



**Himalaya Shipping Ltd.
Q2 2024 Results Presentation**

16 August 2024

DISCLAIMER



Forward Looking Statements

This results presentation and any related discussions, including any related written or oral statements made by us, contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Forward-looking statements are statements that do not reflect historical facts and may be identified by words such as “aim,” “believe,” “assuming,” “anticipate,” “could,” “expect,” “intend,” “estimate,” “forecast,” “project,” “likely to,” “plan,” “potential,” “will,” “may,” “should,” “indicative,” “illustrative,” “potential” or other similar expressions and include statements about plans, objectives, goals, strategies, future events or performance, including outlook, prospects, financing agreements associated with our vessels and expected cash break-even, illustrative free cash flow per share and earnings potential based on different scenarios and assumptions, statements about the benefits of our vessels, including the flexibility and ability to bunker with LNG, LSFO, or HSFO, the terms of our charters and chartering activity, dry bulk industry trends and market outlook, including activity levels in the industry, expected trends, including trends in the global fleet, expected demand for and offer of vessels and utilization of the global fleet and our fleet, including expected average rates, fleet growth, new orderings, the impact of an aging global fleet, expected trends regarding iron ore demand, demand outlook and expectations, limited supply growth of dry bulk vessels and yard capacity, replacement needs, statements about our dividend objectives and plans, and other non-historical statements. These forward-looking statements are not statements of historical fact and are based upon current estimates, expectations, beliefs, and various assumptions, many of which are based, in turn, upon further assumptions, and a number of such assumptions are beyond our control and are difficult to predict. These statements involve significant risks, uncertainties, contingencies and factors that are difficult or impossible to predict and are beyond our control, and that may cause our actual results, performance or achievements to be materially different from what is expressed, implied or forecasted in such forward-looking statements.

Numerous factors, risks and uncertainties that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed, implied or forecasted in the forward-looking statements include but are not limited to: general economic, political and business conditions; general dry bulk market conditions, including fluctuations in charter hire rates and vessel values; our ability to meet the conditions and covenants in our financing agreements; changes in demand in the dry bulk shipping industry, including the market for our vessels; changes in the supply of dry bulk vessels; our ability to successfully re-employ our dry bulk vessels at the end of their current charters and the terms of future charters; changes in our operating expenses, including fuel or bunker prices, dry docking and insurance costs; changes in governmental regulation, tax and trade matters and actions taken by regulatory authorities; compliance with, and our liabilities under governmental, tax, environmental and safety laws and regulations; potential disruption of shipping routes due to accidents, hostilities or political events; our ability to refinance our debt as it falls due; our compliance with the financial covenants in our sale and leaseback agreements; fluctuations in foreign currency exchange rates; potential conflicts of interest involving members of our board and management and our significant shareholder; our ability to pay dividends and the amount of dividends we ultimately pay; risks related to climate change, including climate-change or greenhouse gas related legislation or regulations and the impact on our business from climate-change related physical changes or changes in weather patterns, and the potential impact of new regulations relating to climate change, as well as the impact of the foregoing on the performance of our vessels; other factors that may affect our financial condition, liquidity and results of operations; and other risks described under “Item 3. Key Information — D. Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission on March 27, 2024.

The foregoing factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this report should not be construed as exhaustive. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this investor presentation. Except as required by law, Himalaya Shipping undertakes no and expressly disclaims any obligation to update publicly any forward-looking statements after the date of this investor presentation whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation contains certain selected financial measures on a basis other than U.S. generally accepted accounting principles (“GAAP”), including Adjusted EBITDA, average daily TCE earnings, gross, and illustrative free cash flow. Adjusted EBITDA represents our net income/(loss) plus depreciation of vessels and equipment; total financial expenses, net; and income tax expense. Adjusted EBITDA is presented here because the Company believes this measure increases comparability of total business performance from period to period and against the performance of other companies. Average daily TCE earnings, gross, as presented here, represents time charter revenues and voyage charter revenues adding back address commissions and divided by operational days. Average daily TCE earnings, gross, is presented here because the Company believes this measure provides additional meaningful information for investors to analyse our fleets’ daily income performance. For a reconciliation of Adjusted EBITDA and average daily TCE earnings, gross, to the most directly comparable financial measures prepared in accordance with US GAAP, please see the section of our preliminary results for the quarter ended June 30, 2024, Appendix entitled “Unaudited Non-GAAP Measures And Reconciliations”. Illustrative free cash flow per share is presented here because the Company believes this provides investors with expected levels of cash per share that may be available for distribution based on Capesize index rates. For a discussion of illustrative free cash flow per share, see slide 15 including the footnotes thereto. We are unable to prepare a reconciliation of illustrative free cash flow per share without unreasonable efforts.

Q2 2024 Highlights:

- Generated total operating revenues of \$31.2 million, an average time charter equivalent earnings of approximately US\$34,600/day, gross.
- Net income of \$6.9 million and adjusted EBITDA of \$24.0 million for the quarter ended June 30, 2024.
- Successful delivery and commencement of operations of the remaining three Newcastlemax dual fuel newbuildings in the second quarter of 2024, resulting in a total delivered fleet of 12 vessels.
- Final instalment for the three delivered vessels financed by sale and leaseback facility provided by wholly-owned subsidiaries of CCB Financial Leasing Co. Ltd. (“CCBFL”) totalling \$147.6 million.
- Conversion of index linked charters on Mount Neblina and Mount Blanc to fixed charters from May 1, 2024 to June 30, 2024 at \$36,750 and \$37,800 per day respectively.
- Declaration and payment of cash distributions for March and April 2024 of \$0.03 and \$0.04 per common share, respectively.
- Declaration of cash distributions for May 2024 of \$0.04 per common share, which was paid in July 2024.

Subsequent events:

- Declaration of cash distributions for June 2024 and July 2024 of \$0.05 and \$0.06, respectively, per common share.
- Conversion of index linked charters on Mount Neblina and Mount Blanc to fixed charters from July 1, 2024 to July 31, 2024 at an average of \$35,000 per day.

