ANNUAL REPORT 2021

Himalaya Shipping Ltd.

CONTENT

Board of Directors' Report

Himalaya Shipping Ltd. (together with its subsidiaries, the "Company" or the "Group" or "Himalaya Shipping") is a limited liability company incorporated in Bermuda on March 17, 2021. The Company's shares are traded on Euronext Growth under the ticker "HSHIP".

Himalaya Shipping Ltd. is an independent bulk carrier company, incorporated in Bermuda. Himalaya Shipping has ordered twelve LNG dual fuelled Newcastlemax dry bulk vessels with delivery between Q2 2023 and Q4 2024.

KEY EVENTS DURING 2021

- The Company reported net loss of US$1.0 million.
- During 2021, the Company completed private placements of US$95 million, gross.
- During 2021, the Company ordered twelve LNG dual fuelled Newcastlemax dry bulk vessels from New Times Shipyard.
- On October 30, 2021, Mr. Erling Lind resigned as a Director of the Company and was replaced with Carl Erik Steen who was appointed Director of the Company from November 1, 2021.
- In December, the Company received credit approval from a leasing company for the sale leaseback financing of the first four vessels to be delivered from New Times Shipyard.
- On December 22, 2021, the Company was listed on the Euronext Growth.
- On December 30, 2021, the Company appointed Herman Billung as functioning CEO, effective as of February 1, 2022, under the management agreement between 2020 Bulkers Management AS and Himalaya Shipping Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statements of Operations
General and administrative expenses were US$1.0 million for the period from March 17 to December 31, 2021.

Consolidated Balance Sheets
The Company had total assets of US$95.2 million as of December 31, 2021.

Total shareholders' equity was US$91.9 million as of December 31, 2021.

Total liabilities as of December 31, 2021, were US$3.3 million.

Consolidated Statements of Cash Flows
Net cash used in operating activities was US$0.5 million for the period from March 17 to December 31, 2021.

Net cash used in investing activities was US$68.8 million for the period from March 17 to December 31, 2021. During the period from March 17 to December 31, 2021 the Company paid instalments of US$68.5 million (in addition to US$13.6 million considered non-cash) on the newbuildings.

Net cash provided by financing activities was US$80.6 million during the period from March 17 to December 31, 2021. The Company received gross proceeds from private placements of US$95.0 million (of which US$13.6 million was classified as non-cash in the Consolidated Statements of Cash Flows) during the period from March 17 to December 31, 2021

As of December 31, 2021, the Company's cash and cash equivalents amounted to US$11.3 million.

HEALTH, SAFETY AND ENVIRONMENT

Himalaya Shipping is fully committed to health, safety, quality and environmental protection and identifies these as being essential to long-term financial and reputational success.

Board of Directors' Report

Himalaya Shipping will outsource ship management to third party contractors. A structured due diligence and audit process will be carried out to ensure the highest ship management standards are applied.

Safety is at the core of our activities, both in the office and onboard our ships when delivered, and we have a commitment to safeguard persons from harm or injury and prevent damage to property. Himalaya's contracted employees are expected to identify operational risks and implement safe work practices.

Himalaya Shipping experienced no Loss Time Accidents (LTA) or other personell injuries in 2021.

The Himalaya fleet will consist of twelve (12) modern, dual fuel 208,000 DWT Newcastlemax dry bulk vessels.

The dual-fuel Himalaya ships are designed to burn LNG as primary fuel and are built with the latest generation MAN high pressure engine and in-line shaft generator. The ships are estimated to reduce Green House Gas emission by approximately 60 % per ton mile compared to a standard 2013 built 180,000 dwt Capesize vessel due to higher cargo carrying capacity, LNG fuel, energy optimized ship hull design including wake duct and propeller hub vortex fins, high thermal and mechanical efficiency of main and auxiliary engines, permanent magnet shaft generator and optimization of other energy consuming systems onboard.

The preliminary calculated EEDI score for our ships is 1.51 which is approx. 60% lower than the IMO requirement for phase 1 vessels contracted during the period 2015-19 and meets the phase 3 requiremet of 1.95 for ships delivered after 2025 with good margin.

We are committed to make use of any proven and economically viable means to reduce our environmental footprint.

HUMAN RESOURCES AND DIVERSITY

The Company prohibits discrimination against any employee or prospective employee on the basis of sex, race, color, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis prohibited by the laws that govern its operations. This is embedded in the Company's Code of Conduct.

The Company will not engage in or support discrimination and has adopted a non-discriminating practice that strives to ensure equal treatment in recruitment, hiring, compensation, access to training, employee benefits and services, promotion, termination and retirement, irrespective of age, gender, race, color, disability, religion or belief, language, national or social origin, trade union membership, or any other status recognized by international law. This is embedded in the Company's Code of Conduct.

The Company has no employees but has contracted management services from 2020 Bulkers Management AS of which one is female and three are male employees. The Board of Directors consists of three members of which one is female and two are male.

The absence due to sickness was zero % in 2021.

GOING CONCERN

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the consolidated financial statements have been prepared based on a going concern basis. The Group is dependent on debt financing and/or equity financing to finance the remaining obligations under the current newbuilding contracts for the vessels and working capital requirements which raises substantial doubt about the Company's ability to continue as a going concern. Given completion of the planned sale-leaseback financing and our track record in terms of raising equity, we believe we will be able to meet our anticipated liquidity requirements for our business for at least the next twelve months as of the date of these financial statements.

