners. In accordance with the agreement with the lenders, management has put in place a process to sell the remaining three vessels in an orderly fashion. Hence, the Group recognised an impairment loss of USD 4.5 million in H1 2021 (USD 2.0 million) following the re-classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale (re-classification of Nordic Hanne as asset held-for-sale). Due to the volatile market, it is noted that the estimation of these vessels' expected sale value is highly uncertain.

The Group recognised a further impairment loss of USD 0.4 million in H1 2021 (USD NIL) due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021.

After accounting for depreciation, impairment losses, interest expenses and other finance expenses, the loss after tax was USD 6.0 million in H1 2021 (profit of USD 5.7 million).

Between 31 December 2020 and 30 June 2021, equity decreased from negative USD 8.5 million to negative USD 14.5 million as a result of the cumulative loss incurred during the period. The Board is in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner.

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

The Group is also subject to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There was no cash sweep in H1 2021 (cash sweep of USD 11.1 million was used to pay down the loan in H1 2020).

During the financial period under review, cash flow from operations was a net cash outflow of USD 0.4 million (net cash inflow of USD 11.9 million) after payment of periodic interest expenses on the term loan. Apart from the quarterly loan instalments totalling USD 2.1 million, the net proceeds from the sale of Nordic Hanne and Nordic Pia were applied towards the prepayment of bank loans in H1 2021. As a result, cash and cash equivalents was reduced to USD 2.6 million as at 30 June 2021 from USD 5.4 million as at 31 December 2020.

Nordic Hanne and Nordic Pia were committed for sale when the Sale and Purchase Memorandum of Agreements were signed in January 2021 and February 2021, respectively. Nordic Hanne exited from the Hafnia Handy Pool on 31 March 2021 and was subsequently delivered to her new owner on 19 April 2021. Nordic Pia was delivered to her new owner on 20 April 2021.

The outlook for 2021 remains unchanged as indicated in the Company Announcement 12/2021 on 24 August 2021. For the detailed outlook, please refer to Page 6 of this report.

Consolidated financial highlights

Amounts in USD thousand	**YTD 30 Jun 2021**	**YTD 30 Jun 2020**	**FY 2020**
Time charter equivalent revenue (TCE revenue)	6,559	19,413	27,766
EBITDA	835	12,966	13,942
Operating result (EBIT)	(5,615)	7,936	(12,551)
Net finance expenses	(341)	(2,283)	(3,900)
Result after tax	(5,956)	5,653	(16,451)
Equity ratio (%)	-33.5%	15.0%	-12.9%
Earnings per share, US cents	(1.47)	1.39	(4.05)
Market price per share DKK, period end	0.31	0.44	0.34
Market price per share USD, period end	0.05	0.07	0.06
Exchange rate USD/DKK, period end	6.27	6.63	6.09
Number of shares, period end	406,158,403	406,158,403	406,158,403
Average number of shares	406,158,403	406,158,403	406,158,403

Company data

Company
Nordic Shipholding A/S (the "Company")
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DK-1609 Copenhagen, Denmark
CVR- no. 76 35 17 16
Website: www.nordicshipholding.com
Registered office: Copenhagen
Contact persons regarding this interim report: Jon Robert Lewis, Deputy Chairman
Philip Clausius, CEO

Executive Management
Philip Clausius, CEO

Board of Directors
Knud Pontoppidan, Chairman
Jon Robert Lewis, Deputy Chairman
Kanak Kapur
Philip Clausius
Jens V. Mathiasen
Esben Søfren Poulsson

Auditors
PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

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

of traffic and operations resulting from outside events. Also, the COVID-19 pandemic adds significant uncertainties to the expectations.

Management's review

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

The Group performed poorly in the first six months of this year as the TCE rates were largely depressed due to low tonnage demand caused by the COVID-19 pandemic coupled with excessive tonnage in the market. As a result, the average daily TCE rate earned in H1 2021 by the vessels was 58% lower than the average daily TCE rate earned in H1 2020.

Financial results for the period 1 January – 30 June 2021
The comparison figures for the same period in 2020 are stated in parenthesis.

For the 6 months ended 30 June 2021, the Group incurred a loss after tax of USD 6.0 million (including one-off impairment losses totalling USD 4.8 million on the vessels), compared to a profit after tax of USD 5.7 million (including one-off impairment loss of USD 2.0 million on the vessels) for the same period last year. The significant decline in TCE rates coupled with the loss of earnings resulting from the sale of two vessels, Nordic Hanne and Nordic Pia, in April 2021 drove the loss incurred in H1 2021.