Key Financials Q2 2024



Income statement

<i>US\$ millions, except per share data</i>	Q2 2024	Q1 2024	Variance
Operating revenues	31.2	23.6	7.6
Vessel operating expenses	(5.6)	(4.9)	(0.7)
Voyage expenses and commission	(0.3)	(0.4)	0.1
General and administrative expenses	(1.3)	(1.5)	0.2
Depreciation and amortization	(6.5)	(5.4)	(1.1)
Total operating expenses	(13.7)	(12.2)	(1.5)
Operating profit	17.5	11.4	6.1
Interest expense	(11.0)	(9.1)	(1.9)
Other financial items	0.4	0.2	0.2
Total financial expense, net	(10.6)	(8.9)	(1.7)
Tax expense	-	-	-
Net income (loss)	6.9	2.5	(4.4)
Earnings per share	0.16	0.06	
Adjusted EBITDA	24.0	16.8	7.2

Comments

- Increase in operating revenues of \$7.6 million in Q2 2024, due to additional 3 vessels delivered in Q2 2024. Average TCE, gross of approx. US\$34,600/day in Q2 2024 vs US\$30,600/day in Q1 2024.
- Cash break-even TCE estimated to be approximately \$24,600/day.
- Increase in vessel operating expenses of \$0.7 million in Q2 2024 due to additional 3 vessels delivered in Q2 2024. Average vessel operating expenses of approx. \$6,000/day per vessel in Q2 2024 vs \$6,200/day per vessel in Q1 2024.
- General and administrative expenses decreased by \$0.2 million in Q2 2024 mainly due to bonuses paid in Q1 2024.
- Increase in Interest expense of \$1.9 million in Q2 2024 due to higher loan principal following the sale and leaseback financing on the 3 vessels delivered in Q2 2024.
- Adjusted EBITDA of \$24.0 million in Q2 2024, an increase of \$7.2 million over Q1 2024.
- Increase in operating profit by \$6.1 million in Q2 2024.
- Net income of \$6.9 million in Q2 2024 vs \$2.5 million in Q1 2024.

Balance Sheet Summary

US\$ millions	June 30, 2024	March 31, 2024	Variance
Cash and cash equivalents	21.9	25.7	3.8
Vessels and equipment	867.7	647.7	220.0
Newbuildings	--	67.1	(67.1)
Total assets	897.3	748.6	148.7
Short-term and long-term debt	725.5	583.3	142.2
Total equity	157.2	155.1	2.1

Comments

- Net cash generated by operating activities in Q2 2024 of \$17.6 million.
- Net cash used in investing activities in Q2 2024 was \$159.4 million, primarily relating to the final instalment on the 3 vessels delivered in Q2 2024.
- Net cash provided by financing activities in Q2 2024 was \$138.0 million of which \$147.6 million was from the sale and leaseback financing on the 3 vessels delivered in Q2 2024, partially offset by deferred loan costs of \$0.4 million, loan repayments of \$4.8 million and cash distributions paid of \$4.4 million;
- Vessels and equipment increased primarily due to the delivery of 3 vessels in Q2 2024.
- Decrease in newbuildings was mainly due to the delivery of 3 vessels in Q2 2024.
- Increase in short-term and long-term debt was mainly due to the sale and leaseback financing on the 3 vessels delivered in Q2 2024, offset by loan repayments.
- \$10 million available to draw-down under the RCF with Drew Holdings Ltd.

Fleet status report – Current



Himalaya Shipping

Fleet Status Report

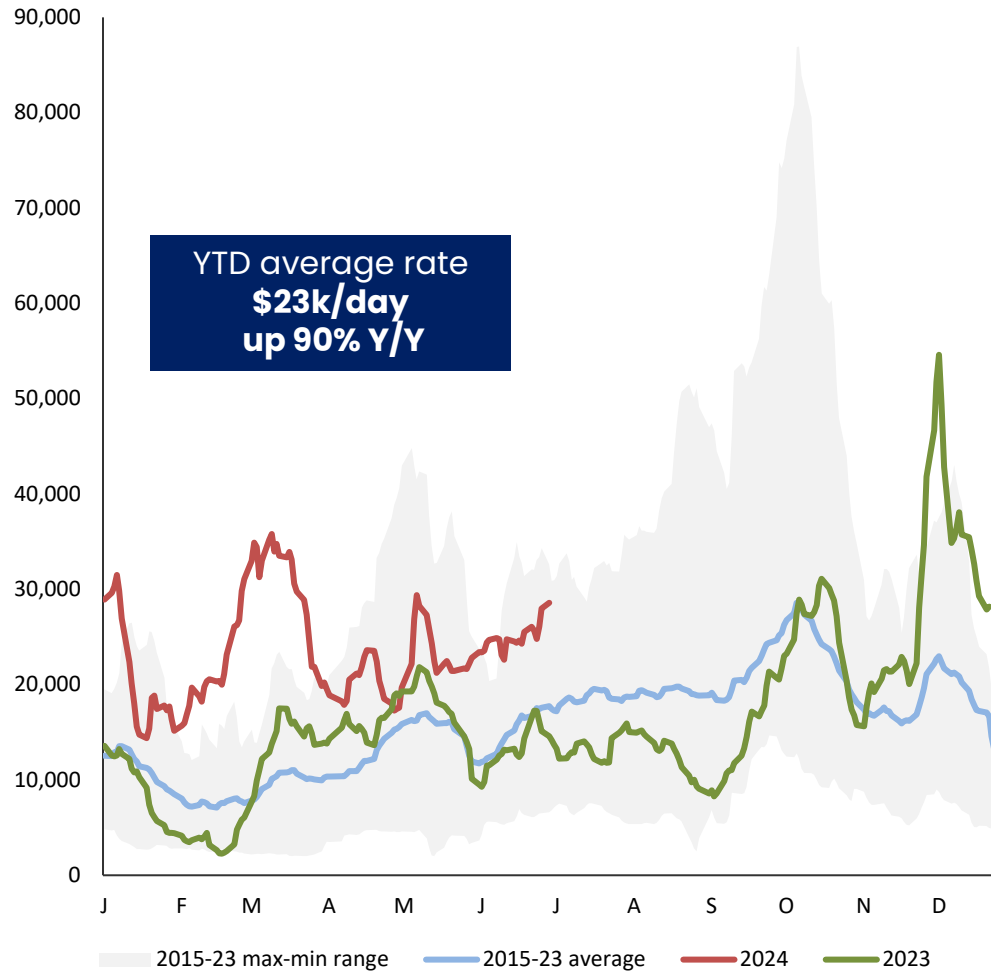
Vessel Name	Built	Type	2024		2025				2026				2027			
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Dual Fuel Newcastlemax																
Mount Norefjell	2023	DF Newcastlemax	30,000	→												
Mount Ita	2023	DF Newcastlemax	Index													
Mount Etna	2023	DF Newcastlemax	40,810*		Index											
Mount Blanc	2023	DF Newcastlemax	Index													
Mount Matterhorn	2023	DF Newcastlemax	Index													
Mont Neblina	2023	DF Newcastlemax	Index													
Mount Bandeira	2024	DF Newcastlemax	Index													
Mount Hua	2024	DF Newcastlemax	Index													
Mount Elbrus	2024	DF Newcastlemax	Index													
Mount Denali	2024	DF Newcastlemax	Index													
Mount Acancagua	2024	DF Newcastlemax	Index													
Mount Emai	2024	DF Newcastlemax	Index													