CORPORATE DEVELOPMENTS AND FINANCING

In February 2022, the Company entered into sale lease back arrangements with a leasing company for the first four newbuildings to be delivered from New Times Shipyard. Pursuant to the lease financing, the Himalaya shall receive financing for the third and fourth pre-delivery instalments. In addition, upon delivery of the relevant vessels from New Times Shipyard, the

Board of Directors’ Report

vessels will be sold to SPVs owned and designated by the leasing company. The vessels will be chartered back on seven year bareboat charters which include purchase options during the respective charter periods.

The Company have secured credit approval for sale leaseback financing with a leasing company for the next eight newbuildings. This financing will substantially cover the remaining newbuilding instalments on the last eight newbuildings.

Himalaya targets to list the Company at a recognized fully regulated stock exchange in the first half of 2022.

NEWBUILDING PROGRAM

The Company has decided to increase the size of the LSFO/MGO tanks to 4750 cbm, in order to offer maximum flexibility in trading of the ships. The new tank design mean the vessels can do a full round voyage Brazil-China, both on LSFO and LNG. This significantly increases the flexibility of the ships, and will make the Company able to fully benefit from the lowest cost fuel.

Himalaya’s ships have dual fuel engines, meaning they can run on both LNG and MGO/LSFO. Current LNG prices are high due to the strong demand from Asia, and the conflict in Eastern Europe. Long-term LNG prices are however trading at a discount to LSFO. Based on current LNG and LSFO forward prices for 2025-2027, the fuel savings on the ships running LNG would equate to US$3-4k per day.

On top of this comes the CO2 benefit, where our ships are expected to reduce CO2 emission by 40% compared to similar type of vessels running on conventional fuel.

The ships are built to Tier III standard and are equipped with HPSCR (High Pressure Catalytic Reactor). In addition an inline shaft generator is installed to save fuel and reduce CO2 emission.

Adding this to the expected premium these ships will have compared to an Capesize index ship, secures additional margin and reduces the Capesize equivalent cash break-even rate.

The most recent Capesize DF newbuilding order by a Japanese owner,

The vessels are scheduled to be delivered as follows:

(numbers in USD million)

Ship name	Target delivery date	Price	Remaining instalments
Mount Kilimanjaro	Mar.23	67.8	61
Mount Ita	Mar.23	67.8	61
Mount Etna	Apr.23	67.8	61
Mount Blanc	Jul.23	67.8	61
Mount Matterhorn	Sep.23	69.6	62.8
Mount Neblina	Oct-23	69.6	62.8
Mount Bandeira	Dec-23	69.6	62.8
Mount Hua	Feb.24	69.6	62.8
Mount Elbrus	Apr.24	70.1	63.2
Mount Emai	Jul.24	70.1	63.2
Mount Denali	Aug.24	70.1	63.2
Mount Aconcagua	Sep.24	70.1	63.2
SUM		**830**	**747.9**

Board of Directors' Report

placed in reputable yard in China was at a price of US$82 million with delivery in 2025. We estimate an additional US$4-6 million needs to be spent in order to get up to a Himalaya vessel size and spec. There have also been orders for similar ships in Japan at US$90 million.

MARKET COMMENTARY

Following the invasion of Ukraine there are more uncertainties in the marketplace. Disruptions are usually supportive to shipping markets and dry bulk is no exception. The major commodities relevant for the Capesize should not be massively affected. Total iron ore exports from Russia and Ukraine represents less than 3% of seaborne iron ore trade. Coal exports out of Russia however accounted for 13,5% of global seaborne exports in 2021. A vast majority of this volume is short haul voyages and replacement should add ton-miles and be supportive for utilization. The biggest uncertainty is related to grain exports out of Black Sea. If the conflict continues for months, this will most likely be slightly negative for the smaller segments. Growth in vessel supply will be moderate in 2022 relative to previous years with a Capesize orderbook for delivery this year of 10.8 million dwt, down from 18.6 million dwt delivered in 2021. The Capesize orderbook according to Clarksons for 2023, 2024 and 2025 currently stands at 10.1 million dwt, 6.3 million dwt and 0.4 million dwt, respectively. This compares to a total Capesize fleet today of 380 million DWT. The continued large influx of orders for container vessels has absorbed a significant part of the capacity for building large commercial vessels. No significant increase in Capesize deliveries can, due to shipyard capacity, be expected before at earliest 2025. New ordering is expected to remain subdued due to lack of financing available from traditional lenders, as well as technological uncertainties as it relates to the optimal propulsion systems to meet the shipping industry's ambitions for de-carbonization. During 2021, 14 Capesize vessels, totaling 3.4 million dwt were scrapped, down from 49 Capesize vessels, totaling 11.4 million dwt scrapped in 2020. So far this year new orders placed totals 1.65 million dwt compared to 7.54 million dwt for the first two months last year. Scrapping stands at 0.35 million dwt compared to 3.1 million dwt at the same time in 2021.

Clarksons expects Capesize seaborne demand to expand by 2.6% and tonne mile demand to expand by 3.1% in 2022, while fleet growth in the Capesize sector is forecasted to grow by 2.3% in 2022, improving utilization. Capesize index rates averaged US$33,333 in 2021, up from US$13,073 in 2020.

OUTLOOK

The IMO targets reduction in CO_2 intensity from international shipping by 40% from 2008 levels by 2030 and will implement EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) by January 2023. The implementations of EEXI and CII are expected to reduce the average sailing speed of the global fleet, which may lead to efficient ships being favored by charterers and commanding a larger earnings premium. ABS estimates more than 80% of bulk carriers require corrective action before 2030 to stay compliant. The Himalaya ships, which will not need to take corrective action, and hence will benefit from the tighter regulation.

The Company aims to charter out its vessels to large dry bulk operators, commodity traders and end users. As of the date hereof, no charter arrangements have been entered into for our vessels. The Company has received several enquiries about charters of the vessels. The Board expects to achieve better pricing on the charters closer to delivery of the vessels, driven by the new EEXI and CII rules which are expected to be implemented in 2023.

