Hamilton, Bermuda, August 10, 2022

Himalaya Shipping Ltd. (“Himalaya” or the “Company”), today announced its unaudited financial and operating results for the three months and six months ended June 30, 2022.

Key events during the first half of 2022

- The Company reported net loss of US$0.6 million and US$1.0 million for the three months and six months ended June 30, 2022, respectively.
- In February 2022, the Company completed the sale leaseback financing for the first four newbuildings to be delivered from New Times Shipyard.
- In April 2022, the Company entered into sale leaseback arrangements with CCBFL for newbuilds 5-12 to be delivered from New Times Shipyard securing financing for its complete newbuilding program of 12 dual fuel Newcastlemax vessels
- On April 29, 2022, the Company was listed on the Euronext Expand.

Subsequent Events

- In August 2022, the Company drew on the sale leaseback financing to pay the fourth instalments on the first two newbuildings to be delivered.

Management discussion and analysis

Consolidated Statements of Operations

General and administrative expenses were US$0.6 million for the three months ended June 30, 2022 (US$0.2 million for the three months ended June 30, 2021). The increase compared to the three months ended June 30, 2021 is due to listing of the Company’s shares on Euronext Expand, increased activity and approximately US$0.1 million in non-cash share option cost.

Six months ended June 30, 2022

General and administrative expenses were US$1.0 million for the six months ended June 30, 2022 (US$0.2 million for the period from March 17, 2021 to June 30, 2021). The increase compared to the period from March 17, 2021 to June 30, 2021) is due to listing of the Company’s shares on Euronext Expand, increased activity and approximately US$0.2 million in non-cash share option cost.

Consolidated Balance Sheets

The Company had total assets of US$123.1 million as of June 30, 2022, (December 31, 2021: US$95.2 million).

Total shareholders' equity was US$91.1 million and US$91.9 million as of June 30, 2022 and December 31, 2021, respectively.

Total liabilities as of June 30, 2022, were US$32.0 million (December 31, 2021: US$3.3 million). The increase is due to draw-downs on the sale leaseback financing.

Consolidated Statements of Cash Flows

Three months ended June 30, 2022

Net cash used in operating activities was US$0.5 million for the three months ended June 30, 2022 (Nil for the three months ended June 30, 2021). The increase compared to the three months ended June 30, 2021 is due to increased general and administrative expenses.

Net cash used in investing activities was US$0.8 million for the three months ended June 30, 2022 (nil for the three months ended June 30, 2021). The Company paid newbuild supervision cost as well as delivery instalments of US$13.6 million for two newbuildings which have been classified as non-cash in the condensed consolidated statements of cash flows as payments were made directly to New Times Shipyard as part of the financing arrangement with the sale and leaseback partner.

Net cash used in financing activities was US$1.8 million during the three months ended June 30, 2022 (US$1.4 million provided by financing activities during the three months ended June 30, 2021). During the three months ended June 30, 2022, the Company incurred US$1.8 million in loan costs and drew US$13.6 million on the sale leaseback financing which have been classified as non-cash in the condensed consolidated statements of cash flows.

Six months ended June 30, 2022

Net cash used in operating activities was US$1.2 million for the six months ended June 30, 2022 (Nil for the period from March 17, 2021 to June 30, 2021). The increase compared to the period from March 17, 2021 to June 30, 2021 is due to increased general and administrative expenses.

Net cash used in investing activities was US$1.2 million for the six months ended June 30, 2022 (Nil for the period from March 17, 2021 to June 30, 2021). During the six months ended June 30, 2022, the Company paid newbuild supervision cost as well as delivery instalments of US$34.0 million for five newbuildings which have been classified as non-cash in the condensed consolidated statements of cash flows.

Net cash used in financing activities was US$4.8 million during the six months ended June 30, 2022 (US$1.4 million provided by financing activities for the period from March 17, 2021, to June 30, 2021). During the six months ended June 30, 2022, the Company incurred US$4.8 million in loan costs and drew US$34.0 million on the sale leaseback financing which have been classified as non-cash in the condensed consolidated statements of cash flows.

As of June 30, 2022, the Company’s cash and cash equivalents amounted to US$4.1 million (December 31, 2021: US$11.3 million).

Corporate Developments and Financing

Himalaya Shipping have signed definitive documentation for the sale leaseback financing on ships 5-12. The Company has secured sale leaseback financing for its complete newbuilding program of 12 dual fuel Newcastlemax vessels with delivery between Q2 2023 and Q4 2024.