Option
 Available
 Under Construction
 Evergreen
 * + Scrubber

Strong start to the year and strong seasonality ahead

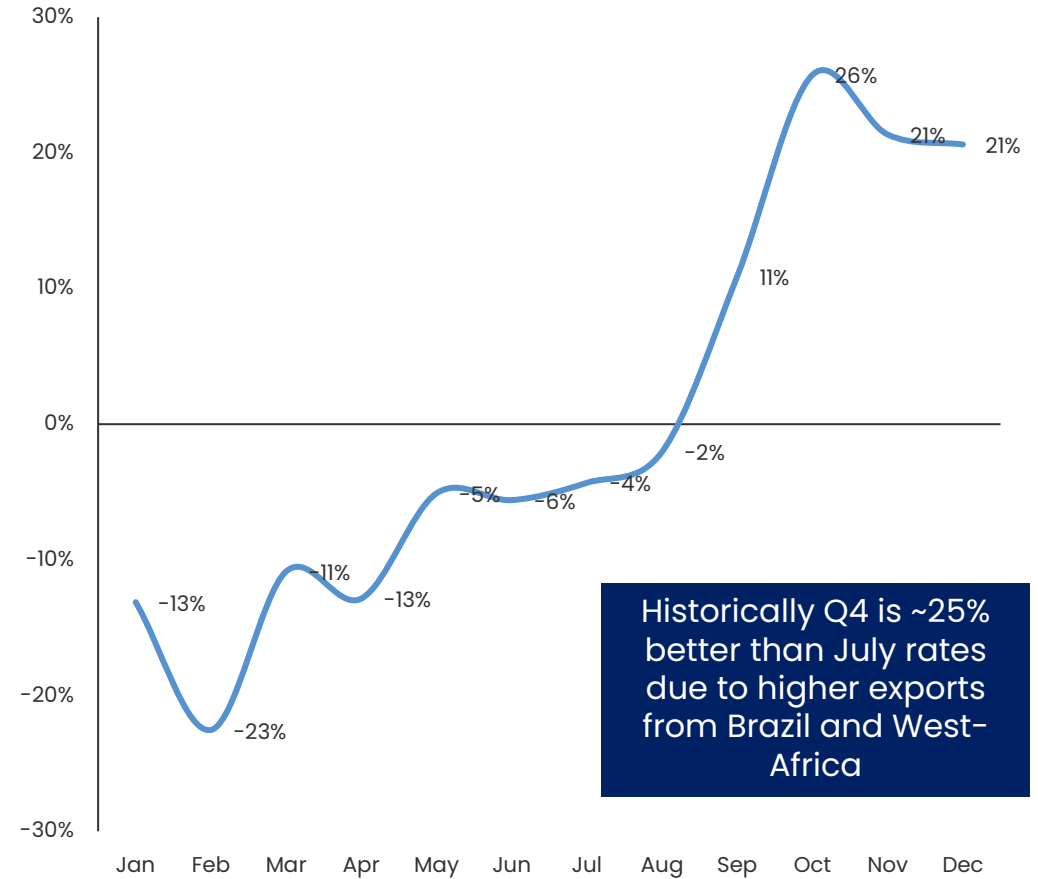


Baltic 5TC Index



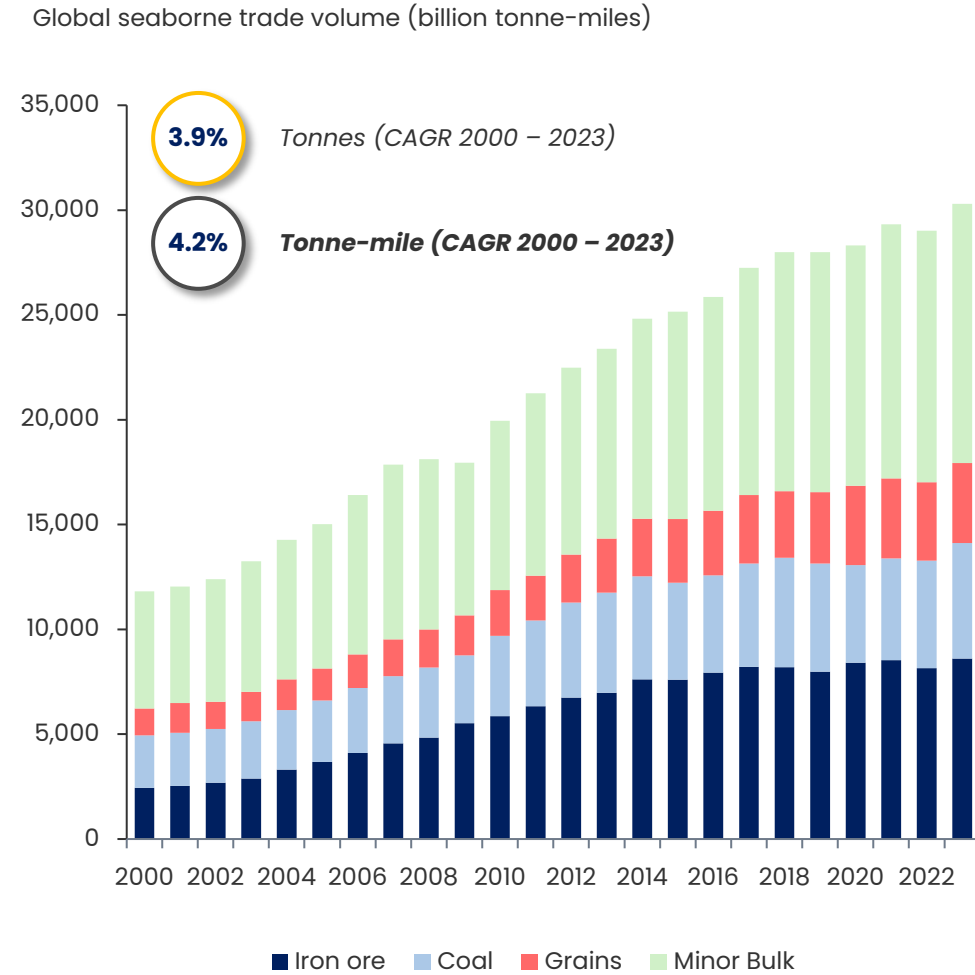
Baltic 5TC Index Seasonality

Capesize Earnings Seasonality (1990-Present)
Average Monthly deviation vs. yearly average