Given the limited orderbook, solid demand fundamentals, and the supply impact from the new environmental regulations, we expect the underlying dry bulk market to improve further in the coming years. Himalaya is targeting to generate solid returns on the equity injected, and return that capital through monthly dividends once all ships are delivered.

FORWARD-LOOKING STATEMENTS

This announcement includes forward looking statements. Forward looking statements are, typically, statements that do not reflect historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions.

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The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Himalaya Shipping Ltd. believes that these assumptions are reasonable, they are, by their nature, uncertain and subject to significant known and unknown risks, contingencies and other factors which are difficult or impossible to predict and which are beyond our control. Such risks, uncertainties, contingencies and other factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements included herein.

The information, opinions and forward-looking statements contained in this announcement speak only as of the date hereof and are subject to change without notice.

ABOUT HIMALAYA SHIPPING LTD.:
Himalaya Shipping Ltd. is an independent bulk carrier company, incorporated in Bermuda. Himalaya Shipping has ordered 12 LNG dual fuelled Newcastlemax dry bulk carriers with delivery between Q2 2023 and Q4 2024.

March 10, 2022

/s/ Bjørn Isaksen
Bjørn Isaksen
Director

/s/ Georgina Sousa
Georgina Sousa
Director

/s/ Carl Erik Steen
Carl Erik Steen
Director

Responsibility Statement

We confirm that, to the best of our knowledge, that the consolidated financial statements for 2021, which have been prepared in accordance with US GAAP gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the 2021 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

March 10, 2022

/s/ Carl Erik Steen	/s/ Georgina Sousa	/s/ Bjørn Isaksen
Carl Erik Steen	Georgina Sousa	Bjørn Isaksen
Director	*Director*	*Director*

Corporate Governance Report

Himalaya Shipping Ltd. ("Himalaya Shipping" or "the Company") is a company organized and existing under the laws of the Islands of Bermuda. The corporate governance principles applicable to it are set out in the Bermuda Companies Act 1981, its bye-laws (the "Bye-Laws") and its memorandum of association.

As a consequence of the listing of the Company's shares on the Euronext markets in Norway, certain aspects of Norwegian law, notably the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations, are also relevant for its corporate governance policy.

1. HIMALAYA SHIPPING CORPORATE GOVERNANCE POLICY

The overall corporate governance policy of Himalaya Shipping is the responsibility of its board of directors (the "Board").

In defining this policy, the Board will observe the requirements set out in applicable laws, cf. above, relevant recommendations and the specific requirements arising from Himalaya Shipping's business activities.

The most important recommendation of relevance to the Company's corporate governance is the Norwegian Code of Practise for Corporate Governance of 14 October 2021 (the "Code").

The Board recognizes that the Code represents an important standard for corporate governance for companies whose shares are listed on Euronext markets. Most of the principles and recommendations in the Code are included in the Company's corporate governance policy. There are, however, some areas where the Company's governance principles differ from those of the Code, primarily due to differences between the Bermuda Companies Act and/or the Bye-Laws and the Norwegian Public Limited Companies Act.

The Board has codified certain corporate governance principles in a "Code of Conduct," applicable to all employees in the Company and its subsidiaries (the "Himalaya Shipping Group").

The Code of Conduct can be found on the Company's website (www.himalaya-shipping.com).

The Board has formulated the Company's overall mission and the core values on which all of the activities of the Himalaya Shipping Group shall be based. These can be found in the Company's website.

The Board has, in line with the Code's recommendations, prepared this report in order to disclose those of its corporate governance principles which do not comply with the recommendations of the Code.

2. THE BUSINESS

Himalaya Shipping's memorandum of association describes the Company's objects and purposes as unrestricted. This deviates from the recommendation in the Code but is in line with the requirements of the Bermuda Companies Act.

Himalaya Shipping has clear objectives and strategies for its business, and the Board will consider financial, social and environmental considerations in its business plan. The Board has put in place guidelines for ethical conduct and social responsibility. These are described in the Company's annual report and on its website.

The Board evaluates its objectives, risks and strategies annually.

3. EQUITY AND DIVIDENDS

The Board strives to identify and pursue clear business goals and strategies for the Company, to assess and manage the risks associated with these, and to maintain an equity capital and liquidity position which are sufficient to match the same.

Under the Bye-Laws, the Board may declare dividends and distributions without the approval of the shareholders in general meetings. This differs from the recommendation in the Code.

The Company's aim is to provide its shareholders with a competitive return on their investment through a positive development in the price of the Company's shares and dividends to its shareholders.

The Company's shareholders may, by way of a resolution in a general meeting of all shareholders (a "General Meeting") increase the Company's authorized share capital, reduce the authorized share capital (by reducing the number of unissued but authorized shares) and increase or reduce

Corporate Governance Report

the issued share capital. The procedures and ratifications of this are set out in the Bye-Laws and the Bermuda Companies Act.

The Board has, under Bermuda law, wide powers to issue authorized but unissued shares in the Company. The Board is also authorized in the Bye-Laws to purchase the Company's shares and hold these in treasury. These powers are not restricted to any specific purposes nor to a specific period as the Code recommends.

4. EQUITABLE TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Himalaya Shipping has one class of shares only. Each share carries one vote. All shares have equal rights. All shares give a right to participate in General Meetings.

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for new shares in a limited company unless (and only to the extent that) the right is expressly granted to the shareholder under the bye-laws of such company or under any contract between the shareholder and such company. The Bye-Laws do not provide for pre-emptive rights.

The Board will only transact in the Company's shares at their market value (as reflected in the share price quoted on such Euronext market as the Company is admitted to/listed on) from time to time.

