

Prospectus



Himalaya Shipping Ltd.

(An exempted company limited by shares incorporated under the laws of Bermuda)

Admission to listing and trading of the Company's Shares on Euronext Expand

This prospectus (the "**Prospectus**") has been prepared in connection with the listing on Euronext Expand (the "**Listing**") of 7,720,000 new shares (and potentially additional 1,158,000 new shares in connection with an over-allotment option) (the "**New Shares**") in Himalaya Shipping Ltd. ("**Himalaya**" or the "**Company**"), an exempted company limited by shares incorporated under the laws of Bermuda (together with its consolidated subsidiaries, the "**Group**"). The Prospectus serves as a listing prospectus pursuant to section 7-3 of the Norwegian Securities Trading Act.

The New Shares are expected to be registered in the Depository Trust Company (the "**DTC**") in the US in book-entry form and are expected to be listed and traded on New York Stock Exchange ("**NYSE**"). Pursuant to a share transfer option described in this Prospectus, the New Shares to be registered in the DTC would be registered in book-entry form in the Norwegian Central Securities Depository (the "**VPS**") if trading between NYSE and Euronext Expand and would thus be tradeable and considered listed on Euronext Expand. The New Shares will, if and when issued, rank in parity with one another and the existing outstanding shares in the Company (the "**Existing Shares**") and each carry one vote.

The Existing Shares of the Company have been publicly traded on Euronext Growth Oslo since 22 December 2021 with ticker code "HSHIP". On 27 April 2022, the Existing Shares were admitted to listing and trading on Euronext Expand. On 30 March 2023, the Company changed its ticker code to "HSHP".

DNB Markets (a part of DNB Bank ASA) is acting as the Company's Financial Advisor in connection with the Listing (the "**Financial Advisor**").

Investing in the New Shares (and the Existing Shares) involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 "Risk Factors" when considering an investment in the Company.

This Prospectus does not constitute an offer or invitation to buy, subscribe or sell the securities described herein and the Prospectus relates solely to the Listing.

Financial Advisor

DNB Markets, a part of DNB Bank ASA

The date of this Prospectus is 4 April 2023

IMPORTANT INFORMATION

This Prospectus has been prepared by Himalaya Shipping Ltd. to provide information about the Company and its business solely for use in connection with the anticipated listing of the New Shares on Euronext Expand. Pursuant to a share transfer option described in this Prospectus, the New Shares may be registered in book-entry form in the VPS and thus be tradeable on Euronext Expand, although they are expected to be issued and listed on NYSE on 3 April 2023. All Sections of the Prospectus should be read in context with the information included in Section 4 “General Information”. For definitions of certain other terms used throughout this Prospectus, see Section 18 “Definitions and Glossary”.

Readers are expressly advised that the securities are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 (“Risk Factors”). The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal adviser, independent financial adviser, or tax adviser for legal, financial or tax advice.

This Prospectus dated 4 April 2023 has been prepared by Himalaya Shipping Ltd. to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway (the “**Prospectus Regulation**”). This Prospectus has been prepared solely in the English language. Investors should make their own assessment as to the suitability of investing in the securities. This Prospectus is drawn up according to annex 1 and 11 to the Prospectus Regulation.

The information contained herein is as of the date of this Prospectus and subject to change, completion, and amendment without notice. In accordance with Article 23 of the Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the New Shares between the time when this Prospectus was approved and the date of listing of the Shares on NYSE and OSE, will be included in a supplement to this Prospectus. This is the only obligation of the Company to update the Prospectus and the publication and distribution of this Prospectus does not, under any circumstances, imply that there will be no change in the Company's affairs or that the information herein will continue to be correct as of any date subsequent to the date of this Prospectus.

The contents of this Prospectus shall not be construed as legal, business or tax advice. None of the Company or the Financial Advisor, or any of its respective employees, affiliates, or advisors, is making any representation. Each reader of this Prospectus should consult its own legal advisor, independent financial adviser, or tax advisor. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant, or other professional adviser.

No person is authorized to give information or to make any representation in connection with the transactions described herein. If any such information is given or made, it must not be relied upon as having been authorized by the Company or the Financial Advisor or by any of the employees, affiliates, or advisors of any of the foregoing.

No action has been or will be taken in any jurisdiction other than Norway by the Company that would permit the possession or distribution of this Prospectus, any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where this is unlawful or specific action for such purpose is required. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. Neither the Company nor the Financial Advisor shall be responsible or liable for any violation of such restrictions by investors. The restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to this Prospectus that are not known or identified at the date of this Prospectus may apply in various jurisdictions.

This Prospectus is governed by and shall be construed in accordance with Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. Securities may be offered or sold in Bermuda only in compliance with provisions of the Companies Act 1981, Investment Business Act 2003, the Exchange Control Act of 1972, and related regulations of Bermuda that regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority (“**BMA**”), pursuant to the provisions of the Exchange Control Act of 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA, in its policy dated 1 June 2005, provides that where any equity securities of a Bermuda company, which would include the New Shares and the Existing Shares, are listed on an appointed stock exchange (Euronext Expand is deemed to be an appointed stock exchange under Bermuda law), general permission is given for the issue and subsequent transfer of any securities of such company, including the New Shares and the Existing Shares, from and/or to a non-resident of Bermuda, for as long as any equity securities of the company remain so listed. None of the BMA, the Minister of Finance of Bermuda or the Registrar of Companies accept any responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this Prospectus.