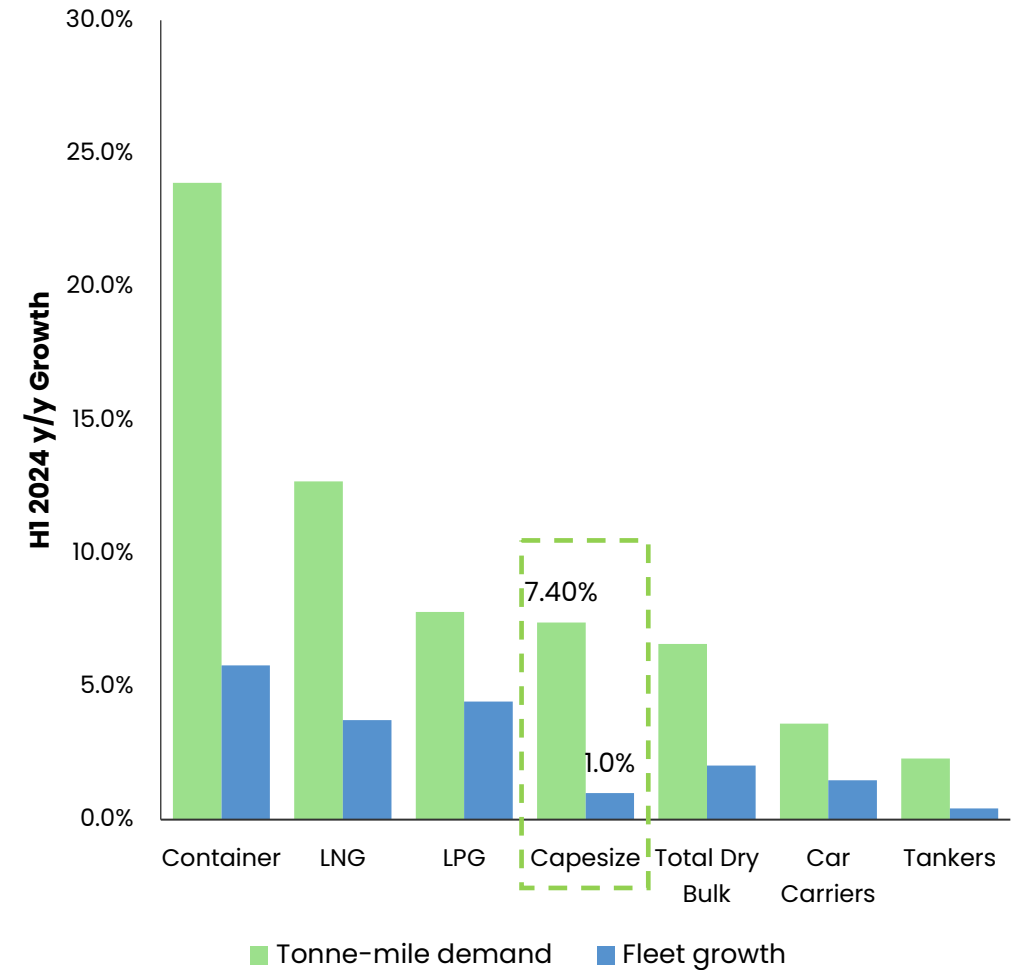


Demand has been growing

Tonne-mile demand historically outpaced volume growth



Capesize have favorable supply/demand dynamics

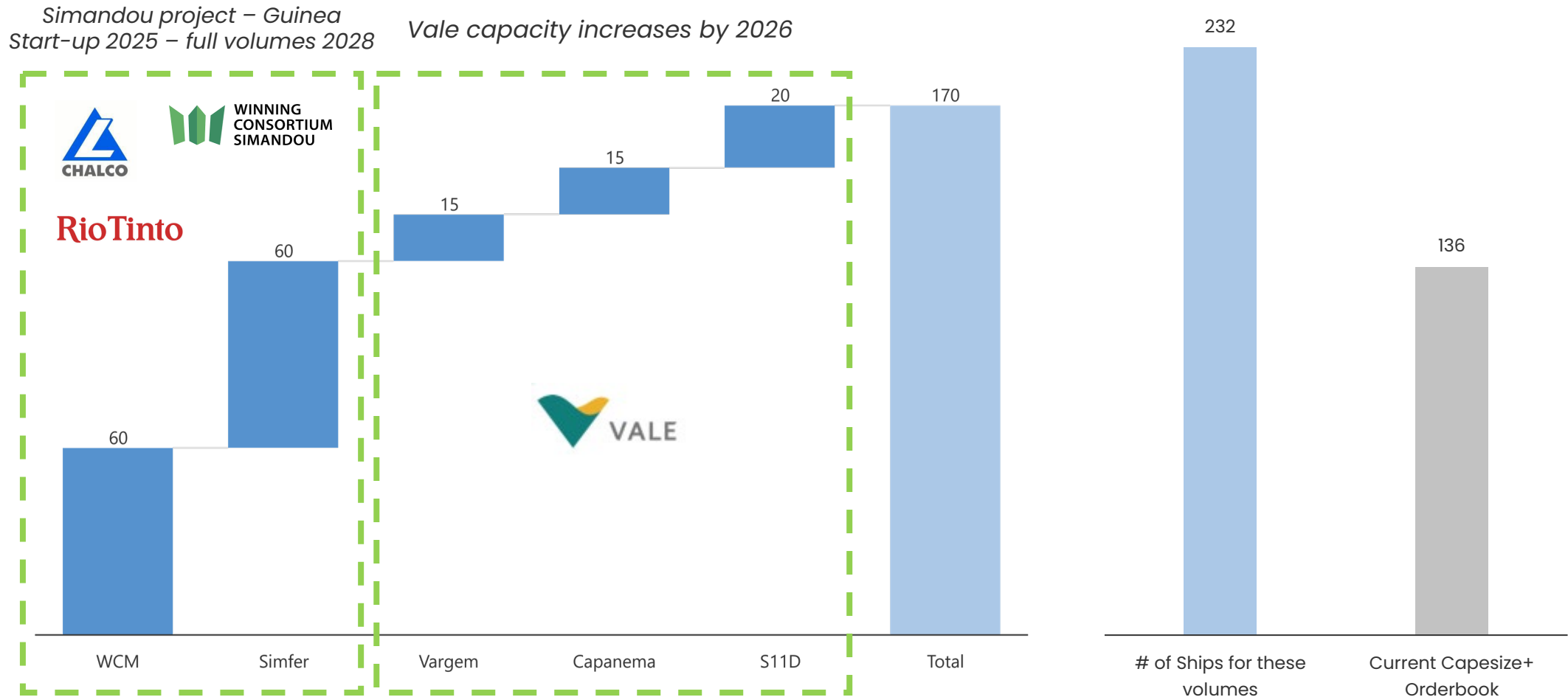


Source: Clarksons Shipping Intelligence Network, AIS, Arrow

Significant iron ore volumes coming – driving tonne-mile demand

Addition iron ore volumes in Atlantic basin (MT/y) – 3x longer than from Australia