Members of the Board (each a "Director") and the Company's senior management shall notify the Board if they have any material interest, whether direct or indirect, in any transaction which the Himalaya Shipping Group intends to conclude.

Following these guidelines, any Directors and/or member of the Company's senior management who have an interest in any such transaction shall always refrain from participating in the discussions on whether to conclude such transaction or not in the relevant corporate bodies in the Himalaya Shipping Group.

5. FREELY NEGOTIABLE SHARES

The Company's shares are, subject to the exception set out below, freely tradable.

The Bye-Laws require the Board to decline to register a transfer of the Company's shares in a situation where the Board is of the opinion that such transfer might breach any applicable law or requirement of any authority or Euronext until it has received such evidence as it needs to satisfy itself that no such breach will occur.

6. GENERAL MEETINGS

The Code requires that notice of General Meetings, (including any supporting documents for the resolutions to be considered therein) is made available on the Company's website no later than 21 days prior to the date of the General Meeting.

The Bye-Laws allows, in accordance with Bermuda law, for notice to be given no less than 7 days (excluding the day on which the notice is served and the day on which the General Meeting to which it relates is to be held) prior to a General Meeting. This differs from the recommendation of the Code.

The Board aspires to maintain good relations with its shareholders and possible investors in its shares, and to have an investor relation policy which complies with the relevant Euronext market's Code of Practice for Investor Relations.

The Board shall ensure that as many shareholders as possible are able to participate in the General Meetings. To achieve a high rate of shareholder attendance therein the Company shall:

- provide, on its website, the date of and, if possible, further information on each General Meeting as early as possible, and at the latest 7 days in advance thereof;
- provide, together with or before the notice is given, sufficient supporting documentation for any resolution proposed to be made therein in order for the shareholders to prepare;
- ensure that any registration deadline is set as close to the General Meeting as possible; and
- ensure that the shareholders may vote for each and all of the candidates for the Board.

Corporate Governance Report

7. NOMINATION COMMITTEE
The Code recommends that the Company has a nomination committee.

The Company is not, under Bermuda law, obliged to establish a nomination committee. The Board is of the opinion that there are, for the time being, not sufficient reasons to establish a nomination committee.

The Board will consult with the Company's main shareholders prior to proposing candidates for Directors and will ensure that the Board consists of Directors with the expertise and competence as shall be required by the Company from time to time.

8. BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE
The Company does not have a corporate assembly.

According to the Bye-Laws the Board shall consist of not less than two Directors. Currently the Board consists of three Directors.

It is the view of the Board that at least two of its Directors are independent of the Company's main shareholders. Further, it is the view of the Board that a majority of the Directors are independent of the Company's executive management and material business contacts. No Director is employed by the Himalaya Shipping Group.

The Board will, in accordance with normal procedures for Bermuda companies, elect its chairman. This differs from the recommendation in the Code that the General Meeting shall elect their chairman of the Board.

The Directors shall, subject to applicable law and the Bye-Laws, hold office until the first General Meeting following such Director's election. The Directors may be re-elected.

The Company and the Board aims to have a qualified Board (and other corporate committees established from time to time), with a reasonable representation with regard to age, gender and background. Currently, the Board consists of one female and two male Directors, with different geographical and occupational background. The Company does not have a nomination committee, and has not yet established firm guidelines for the nomination of and requirements for potential Directors. The Board shall continuously consider whether such guidelines are required.

A short description of the current Directors is available on Himalaya Shipping's website (www.himalaya-shipping.com).

9. THE WORK OF THE BOARD
The Code recommends that the Board develops and approves written guidelines for its own work as well as the work of the Himalaya Shipping Group's senior managers with particular emphasis on establishing clear internal allocation of responsibilities and duties.

The Bermuda Companies Act does not require the Board to prepare such guidelines. The Board is of the opinion that there are no reasons to issue such guidelines at present.

The Code recommends that the Board establishes an audit committee and a remuneration committee.

The Bermuda Companies Act does not require the Company to establish such committees. The Company has established an audit committee comprised of two directors. The Board is of the opinion that there are no reasons to establish a remuneration committee at present.

The Board will consider whether it is appropriate to obtain an independent third-party valuation of the object of any material transaction between the Company and any of its close associates.

The Code recommends that transactions between the Company and any of its close associates are disclosed in the Annual Directors' report. The Company will disclose such transactions in the Consolidated Financial Statements.

10. RISK MANAGEMENT AND INTERNAL CONTROL
The Board is focused on ensuring that the Himalaya Shipping business practices are sound and that adequate internal control routines are in place. The Board continuously assesses the possible consequences of, and the risks related to the Himalaya Shipping operations.

Corporate Governance Report

Himalaya Shipping is committed to protecting the health and safety of all of the Himalaya Shipping employees and contractors in all their activities for Himalaya Shipping and is committed to ensure generally accepted QHSE principles are integrated in everything Himalaya Shipping does.

The Board supervises the Company's internal control systems.

11. REMUNERATION OF THE DIRECTORS
The remuneration of the Directors is set by the General Meeting. The Company may, on occasion, pay Directors their fee in the Company's shares and/or grant Directors under the Company's share option scheme.

Section 11 of the Code requires that Directors should not take on specific assignments for the Company in addition to their appointment as Directors.

Himalaya Shipping will not refrain from engaging Directors for specific assignments for the Company if such engagement is considered beneficial to the Company. This differs from the recommendation in the Code. However, such assignments will be disclosed to the Board and the Board shall approve the assignment, as well as the remuneration.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT
The Board has not put in place guidelines on the salary and other remuneration for executive personnel. However the Board is of the opinion that the remuneration structure of the executive management is aligned with the shareholders' interests, is clear and easily understandable, and contributes to the company's commercial strategy, long-term interests and financial viability.