The financing covers the remaining instalments to the shipyard and secures attractive financing for 7 years from delivery.

The sale leaseback financing offers both pre and post delivery financing. The Company has customary purchase options at certain dates in the future.

The Company was approved for trading at Euronext Expand Oslo, with the first day of trading on 29 April 2022.

Newbuilding program

The vessels are scheduled to be delivered as follows:

(numbers in USD million)

Ship name	Target delivery date	Price	Remaining installments
Mount Norefjell	Mar-23	67.8	47.4
Mount Ita	Mar-23	67.8	47.4
Mount Etna	Apr-23	67.8	54.2
Mount Blanc	Jul-23	67.8	54.2
Mount Matterhorn	Sep-23	69.6	55.9
Mount Neblina	Oct-23	69.6	62.8
Mount Bandeira	Feb-24	69.6	62.8
Mount Hua	Feb-24	69.6	63.2
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
Total		830.0	700.3

The newbuilding program is progressing according to schedule, with the first ship expected to be delivered in March next year. Despite the Covid-19 restrictions in China, the shipyards has been able to operate fairly normally and the delivery schedule is on track.

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 the Company will be 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. Due to the war in Ukraine prices of LNG are presently high, but when the supply situation normalizes LNG should trade closer to the historic average with a discount to the price of LSFO.

In addition comes the CO2 benefit, where our ships are expected to reduce CO2 emissions 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 emmisions.

Adding this to the expected premium these ships will have compared to a 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, 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.

The Company have entered into technical management agreements with OSM Bergen and Wilhelmsen Ship Management.

Market commentary

The expected vessel supply growth over the next three years looks very encouraging and in particular for the Capesize segment. According to SSY a total of 28 Capesize vessels were delivered first half of 2022, while 9 units went for demolition. A total of 117 Capesize vessels are due for delivery through 2024 compared to an existing fleet of 1,936 vessels. Measured in dwt the Capesize order book now stands at 5.8 per cent of the existing fleet. The order book beyond 2023 is only counting 25 vessels. According to industry sources newbuilding yards have limited, or any capacity at all, to deliver large commercial vessels prior to 2026. Even though scrapping has been moderate so far this year, stricter regulations from 2023 should make owners of older and less fuel efficient vessels to think twice before investing in upgrades in connection with their upcoming drydocking schedules.

Congestion and inefficiencies related to Covid-19 have been supportive for the utilization of the fleet both in 2021 and for most parts of 2022. Recently we have observed much lower congestion particularly in China which has led to higher productivity of the global fleet. Average time in port for the Capesize segment is now back to the historical average, meaning there is limited incremental productivity improvements to gain.

Vale shipped 137 million mt in the first half of this year. They are guiding for shipments of 162-167 million mt for the second half of the year. Even though this is lower than their initial guidance, it will imply a sequential growth vs first half of 2022 of 15-20%.

Maritime Analytics expects seaborne demand to expand by 3.6 per cent in 2023 and 2.5 per cent in 2024. Supply growth for 2023 and 2024 is expected to be 2.5 % and 1.9 %.

Capesize index rates averaged US$18,173 first half of 2022 compared to US$24,123 first half of 2021.

Outlook

The IMO targets reduction in CO2 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, will not need to take corrective action, and hence will benefit from the tighter regulation.

The Company aims to charter out its vessels on index-linked time charters to large dry bulk operators, commodity traders and end users. We have received several requests from charterers regarding chartering of the ships and are in ongoing discusssions. Based on the commercial capabilities of the Himalaya vessels, we expect to achieve a dayrate equivalent to the Capesize index + a significant premium.

Management has a constructive market outlook for the coming years due to a historic low order book which in combination with impact from new environmental regulations favours the Himalaya fleet from time of delivery. Management believe the current softness in dayrates, will further increase scrapping, and reduce ordering of new ships. Given the Himalaya ships will be delivered over the next 24 months, we believe the ships will hit the market when the underlying fundamentals have improved based on the low expected supply growth going forward.

The Company is considering to install scrubbers on the ships to increase flexibility. A scrubber installed today would based on the current spread generate incremental benefit of ~$10,000/day when sailing.

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. 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.

Responsibility statement

We confirm, to the best of our knowledge, that the interim condensed consolidated financial statements for the first half of 2022, which have been prepared in accordance with US GAAP, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the first half of 2022 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

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.

August 10, 2022

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Director	Director
Carl Erik Steen	Mi Hong Yoon
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