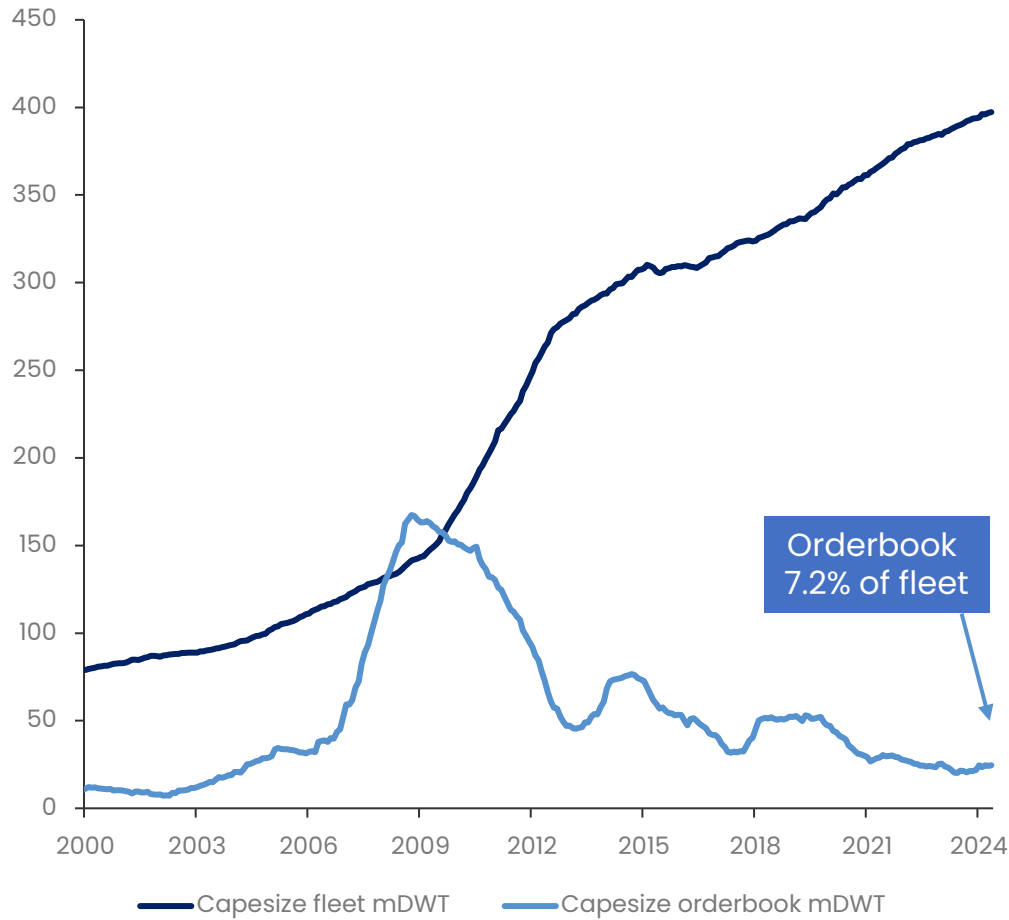
Required # ships 50% > orderbook₁



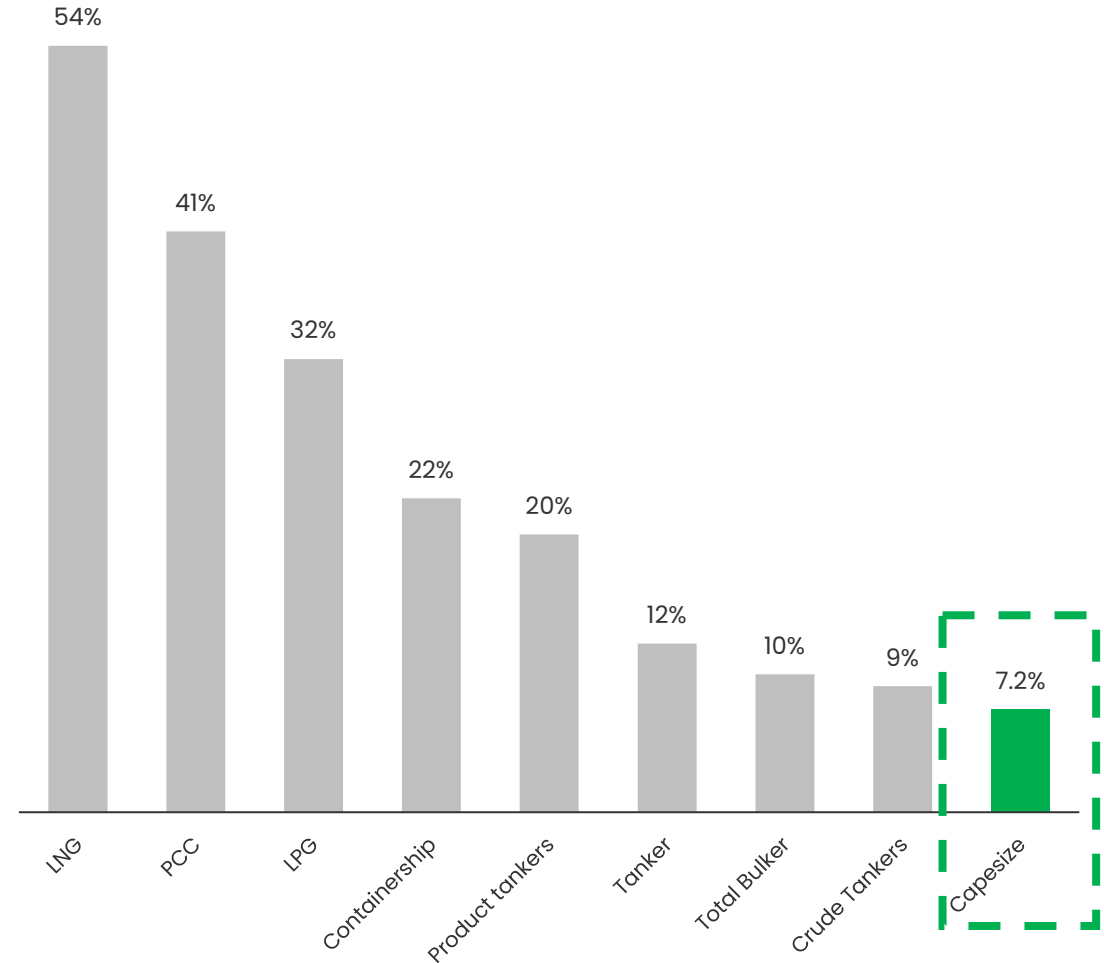
Source: Clarksons, Rio Tinto, Vale, Himalaya Shipping. 1) Assumed 170MT pr year carried on 210k DWT Newcastlemaxes (95% fully loaded). Each ship able to do 3.65 round voyages pr year