There is no absolute limit on the performance-related remuneration. Parts of the performance-related remuneration is equity instruments, where the upside is in theory uncapped.

13. INFORMATION AND COMMUNICATION
The Company is committed to provide information on its financial situation, ongoing projects, and other circumstances relevant for the valuation of the Company's shares to the financial markets on a regular basis.

The Company is also committed to disclose all information necessary to assess the value of its share on its web site. Interested parties will find the Company's latest news releases, financial calendar, company presentations, share and shareholder information, information about analyst coverage and other relevant information here.

Such information may also be found on the website of Oslo Børs (www.euronext.com/nb/markets/oslo).

Information to Himalaya Shipping shareholders shall be published on the Company's website at the same time as it is sent to the shareholders.

14. TAKEOVER OFFER
The Board has prepared guidelines applicable in the event a general offer is made for its shares.

The Board will seek to ensure that the Company's business activities, in such event, are not disrupted unnecessarily. The Board will, furthermore, strive to ensure that shareholders are given sufficient information and time to form a view of the terms of such offer.

The Board will not pass any resolutions with the intention of obstructing the completion of any take-over offer unless this is approved by the General Meeting following the announcement of such offer.

If a take-over offer is made, the Board will issue a statement on its merits in accordance with statutory requirements and the recommendations in the Code.

The Board will consider obtaining a valuation of the Company's equity capital from an independent expert if a take-over offer is made in order to provide guidance to its shareholders as to whether to accept such offer or not.

Any transaction that is in effect a disposal of all of the Company's activities will be submitted to the General Meeting for its approval.

15. AUDITOR
The Board through the Audit Committee will, each year, agree a plan for the audit of the Himalaya Shipping accounts with its auditor. The Board through the Audit Committee will furthermore interact regularly with the auditor within the scope of this plan.

Consolidated Financial Statements

for the period from March 17, 2021,
to December 31, 2021

Consolidated Statement of Operations

(In millions of US$ except per share data)	March 17-December 31, 2021
Operating expenses	
General and administrative expenses	(1.0)
Total operating expenses	**(1.0)**
Operating profit	**(1.0)**
Financial expenses, net	
Other financial expense	-
Total financial expenses, net	**-**
Net income before income taxes	**(1.0)**
Income tax	-
Net income	**(1.0)**
Per share information:	
Basic earnings per share	(0.06)
Diluted earnings per share	(0.06)
Consolidated Statements of Comprehensive Income	
Net income	**(1.0)**
Other comprehensive income	**-**
Total comprehensive income	**(1.0)**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

(In millions of US$)	December 31, 2021
ASSETS	
Current assets	
Cash and cash equivalents	11.3
Total current assets	**11.3**
Long term assets	
Newbuildings	83.5
Other long-term assets	0.4
Total long-term assets	**83.9**
Total assets	**95.2**
LIABILITIES AND EQUITY	
Current liabilities	
Accounts payable	0.8
Total current liabilities	**0.8**
Long term liabilities	
Long-term debt	-
Other long-term liabilities	2.5
Total long-term liabilities	**2.5**
Commitments and contingencie	
Equity	
Common shares of par value US$ 1.0 per share: authorized 140,010,000 shares Issued and outstanding 32,152,857 shares	32.2
Additional paid-in capital	60.7
Accumulated other comprehensive income (loss)	-
Retained earnings (deficit)	(1.0)
Total shareholders' equity	**91.9**
Total liabilities and shareholders' equity	**95.2**

March 10, 2022

/s/ Bjørn Isaksen	/s/ Georgina Sousa	/s/ Carl Erik Steen
Bjørn Isaksen	Georgina Sousa	Carl Erik Steen
Director	*Director*	*Director*

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(In millions of US$)	March 17-December 31, 2021
Net loss	**(1.0)**
Change in other current items related to operating activities	0.4
Change in other long-term items related to operating activities	0.1
Net cash used in operating activities	**(0.5)**
Investing activities	
Additions to newbuildings	(68.8)
Net cash used in investing activities	**(68.8)**
Financing activities	
Net proceeds from issuance of common stocks	80.6
Net cash provided by financing activities	**80.6**
Net increase (decrease) in cash and cash equivalents and restricted cash	11.3
Cash and cash equivalents and restricted cash at beginning of period	-
Cash and cash equivalents and restricted cash at end of period	**11.3**

Supplemental disclosure of cash flow information	
Non-cash settlement of debt	(13.6)
Non-cash share issuance	13.6
Non-cash payment in respect of newbuildings	(13.6)
Issuance of debt as non-cash settlement for newbuild delivery instalment	13.6
Interest paid, net of capitalised interest	-
Income taxes paid	-

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

(In millions of US$, except number of shares)	Number of shares	Share capital	Addit. paid-in capital	Other compre-hensive loss	Retained earnings (deficit)	Total equity
Incorporation March 17, 2021	**10 000**	**-**	**-**	**-**	**-**	**-**
Issue of common shares June 15, 2021	15 000 000	15.0	-	-	-	15.0
Issue of common shares July 12, 2021	10 000 000	10.0	20.0	-	-	30.0
Issue of common shares October 11, 2021	7 142 857	7.2	42.8	-	-	50.0
Equity issuance costs	-	-	(2.1)	-	-	(2.1)
Total comprehensive loss for the period	-	-	-	-	(1.0)	(1.0)
Consolidated balance as of December 31, 2021	**32 152 857**	**32.2**	**60.7**	**-**	**(1.0)**	**91.9**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

NOTE 1. GENERAL INFORMATION

Himalaya Shipping Ltd. (together with its subsidiaries, the "Company" or the "Group" or "Himalaya Shipping") is a limited liability company incorporated in Bermuda on March 17, 2021. The Company's shares are traded on the Euronext Growth list under the ticker "HSHIP". As of December 31, 2021, the Company had placed orders for twelve dual fueled Newcastlemax dry bulk vessels at New Times Shipyard in China. The twelve vessels are expected to be delivered between March 2023 and September 2024. The Group has twelve wholly owned ship owning subsidiaries incorporated in Liberia.