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1 SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company's securities involves inherent risk and an investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the claimant investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

1.1 Introduction - Who is the issuer of the securities?

Name of the securities	Himalaya Shipping Ltd.													
ISIN	BMG 4660A1036													
Issuer	Himalaya Shipping Ltd.													
Issuer's domicile, country and law of incorporation and operation	Bermuda													
Issuer's legal form	Exempted company limited by shares													
Issuer's principal activities	Operator of dry-bulk shipping vessels													
Issuer's office and postal address	S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda													
Issuer's LEI (Legal Entity Identifier)	984500D86FFE5EYE7988													
Issuer's phone number	+1 (441) 542-4577													
Issuer's e-mail	post@himalaya-shipping.com													
Issuer's website	www.himalaya-shipping.com Note that the information on the website does not form part of the Prospectus unless that information is specifically expressed to be incorporated by reference into the Prospectus.													
Issuer's major shareholders	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Shareholding</th> </tr> </thead> <tbody> <tr> <td>Drew Holdings Ltd.¹</td> <td>32.51%²</td> </tr> <tr> <td>Affinity Shipholdings I LLP</td> <td>8.31%²</td> </tr> <tr> <td>J.P. Morgan Securities LLC</td> <td>6.51%³</td> </tr> <tr> <td>Citibank N.A.</td> <td>6.07%³</td> </tr> <tr> <td>DNB Asset Management AS</td> <td>5.5%²</td> </tr> </tbody> </table> <p>¹ Drew Holdings Ltd. is wholly owned by Drew Trust, a trust established in Bermuda for the benefit of Mr. Trøim and his immediate family.</p> <p>² Showing shareholdings as of 29 March 2023, adjusted for allocation in and assuming settlement of the US Offering, excluding the over-allotment option for 1,158,000 New Shares.</p> <p>³ Showing percentages as of 29 March 2023. These are nominee structures which may change after the Listing.</p>		Shareholder	Shareholding	Drew Holdings Ltd. ¹	32.51% ²	Affinity Shipholdings I LLP	8.31% ²	J.P. Morgan Securities LLC	6.51% ³	Citibank N.A.	6.07% ³	DNB Asset Management AS	5.5% ²
Shareholder	Shareholding													
Drew Holdings Ltd. ¹	32.51% ²													
Affinity Shipholdings I LLP	8.31% ²													
J.P. Morgan Securities LLC	6.51% ³													
Citibank N.A.	6.07% ³													
DNB Asset Management AS	5.5% ²													

Identity of the issuer’s directors and management	Georgina Sousa	Director of Himalaya Shipping Ltd.
	Bjørn Isaksen	Director/Chairperson of Himalaya Shipping Ltd.
	Carl Erik Steen	Director of Himalaya Shipping Ltd.
	Mi Hong Yoon	Director and Company Secretary of Himalaya Shipping Ltd.
	Jehan Mawjee	Director of Himalaya Shipping Ltd.
	Herman Billung	Contracted Chief Executive Officer of Himalaya Shipping Ltd.
	Vidar Hasund	Contracted Chief Financial Officer of Himalaya Shipping Ltd.
The Issuer’s auditor	PricewaterhouseCoopers AS, with business registration number 987 009 713, and registered address at Dronning Eufemias gate 71, 0194 Oslo, Norway, being a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). The audit reports for the Company’s audited financial statements for 2021 and 2022 contain explanatory notes on doubts and uncertainty regarding going concern.	
The competent authority approving the Prospectus	The Financial Supervisory Authority of Norway (Nw.: Finanstilsynet)	
Visiting address, the Financial Supervisory Authority of Norway	Revierstredet 3, 0151 Oslo	
Postal address, the Financial Supervisory Authority of Norway	Postboks 1187 Sentrum 0107 Oslo	
E-mail, the Financial Supervisory Authority of Norway	post@finansstilsynet.no	
Date of approval of this Prospectus	4 April 2023	

1.2 Key financial information on the issuer

Key financial information regarding issuer				
The table below sets out selected data from the Group’s audited consolidated financial statements for the period from 17 March, 2021 to 31 December, 2021 and from 1 January 2022 to 31 December 2022.				
Summary of Consolidated Statement of Operations				
		Period from January 1, 2022 to December 31, 2022		Period from March 17, 2021 to December 31, 2021
(In millions of US\$ except per share data)				
Operating profit (loss)		(2.0)		(1.0)
Net income (loss)		(2.0)		(1.0)
Basic earnings (loss) per share		(0.06)		(0.06)

Summary of Consolidated Balance Sheet

(In millions of US\$)		As of December 31, 2022		As of December 31, 2021
Total assets		177.8		95.2
Total liabilities		87.5		3.3
Total equity		90.3		91.9