Limited supply of new ships

25-year low orderbook

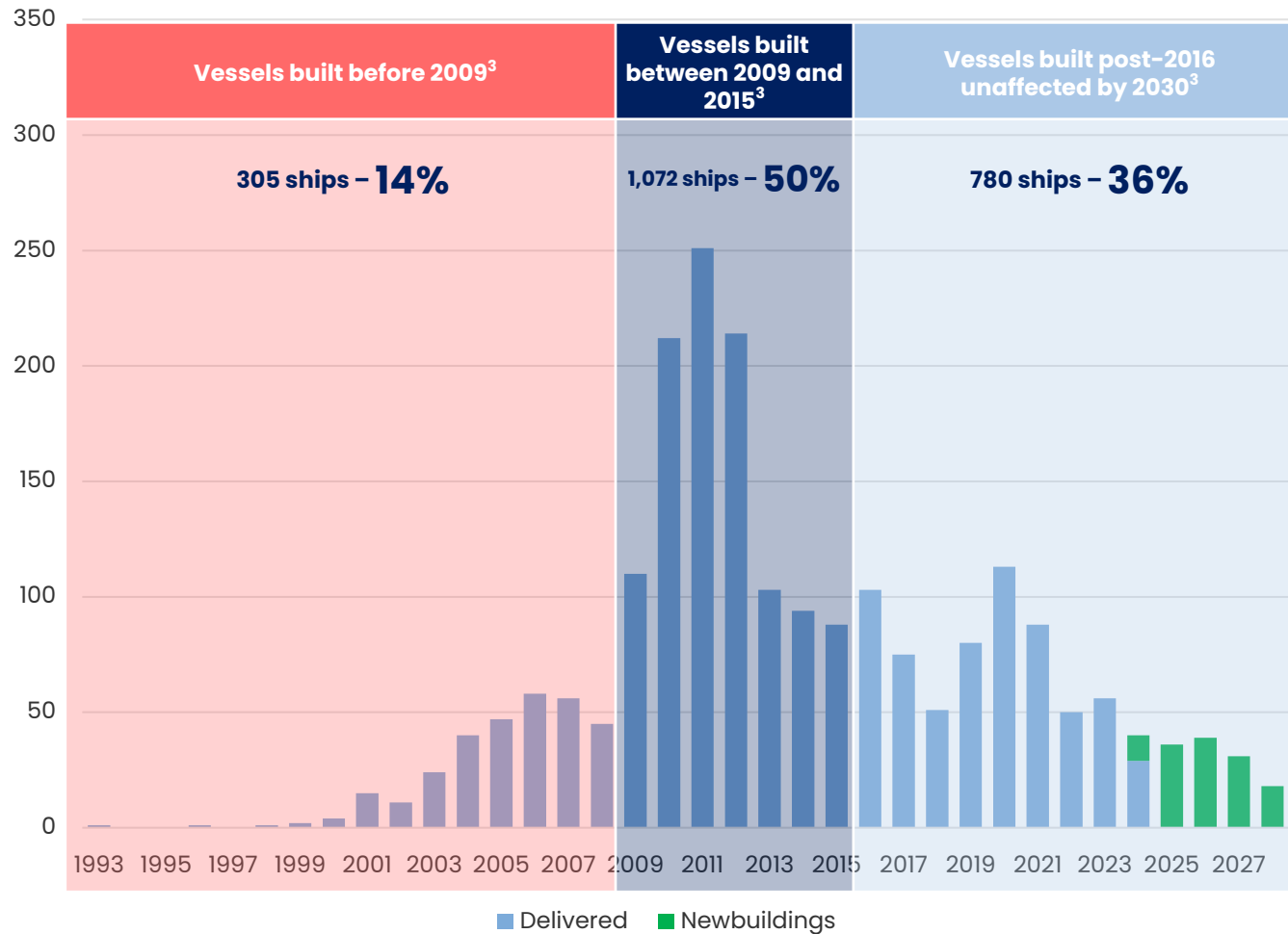


Highly supportive Order Book to Fleet Ratio



Significant replacement needs

Capesize+ fleet by delivery year in # ships



60% of the fleet >20 years by 2033

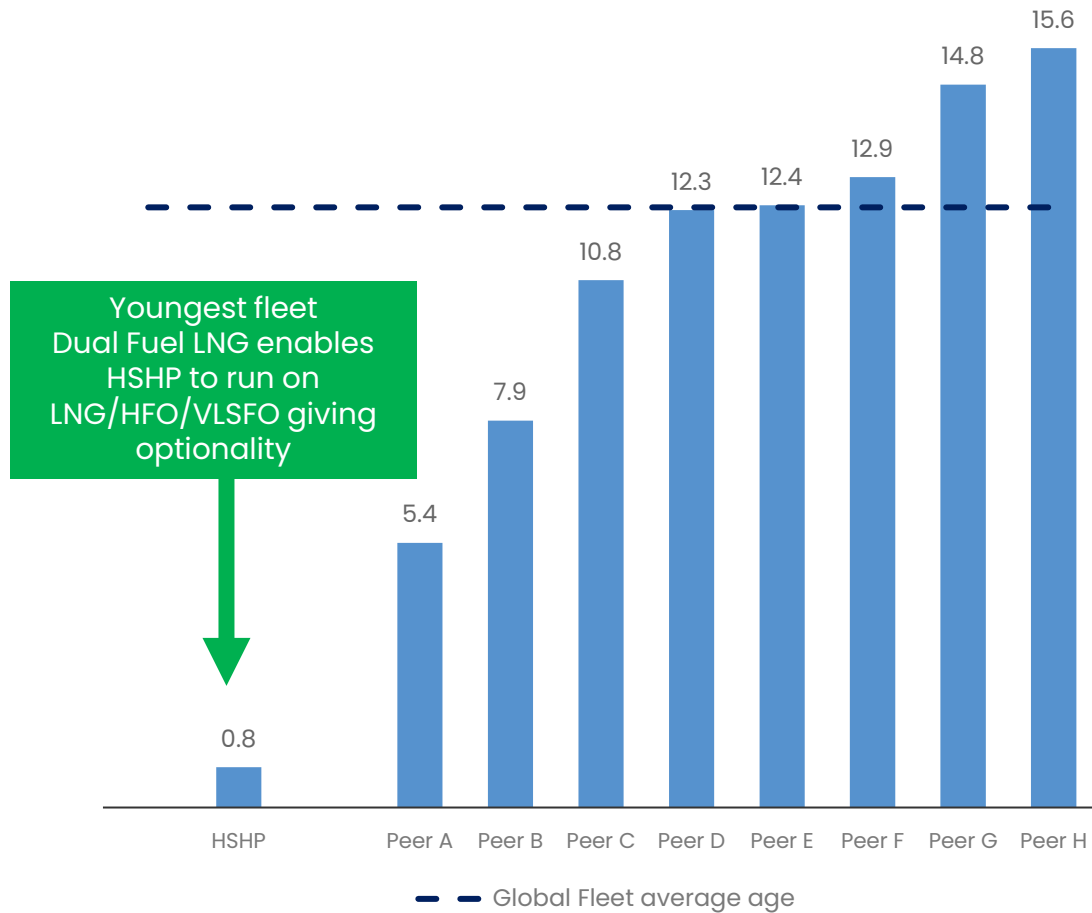
Year	# ships turning 20 years	% of fleet >20 years
Current	77	4%
2024	22	1%
2025	47	7%
2026	58	10%
2027	56	13%
2028	45	15%
2029	110	21%
2030	212	31%
2031	251	44%
2032	214	55%
2033	103	60%