Basis of presentation
Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the assets and liabilities of the parent company and wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

NOTE 2. ACCOUNTING POLICIES

Use of estimates
The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires us to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ from those estimates.

Going concern
The financial statements have been prepared on a going concern basis. The Group is dependent on debt financing and/or equity financing to finance the remaining obligations under the current newbuilding contracts for the vessels and working capital requirements which raises substantial doubt about the Company's ability to continue as a going concern. Given completion of the planned sale-leaseback financing and our track record in terms of raising equity, we believe we will be able to meet our anticipated liquidity requirements for our business for at least the next twelve months as of the date of these financial statements.

Fair values
We have determined the estimated fair value amounts presented in these consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in these consolidated financial statements are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Reporting and functional currency
The Company and its subsidiaries use the US$ as their functional currency because the majority of their revenues and expenses are denominated in US$. Accordingly, the Company's reporting currency is also US$. Foreign currency gains or losses on consolidation are recorded as a separate component of other comprehensive income in shareholders' equity. Transactions in foreign currencies during the period since incorporation are translated into United States dollars at the rates of exchange in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated

using rates of exchange at the balance sheet date. Foreign currency non-monetary assets and liabilities are translated using historical rates of exchange. Foreign currency transaction gains or losses are included in the consolidated statements of operations.

Share-based compensation

The cost of equity settled transactions is measured by reference to the fair value at the date on which the share options are granted. The fair value of the share options issued under the Company's employee share option plans is determined at the grant date taking into account the terms and conditions upon which the options are granted, and using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in determining fair value. The fair value of the share options is recognized as a general and administrative expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the options. Compensation cost is initially recognized based upon options expected to vest, excluding forfeitures, with appropriate adjustments to reflect actual forfeitures.

Interest cost capitalized

Interest costs are capitalized on all qualifying assets that require a period of time to get them ready for their intended use. Qualifying assets consisted of Newcastlemax dry bulk vessels under construction. The interest costs capitalized are calculated using the weighted average cost of borrowings from commencement of the asset development until substantially all the activities necessary to prepare the asset for its intended use are complete. The Company does not capitalize amounts beyond the actual interest expense incurred in the period.

Sale lease-back transactions

When a sale and leaseback transaction does not qualify for sale accounting, the transaction is accounted for as a financing transaction by the seller-lessee and a lending transaction by the buyer-lessor, as discussed in ASC 842-40-25-5. To account for a failed sale and leaseback transaction as a financing arrangement, the seller-lessee does not derecognize the underlying asset; the seller-lessee continues depreciating the asset as if it was the legal owner. The sales proceeds received from the buyer-lessor are recognized as a financial liability. A seller-lessee will make rental payments under the leaseback. These payments are allocated between interest expense and principal repayment of the financial liability. The amount allocated to interest expense is determined by the incremental borrowing rate or imputed interest rate.

Earnings per share

Basic earnings per share is computed based on the income available to common stockholders and the weighted average number of shares outstanding. Diluted earnings per share includes the effect of the assumed conversion of potentially dilutive instruments.

Newbuildings

The carrying value of the vessels under construction ("Newbuildings") represents the accumulated costs to the balance sheet date which we have had to pay by way of purchase installments and other capital expenditures. No charge for depreciation is made until the vessel is available for use.

Impairment of newbuildings

The carrying values of the Company's newbuildings may not represent their fair market value at any point in time since the market prices of second-hand vessels and the cost of newbuildings tend to fluctuate with changes in charter rates. Historically, both charter rates and vessel values tend to be cyclical. The carrying amounts of newbuildings under construction are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular vessel or newbuilding may not be fully recoverable. Such indicators may include depressed spot rates and depressed second-hand vessel values. The Company assesses recoverability of the carrying value of each asset or newbuilding on an individual basis by estimating the future undiscounted cash flows expected to result from the asset, including any remaining construction costs for newbuildings and disposal. If the future net undiscounted cash flows are less than the carrying value of the asset, or the current carrying value plus future newbuilding commitments, an impairment loss is recorded equal to the difference between the asset's or newbuildings carrying value and fair value. The Company believes that the estimated future undiscounted cash flows expected to be earned by each of its vessels over their remaining estimated useful life will exceed the newbuilds' carrying value as of December 31, 2021, and accordingly, has not recorded an impairment charge.

Drydocking

Maintenance of class certification requires expenditure and can require taking a vessel out of service from time to time for survey, repairs or modifications to meet class requirements. When delivered, the Group's vessels can generally be expected to have to undergo a class survey once every five years. The Group's vessels are being built to the classification requirements of ABS and the Liberian Ship Register. Normal vessel repair and maintenance costs are expensed when incurred. We recognize the cost of a drydocking at the time the drydocking takes place. The Group capitalises a substantial portion of the costs incurred during drydocking, including the survey costs and depreciates those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey until the next scheduled drydocking or intermediate survey.

Cash and cash equivalents

All demand and time deposits and highly liquid, low risk investments with original maturities of three months or less at the date of purchase are considered equivalent to cash.