Expenses relating to the operation of vessels in H1 2021 is lower at USD 5.2 million (USD 5.7 million) due primarily to the sale of Nordic Hanne and Nordic Pia in April 2021.

EBITDA decreased significantly to USD 0.8 million (USD 13.0 million) due to the lower TCE revenue generated in H1 2021. Other external costs remained unchanged at USD 0.7 million (USD 0.7 million).

As stated in the Company Announcement 12/2021, the merger discussions with potential merger partners have stalled. The Company, however, is keeping its options open in its continued search for suitable merger partners. In accordance with the agreement with the lenders, management has put in place a process to sell the remaining three vessels in an orderly fashion. Hence, the Group recognised an impairment loss of USD 4.5 million in H1 2021 (USD 2.0 million) following the re-classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale (re-classification of Nordic Hanne as asset held-for-sale). Due to the volatile market, it is noted that the estimation of these vessels' expected sale value is highly uncertain.

The Group recognised a further impairment loss of USD 0.4 million in H1 2021 (USD NIL) due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021.

During the period under review, depreciation amounted to USD 1.6 million (USD 3.0 million).

Finance expenses decreased by USD 0.9 million to USD 1.7 million (USD 2.6 million) due to loan repayments totaling USD 20.1 million between 30 June 2020 and 30 June 2021 and lower 3M-USD LIBOR. An extraordinary finance income of USD 1.4 million representing the write-off of certain loan interest was recognised in Q2 2021. The loan modification gain of USD 0.4 million released to the Income Statement in H1 2020, due to the loan restructuring in Q4 2018, was recognised in full by end-2020.

After accounting for depreciation, impairment losses, interest expenses and other finance expenses, the loss after tax was USD 6.0 million in H1 2021 (profit of USD 5.7 million).

Financial position as at 30 June 2021
The comparison figures for 31 December 2020 are stated in parenthesis.

Total assets amounted to USD 43.3 million (USD 66.5 million).

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

Receivables balance was USD 6.1 million as at 30 June 2021 (USD 6.3 million).

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

From 31 December 2020 to 30 June 2021, net working capital[1] increased by USD 0.7 million from USD 3.6 million to USD 4.3 million.

Cash and cash equivalents stood at USD 2.6 million (USD 5.4 million), a decrease of USD 2.8 million from 31 December 2020.

Between 31 December 2020 and 30 June 2021, equity decreased from negative USD 8.5 million to negative USD 14.5 million as a result of the cumulative loss incurred during the period. The Board is in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner.

Non-current liabilities stood at USD NIL (USD 11.1 million which comprised the loans from majority shareholder). Current liabilities at USD 57.8 million (USD 64.0 million) comprised the current portion of term loan of USD 41.9 million (USD 59.0 million), loans from majority shareholder of USD 12.2 million (USD 0.5 million) and other current liabilities of USD 3.7 million (USD 4.4 million).

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

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

December 2020, and (iv) new financial covenants such as revised minimum liquidity level and minimum value clauses. The loan extension was to give the Company more time to explore various sustainable scenarios, including the possibility of a merger.

The Group is also subject to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There was no cash sweep in H1 2021 (cash sweep of USD 11.1 million was used to pay down the loan in H1 2020).

Cash flow for the period 1 January – 30 June 2021

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

During the financial period under review, cash flow from operations was a net cash outflow of USD 0.4 million (net cash inflow of USD 11.9 million) after payment of periodic interest expenses on the term loan. Apart from the quarterly loan instalments totalling USD 2.1 million, the net proceeds from the sale of Nordic Hanne and Nordic Pia were applied towards the prepayment of bank loans in H1 2021. As a result, cash and cash equivalents was reduced to USD 2.6 million as at 30 June 2021 from USD 5.4 million as at 31 December 2020.

Outlook for 2021

Since early 2021, preliminary discussions have been held with potential merger partners to evaluate the possibility of a combination to grow the Company and reverse the negative equity position. As stated in the Company Announcement 12/2021, the merger discussions with potential merger partners have stalled. The Company, however, is keeping its options open in its continued search for suitable merger partners.