Unlikely to be able to build significant capacity before 2028

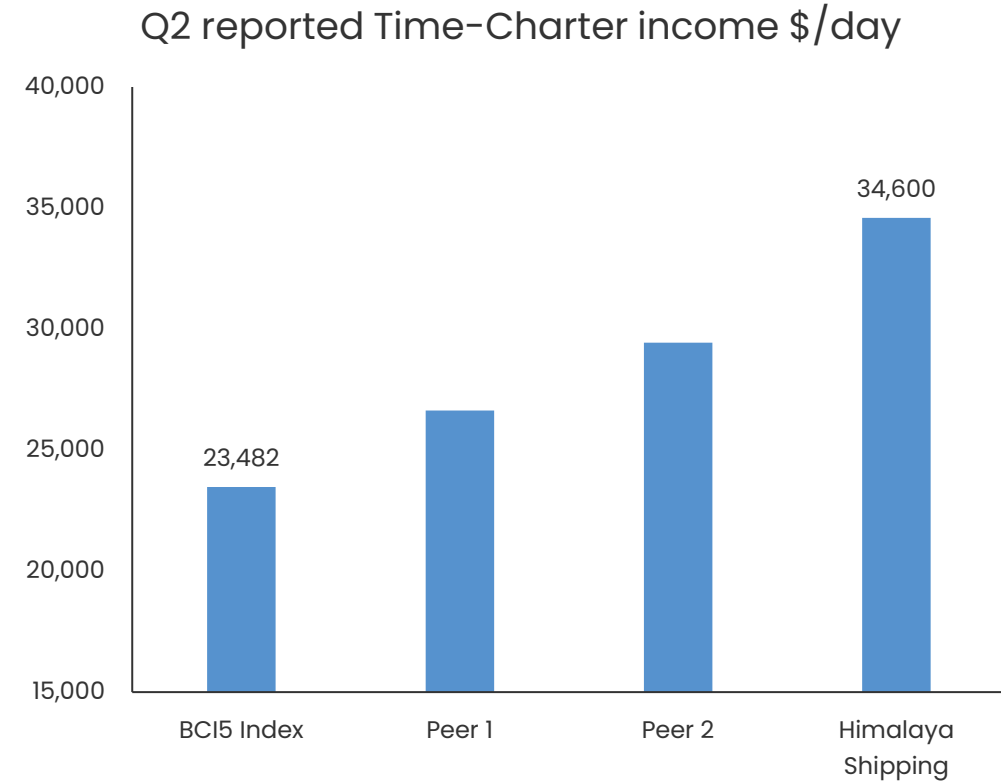
Himalaya have the right ships – gives premium rates



The youngest fleet – Firmly positioned for distributions



Solid Premium to Index



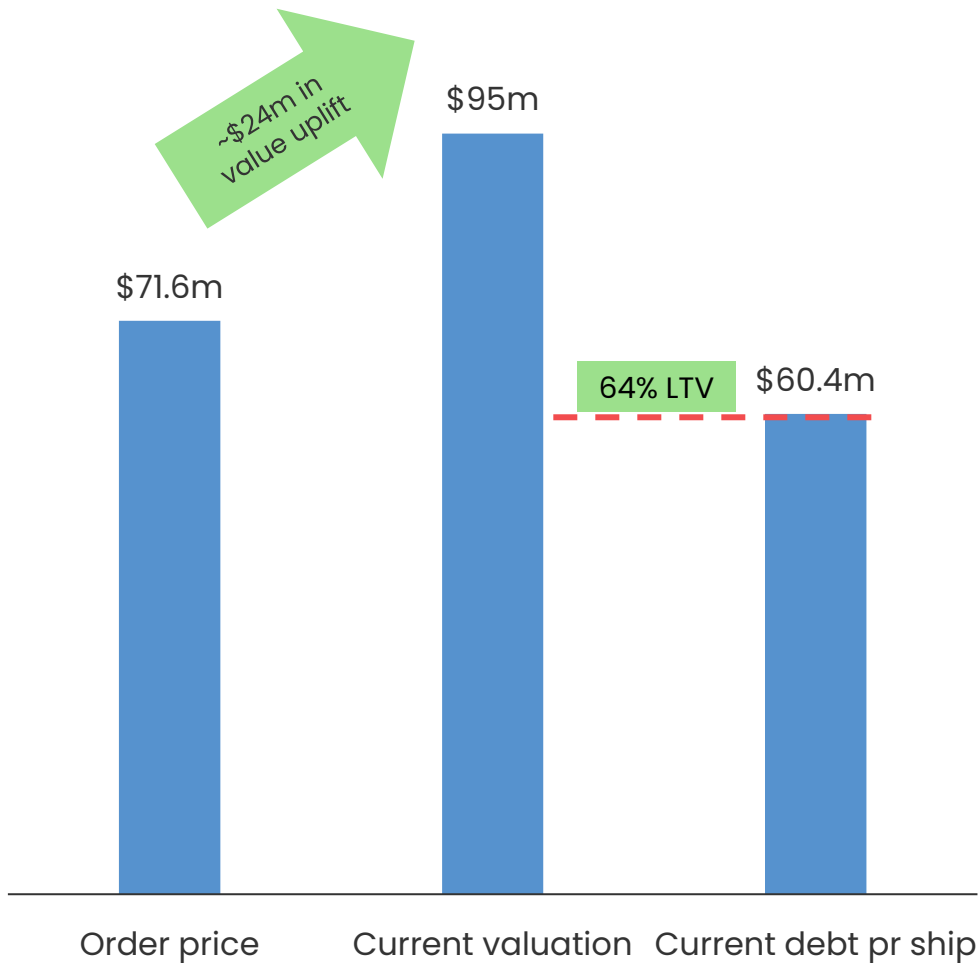
The 11 "index ships" fixed on average at 42.25% premium to Baltic Cape index

Source: Bloomberg, Clarksons Shipping Intelligence Index - Owned fleets only - Fleet age adjusted for Newbuilding orders

Ordered at the right time – financed long-term at fixed price



Modest leverage



Financing fixed for 7 years gives attractive break-even

Fixed bareboat day-rate ²	\$/day	16,567
Scrubber financing ³	\$/day	841
Estimated Opex	"	6,400
Estimated SG&A	"	732
Estimated cash break-even	"	24,540
Estimated scrubber benefit when sailing ⁴	\$/day	(2,200)
Earnings premium ⁵	42%	(6,300)
Capesize index eq cash break-even rate	\$/day	~16.300⁵

Source; Himalaya Shipping. Clarksons. Debt based on \$725.5m total debt net of deferred financing costs. Based on Company estimated average debt financing for 12 vessels, including scrubber financing for four vessels. 2. Blended fixed bareboat day-rate. 3. Floating interest rate scrubber financing for four vessels. 4. VLSFO – HSFO spread of \$110 basis Singapore bunkering for a consumption of 10,000 tons per year with 75% benefit to the Shipowner. Platts quoted bunker spread 14 Aug 2024 is \$120/t. 5. 11 index-linked charters with a contracted premium to BCI 5TC of 42%. Source: Clarksons Shipping Intelligence Network (<https://sin.clarksons.net/>) as of January 26, 2023 and Company estimates. 5. Capesize index rate adjusted for 5% commission

Attractive cash-break even of ~\$16k/day on Capesize index equivalent

Alignment between shareholders and management – board and significant shareholder own ~1/3 of the equity¹

No reinvestment plans – youngest fleet in the industry means limited capital needs