Current and long-term classification

Assets and liabilities are classified as current assets and liabilities respectively, if their maturity is within one year of the balance sheet date. Otherwise, they are classified as non-current assets and liabilities.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

NOTE 3. RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting standards that became effective January 1, 2021, did not have a material impact on the consolidated financial statements and related disclosures.

NOTE 4. INCOME TAXES

Bermuda

Himalaya Shipping Ltd. is incorporated in Bermuda. Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. Himalaya Shipping Ltd. has received written assurance from the Minister of

Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

NOTE 5. SEGMENT INFORMATION

Our chief operating decision maker, or the CODM, being our Board of Directors, measures performance based on our overall return to shareholders based on consolidated net income. The CODM does not review a measure of operating result at a lower level than the consolidated group and we only have one reportable segment.

NOTE 6. EARNINGS PER SHARE

The computation of basic EPS is based on the weighted average number of outstanding shares during the period.

(In US$, except share numbers)	**March 17- December 31, 2021**
Basic earnings (loss) per share	(0.06)
Diluted earnings (loss) per share	(0.06)
Issued ordinary shares at the end of the period	32 152 857
Weighted average number of shares outstanding - basic	18 316 970
Weighted average number of shares outstanding - diluted	18 316 970

NOTE 7. NEWBUILDINGS

(In millions of US$)	**Newbuildings**	**Total**
Cost as of incorporation March 17, 2021	**-**	**-**
Capital expenditures	82.1	82.1
Other costs including newbuilding supervision	1.4	1.4
Cost as of December 31, 2021	**83.5**	**83.5**
Accumulated depreciation as of incorporation March 17, 2021	**-**	**-**
Depreciation	-	-
Accumulated depreciation as of December 31, 2021	**-**	**-**
Balance as of incorporation March 17, 2021	**-**	**-**
Balance as of December 31, 2021	**83.5**	**83.5**

NOTE 8. RELATED PARTY TRANSACTIONS

In May 2021, Magni Partners (Bermuda) Ltd. ("Magni") paid a total of US$13,583,400 in instalments on the Company's behalf to New Times Shipyard. The loan from Magni was on June 15 settled through issuance of 13,583,400 shares at par value US$1.

In October 2021, the Company signed an agreement with 2020 Bulkers Management AS to purchase certain management services (this agreement replaces the agreement signed in June 2021). 2020 Bulkers Management AS is considered a related party at the time of the transaction. For the period from incorporation March 17, 2021, until December 31, 2021, 2020 Bulkers Management AS has charged Himalaya Shipping Ltd. and its subsidiaries US$0.3 million and US$0.09 million was outstanding as of December 31, 2021. As of December 31, 2021, 2020 Bulkers Management AS is no longer considered a related party.

Corporate support agreement

The Company's incorporator and initial, sole shareholder, Magni Partners (Bermuda) Ltd. ("Magni") has been the key initiator of the Himalaya project and has provided corporate and financial assistance throughout the process, including extensive assistance in connection with the financing of the instalments to date and the private placements. The Company has entered into a corporate support agreement with Magni whereby Magni shall be compensated for its services for the Group since the inception of the Company and for its key role in identifying and pursuing business opportunities for the Group (the "Corporate Support Agreement"). As Magni indirectly held a controlling interest at the time the Corporate Support Agreement was entered into, the Company has treated the Corporate Support Agreement as a related party agreement. Pursuant to the Corporate Support Agreement, Magni shall continue to support the Company's business development through assisting with the pre- and post financing of the Company's newbuilding program, in finding employment for the vessels, in recruiting suitable individuals to the Company's organisation and with general high-level administrative support. The parties have agreed a compensation in the amount of US$2,696,000 which shall be paid by the Company in four equal tranches. The tranches shall be split equally on each of the first four newbuildings to be delivered from New Times Shipyard, so that US$674,000 shall be payable on each such delivery. Such amount equals the address commission to be received on the first 4 vessels, which was agreed with the yard before the project opened to external investors.
This arrangement was described in the offering documents for the private placements completed by the Company in 2021. The net effect of these transactions is that the Company will receive US$8.1 million in address commission, pay US$2.7 million in support fee to Magni, and be left with a net reduction in contractual purchase price for the vessels of US$5.4 million. Together with certain upward adjustment to purchase prices, demanded by New Times prior to the first public offering, this created the basis for the average pricing of US$71.3 million per vessel to external investors in the July offering.

As of December 31, 2021, the Company have recorded US$2.5 million as other long-term liabilities for services provided since inception of the Company. The fee has been allocated to services provided in relation to the newbuilding contracts, the private placements, the sale and leaseback arrangements and other administration support.

NOTE 9. FINANCIAL ASSETS AND LIABILITIES

Foreign currency risk
The majority of our transactions, assets and liabilities are denominated in United States dollars. However, we incur expenditure in currencies other than United States dollars, mainly in Norwegian Kroner. There is a risk that currency fluctuations in transactions incurred in currencies other than the functional currency will have a negative effect on the value of our cash flows. We are then exposed to currency fluctuations and we may enter into foreign currency swaps to mitigate such risk exposures.

Fair values
The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying value and estimated fair value of our cash and financial instruments are as follows:

(In millions of US$)	Hierarchy	December 31, 2021	Incorporation March 17, 2021
Assets			
Cash and cash equivalents	1	11.3	-

Financial instruments included in the consolidated financial statements within 'Level 1 and 2' of the fair value hierarchy are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

There have been no transfers between different levels in the fair value hierarchy during the periods presented.

Concentrations of risk
There is a concentration of credit risk with respect to cash and cash equivalents to the extent that all of the amounts are carried with DNB. However, we believe this risk is remote, as DNB is an established financial institution.