Assuming the remaining three vessels remain in the Hafnia Handy Pool and Hafnia LR Pool respectively until they are sold in Q4 2021, the TCE revenue for 2021 is forecasted to be in the region of USD 9.0 million – USD 11.0 million. After accounting for operating expenditure budgeted by the respective technical managers, the Group's expected EBITDA (earnings before interest, tax, depreciation and amortisation) for 2021 is in the range of USD NIL million – USD 2.0 million, and the result before tax is expected to be a loss between USD -4.5 million – USD -2.5 million including impairment loss. The outlook for 2021 does not take into account any further impairment or write-back of impairment of the vessels' carrying values.

The outlook for 2021 remains unchanged as indicated in the Company Announcement 12/2021 on 24 August 2021.

Management statement

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

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

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

Copenhagen, 25 August 2021

Executive Management
Philip Clausius, CEO

Board of Directors

Knud Pontoppidan Chairman	Jon Robert Lewis Deputy Chairman	Kanak Kapur
Jens V. Mathiasen	Esben Søfren Poulsson	Philip Clausius

Consolidated statement of comprehensive income (condensed)

Amounts in USD thousand	Q2 2021	Q2 2020	YTD 30 Jun 2021	YTD 30 Jun 2020	FY 2020
Total revenue	**4,654**	**14,126**	**11,656**	**28,309**	**42,319**
Voyage related expenses	(1,834)	(4,444)	(5,097)	(8,896)	(14,553)
TCE revenue	**2,820**	**9,682**	**6,559**	**19,413**	**27,766**
Other income	292	74	292	74	74
Expenses related to the operation of vessels	(2,211)	(2,725)	(5,156)	(5,674)	(12,320)
Staff costs	(94)	(69)	(169)	(145)	(292)
Other external costs	(417)	(363)	(691)	(702)	(1,286)
EBITDA	**390**	**6,599**	**835**	**12,966**	**13,942**
Depreciation	(800)	(1,517)	(1,601)	(3,024)	(5,442)
Impairment loss on vessels	(4,496)	(2,006)	(4,496)	(2,006)	(14,909)
Impairment loss on asset-held-for-sale	(148)	-	(353)	-	(6,142)
Operating result (EBIT)	**(5,054)**	**3,076**	**(5,615)**	**7,936**	**(12,551)**
Financial income	1,379	175	1,379	360	721
Financial expenses	(796)	(1,238)	(1,720)	(2,643)	(4,621)
Result before tax	**(4,471)**	**2,013**	**(5,956)**	**5,653**	**(16,451)**
Tax on result	-	-	-	-	-
Result after tax	**(4,471)**	**2,013**	**(5,956)**	**5,653**	**(16,451)**
Other comprehensive income	-	-	-	-	-
Comprehensive income	**(4,471)**	**2,013**	**(5,956)**	**5,653**	**(16,451)**
Distribution of result					
Parent Company	(4,471)	2,013	(5,956)	5,653	(16,451)
Non-controlling interest	-	-	-	-	-
	(4,471)	**2,013**	**(5,956)**	**5,653**	**(16,451)**
Distribution of comprehensive income					
Parent Company	(4,471)	2,013	(5,956)	5,653	(16,451)
Non-controlling interest	-	-	-	-	-
	(4,471)	**2,013**	**(5,956)**	**5,653**	**(16,451)**
Number of shares, end of period	406,158,403	406,158,403	406,158,403	406,158,403	406,158,403
Earnings per share, US cents	(1.10)	0.50	(1.47)	1.39	(4.05)
Diluted earnings per share, US cents	(1.10)	0.50	(1.47)	1.39	(4.05)

Statement of financial position (condensed)

Amounts in USD thousand	**30 Jun 2021**	**30 Jun 2020**	**31 Dec 2020**
Non-current assets			
Vessels and docking	-	64,663	38,857
Total non-current assets	**-**	**64,663**	**38,857**
Current assets			
Bunkers and lubricant stocks	1,875	1,425	1,757
Receivables	6,106	7,995	6,274
Cash & cash equivalents	2,550	6,204	5,388
Asset held-for-sale	32,760	9,891	14,234
Total current assets	43,291	25,515	27,653
Total assets	**43,291**	**90,178**	**66,510**
Equity and liabilities			
Equity			
Equity, Parent Company	(14,505)	13,555	(8,549)
Equity, non-controlling interest	-	-	-
Total equity	**(14,505)**	**13,555**	**(8,549)**
Liabilities			
Non-current liabilities			
Finance loans, etc.	-	-	-
Loans from majority shareholder	-	-	11,059
Total non-current liabilities	**-**	**-**	**11,059**
Current liabilities			
Finance loans, etc.	41,927	62,307	59,040
Loans from majority shareholder	12,173	10,973	513
Other current liabilities	3,696	3,343	4,447
Total current liabilities	**57,796**	**76,623**	**64,000**
Total liabilities	**57,796**	**76,623**	**75,059**
Equity and liabilities	**43,291**	**90,178**	**66,510**