Cash flow from operation targets to be distributed in monthly dividends

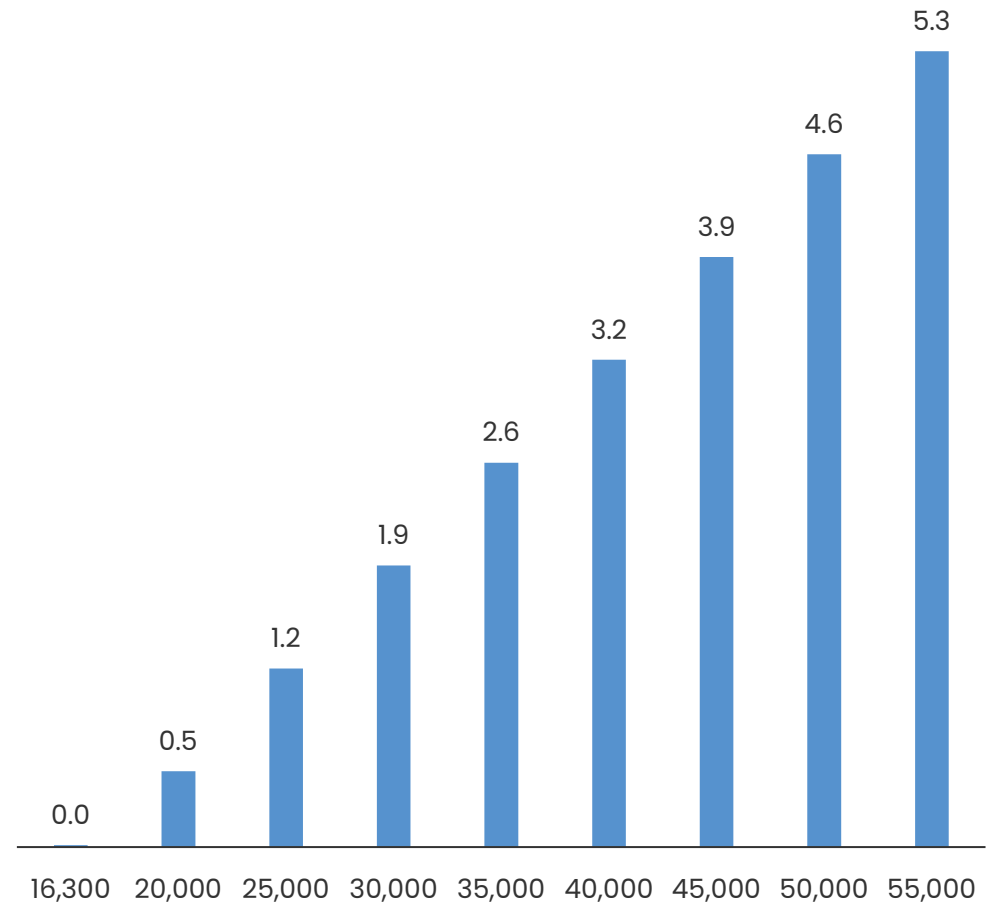
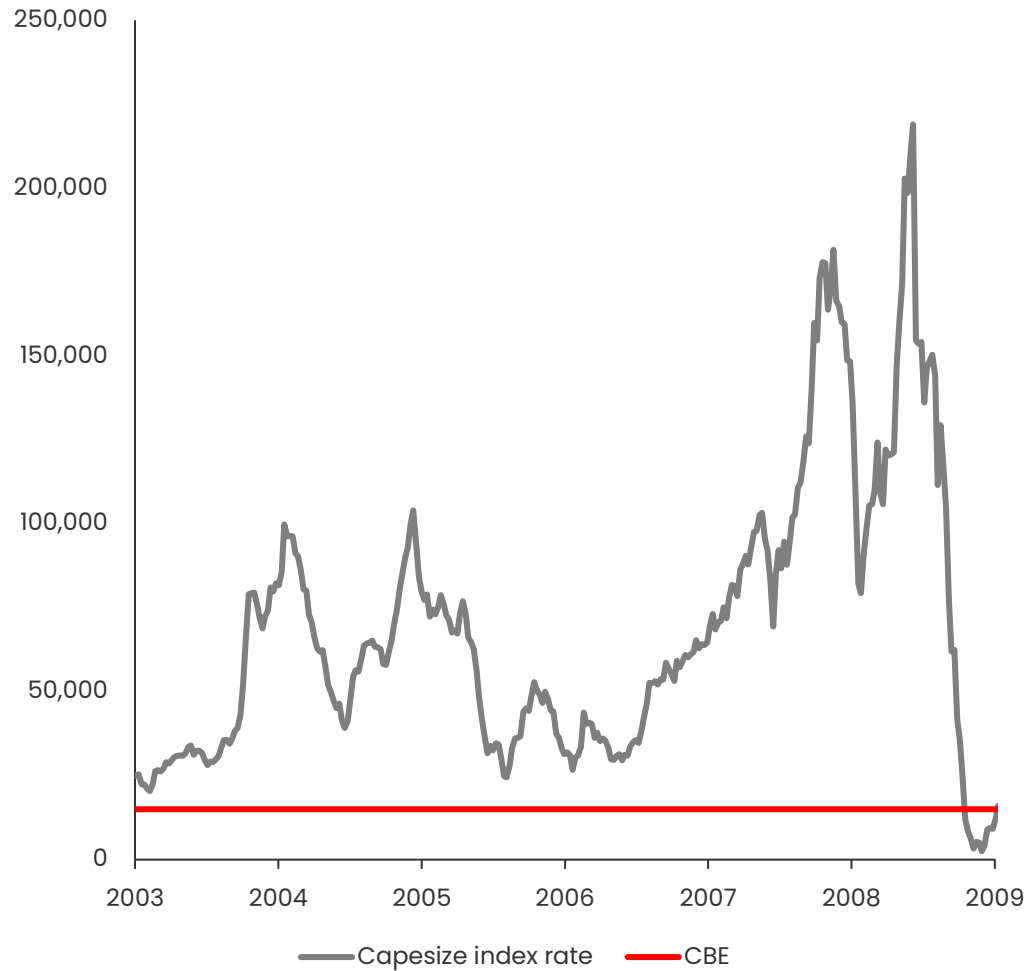
Already announced 7 monthly dividends – \$0.06c for July 2024

¹) Drew Holdings Limited holds 30.7% of the Company's common shares as of June 30, 2024.

Solid dividend capacity



Illustrative FCF \$ per share based on Capesize index rate



1. This information has been prepared for illustrative purposes only and does not represent the Company's forecast. It is based, among other things, on industry data, internal data and estimates of the Company and is inherently subject to risk and uncertainties. Actual results may differ materially from the assumptions and circumstances reflected in the above illustrative financial information. 2. Assumes BC15 Index rates + 42% premium (less 5% commission) + \$2,200 in scrubber benefit less \$24,540/d in cash breakeven x 12 ships, divided by 43,900,000 shares outstanding