Note 10. COMMITMENTS AND CONTINGENCIES

As of December 31, 2021, the Company had twelve vessels under construction. The outstanding commitments for the twelve newbuildings are as follows:

(In millions of US$)	
2022	88.5
2023	349.7
2024	309.7
TOTAL	**747.9**

To the best of our knowledge, there are no legal or arbitration proceedings existing or pending which have had or may have significant effects on our financial position or profitability and no such proceedings are pending or known to be contemplated.

NOTE 11. SHARE BASED PAYMENT COMPENSATION

In September 2021, the Board of Directors established a long-term incentive plan and 800,000 of the Company's authorized but unissued share capital was allocated for this purpose. In December 2021, the Board approved a grant of 500,000 share options to key management resources and directors. The share options will have a five-year term and will vest over a three year period. The exercise price is US$8.0 and will be reduced by any dividends and cash distributions paid. The total estimated cost is approximately US$1.1 million and will be expensed over the requisite service period. US$0.03 million have been expensed for the period from March 17, 2021, to December 31, 2021.

	Outstanding share options	Weighted average remaining life	Weighted average exercise price	Weighted average grant date fair value
Outstanding at incorporation 17.03.2021 - unvested	**-**	**-**	**-**	**-**
Outstanding at incorporation 17.03.2021 - exercisable	**-**	**-**	**-**	**-**
Granted	500 000	5.0	8.00	6.0
Exercised	-	-	-	-
Exercisable	-	-	-	-
Forfeited	-	-	-	-
Outstanding at 31.12.2021 - unvested	**500 000**	**5.0**	**8.00**	**6.0**
Outstanding at 31.12.2021 - exercisable	**-**	**-**	**-**	**-**

The fair value of the share options granted in December 2021 was calculated using the Black-Scholes method. The significant assumptions used to estimate the fair value of the share options are set out below:

	2021
Grant date	December 8
Risk-free rate	1.52%
Expected life	4 years
Expected future volatility	57%

In 2021 the expected future volatility was based on peer group volatility due to the short lifetime of the Company.

NOTE 12. COMPENSATION

The Company has no employees, please see note 8 for information on management services.

Auditor's fee:

(In thousands of US$)	March 17-December 31, 2021
Statutory audit fee	31.8
Other non-auditing services	35.4
Total fees	**67.2**

NOTE 13. SHAREHOLDERS' EQUITY

	Number of shares
Outstanding as of January 1, 2021	**-**
Incorporation March: US$1 per share	10 000
Share issue June: US$1 per share	15 000 000
Share issue July: US$3 per share	10 000 000
Share issue October: US$7 per share	7 142 857
Outstanding as of December 31, 2021	**32 152 857**

Largest shareholders as of December 31, 2021:

Name	Holding of shares	In %
Drew Holdings Ltd	13 345 285	41.51
Affinity Shipholdings I LLP	3 228 096	10.04
J.P. Morgan Securities LLC (nominee)	2 095 238	6.52
Citibank, N.A. (nominee)	1 952 380	6.07
Verdipapirfondet DNB SMB	1 484 715	4.62
Klaveness Marine Finance AS	1 470 475	4.57
J.P. Morgan Bank Luxembourg S.A. (nominee)	630 952	1.96
The Bank of New York Mellon (nominee)	523 809	1.63
HI Capital AS	488 096	1.52
Stavanger Forvaltning AS	410 000	1.28
Goldman Sachs Int. - Equity	392 857	1.22
Tor Olav Trøim	390 900	1.22
MH Capital AS	329 333	1.02
Songa Capital AS	300 000	0.93
Kvantia AS	289 285	0.90
Spesialfondet KLP Alfa Global Ener	285 714	0.89
Skattum Invest AS	285 714	0.89
Caceis Bank (nominee)	248 589	0.77
Credit Suisse (Switzerland) Ltd. (nominee)	238 096	0.74
Kontrari AS	215 000	0.67
Total	**28 604 534**	**88.96**
Other shareholders	3 548 323	11.04
Total	**32 152 857**	**100.00**

NOTE 14. SUBSEQUENT EVENTS

Sale lease back financing

In February 2022, the Company entered into sale lease back arrangements for the first four newbuildings to be delivered from New Times Shipyard. Pursuant to the lease financing, the Himalaya Shipping shall receive financing for the third and fourth pre-delivery instalments. In addition, upon delivery of the relevant vessels from New Times Shipyard, the vessels will be sold to SPVs owned by the leasing company. The vessels will be chartered back on seven year bareboat charters which include fixed purchase options during the respective charter periods.

Share based payment compensation

In March 2022, the Company approved a grant of 120,000 share options to key management resources under the same terms as the grant in December, 2021.

Auditors' Report

To the shareholders and Board of Directors of Himalaya Shipping Ltd.

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Himalaya Shipping Ltd. and its subsidiaries ("the Group" or "the Company"), which comprise the consolidated balance sheet as at December 31, 2021, consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the period from incorporation at March 17, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a fair presentation of the financial position of the Group as at December 31, 2021, and its financial performance and its cash flows for the period from incorporation at March 17, 2021 to December 31, 2021 in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company is dependent on debt financing and/or equity financing to finance the remaining obligations under the current newbuilding contracts for the vessels and working capital requirements during the twelve months from the date of these financial statements. As stated in Note 2, these conditions indicate that a material uncertainty exists that may cast substantial doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The Board of Directors (Management) is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with

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the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the accounting principles generally accepted in the United States of America, 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 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 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, we exercise professional judgment 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. We 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 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 substantial doubt on the Group'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

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Auditors' Report

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audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 achieves a fair presentation.

- 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 the Board of Directors 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 the Audit Committee 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, related safeguards.

Stavanger, March 10, 2022
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

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Bermuda Office

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