Statement of changes in equity (condensed)

Amounts in USD thousand	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2021	**7,437**	**(15,986)**	**(8,549)**	**-**	**(8,549)**
Result for the period	-	(5,956)	(5,956)	-	(5,956)
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 June 2021	**7,437**	**(21,942)**	**(14,505)**	**-**	**(14,505)**

Amounts in USD thousand	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2020	**7,437**	**465**	**7,902**	**-**	**7,902**
Result for the period	-	5,653	5,653	-	5,653
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 June 2020	**7,437**	**6,118**	**13,555**	**-**	**13,555**

Statement of cash flow (condensed)

Amounts in USD thousand	YTD 30 Jun 2021	YTD 30 Jun 2020	Year 2020
Operating result (EBIT)	(5,615)	7,936	(12,551)
Adjustments for:			
Depreciation and write-downs	6,450	5,030	26,493
Non-cash financial expenses	-	-	(48)
Operating profit before working capital changes	835	12,966	13,894
Changes in working capital	(708)	73	2,568
Net financial expenses paid	(481)	(1,152)	(1,689)
Income tax paid	-	(7)	(7)
Cash flows from operating activities	**(354)**	11,880	14,766
Net proceeds from sale of assets held-for-sale	13,887	-	-
Investments in tangible assets	-	(72)	(73)
Net cash from investing activities	**13,887**	(72)	(73)
Repayment of finance loans	(16,371)	(11,131)	(14,832)
Net cash from financing activities	(16,371)	(11,131)	(14,832)
Cash flows for the period	(2,838)	677	(139)
Cash and cash equivalents at beginning of period	5,388	5,527	5,527
Cash and cash equivalents at end of period	**2,550**	6,204	5,388

Notes

0. Going concern assumption

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

As stated in the Company Announcement 12/2021, the merger discussions with potential merger partners have stalled. The Company, however, is keeping its options open in its continued search for suitable merger partners. In accordance with the agreement with the lenders, management has put in place a process to sell the remaining three vessels in an orderly fashion. Following the re-classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale, it is noted that the estimation of these vessels' expected sale value is highly uncertain due to the volatile market.

The Board is in discussions with the Group's various stakeholders to ensure the proper winding down of the Group in a responsible manner.

1. Accounting policies

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

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

2. Accounting estimates

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

In H1 2021, an impairment loss of USD 0.4 million was recognised on assets held-for-sale due to the recognition of certain incremental expenses relating to the sale of Nordic Hanne and Nordic Pia which took place in April 2021. In addition, the Group recognised an impairment loss of USD 4.5 million in H1 2021 following the re-classification of the three remaining vessels, Nordic Agnetha, Nordic Amy and Nordic Anne, as assets held-for-sale.

Depreciation
Depreciation on vessels is material for the Group. Vessels are depreciated over their useful life, which management estimates to be 25 years, to a residual value. The estimates are reassessed regularly based on available information. Changes to estimates of useful lives and residual values may affect the depreciation for the period. There was no change to the estimates of useful lives and residual values during H1 2021. The carrying amount of vessels as at 30 June 2021 amounted to USD NIL (31 December 2020: USD 38.9 million). Assets re-classified as 'held-for-sale' are not being depreciated.

3. Finance loans

As at 30 June 2021, the Group had outstanding finance loans of USD 41.9 million (31 December 2020: USD 59.0 million). The reduction in finance loans from 31 December 2020 was due to repayments on term loan, which is offset by the capitalisation of 2.5% point of the total loan interest margin.

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

4. Loans from majority shareholder

As at 30 June 2021, the Group had outstanding loans from majority shareholder of USD 12.2 million (31 December 2020: USD 11.6 million). The increase in the loans from the majority shareholder from 31 December 2020 is due to accrued interest on the (i) outstanding loans and (ii) banker's guarantee of USD 3.85 million provided as additional security to the lenders.