Summary of Consolidated Statements of Cash Flows

		Period from January 1, 2022 to December 31, 2022		Period from March 17, 2021 to December 31, 2021
Net cash used in operating activities		(1.4)		(0.5)
Net cash used in investing activities		(78.3)		(68.8)
Net cash provided by financing activities		68.7		80.6
Supplemental disclosure of cash flow information				
Non-cash settlement of debt		-		(13.6)
Non-cash share issuance		-		13.6
Non-cash additions in respect of newbuildings		(13.7)		(13.6)
Issuance of liabilities for newbuilding instalments		13.7		13.6
Interest paid, net of capitalized interest		(0.4)		-

Key risks specific to the issuer**Risks related to our business**

- The Group is subject to risk of non-performance by New Times constructing its Vessels.
- The Company is subject to certain risks with respect to the dry bulk market and the Company's counterparties on contracts, including seasonal fluctuations and geographical and political risk.
- The Group may not be able to find enter into charters at an attractive rate, or enter into charters at all.
- The value of the Group's vessels may fluctuate.
- The Group may rely on a limited number of customers.

Risks related to applicable laws regulations

- Changes in, or interpretation of, tax laws applicable to the Group.
- The Group is subject to complex laws and regulations, including environmental laws and regulations that can adversely affect its business, results of operations and financial condition.
- Failure to comply with applicable anti-corruption laws, sanctions or embargoes, could result in fines, civil and/or criminal penalties, and charter party terminations and have an adverse effect on the Group's business.
- A change in tax laws in any country in which the Group operates or loss of a major tax dispute or a successful tax

	<p>challenge to the Group’s operating structure, intercompany pricing policies or the taxable presence of the Company’s subsidiaries in certain countries could adversely affect the Group</p> <p>Risks related to financing</p> <ul style="list-style-type: none">- The Group’s operating income may not be sufficient to cover the Group’s financing costs.- Financial covenants in our financing facilities may restrict the Company’s ability to pay dividends <p>Risks related to the securities</p> <ul style="list-style-type: none">- The shareholders do not have pre-emptive rights.- The board is authorised to issue new shares without shareholder approval.- Transformation into a US public company will increase the Company’s costs and may disrupt the regular operations of its business.- The Company depends on directors who are associated with affiliated companies, which may create conflicts of interest.- Insiders will have substantial control over the Company.- Certain of the Company’s major shareholders may have interests that are different from the interests of the Company’s other shareholders.
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1.3 Key information on the securities

1.3.1 What are the main features of the securities?

The securities' type, class and ISIN	The New Shares will be issued under the Bermuda Companies Act and will, when issued, be registered in book-entry form in the US with the Depository Trust Company (" DTC ") under CUSIP G4660A 103 and ISIN BMG 4660A1036.
The securities' currency, denomination, par value, the number of securities issued and the term of the securities	The New Shares currency and denomination will be US\$. As of the date of this Prospectus, the Company's authorized share capital is US\$ 140,010,000. Following the issuance of the New Shares, the Company will have 41,030,857 Shares in issue, each with par value of US\$ 1.00.
The rights attached to the securities	The Company has one class of Shares in issue, and all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote. The rights attaching to the Shares are described in Section 14.11 "Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws".
Restrictions on the free transferability of the securities	The securities are free of any restrictions of transferability.
Dividend policy	The Company has not paid any dividends to its shareholders since its incorporation. The Company aims to distribute monthly dividends to its shareholders once its vessels generate sufficient cash flow to allow for such payments. Any dividends will be subject to the discretion of the Company's Board of Directors, requirements of Bermuda law and other applicable laws, our results of operation, financial condition, cash requirements and availability, including requirements under capital expenditure programs, market prospects, contractual restrictions under its Financing Arrangements, the ability of its subsidiaries to distribute funds to the Company and other factors deemed relevant by its Board of Directors. The Company cannot assure that it will be able to pay regular dividends as intended.
Key risks related to the shares	Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares.

1.3.2 Where will the securities be traded?

The securities will be listed on Euronext Expand under the ticker symbol "HSHP".

1.4 Key information on the offer of securities to the public and/or the admission to trading on a regulated market

1.4.1 Under which conditions and timetable can I invest in the security?

The Company expects the first day of admittance to trading of its New Shares on Euronext Expand to be on or about 4 April 2023.

1.4.2 Why is the prospectus being produced?

This Prospectus has been prepared in connection with the Company's listing of the New Shares on NYSE. Provided that the New Shares can be transferred to and traded on Euronext Expand, and thus considered admitted to trading on Euronext Expand, the Prospectus has been prepared in connection with the Listing of the New Shares on Euronext Expand, cf. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway (the "**Prospectus Regulation**").

2 RISK FACTORS

An investment in the securities involves inherent risk. Before making an investment decision with respect to the securities, investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are relevant to an investment in the securities. An investment in the securities is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the securities. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the securities, resulting in the loss of all or part of an investment in the same. In each category below the most material risks, in the Company's assessment, are set out first, considering the negative impact on the Company and the probability of the occurrence of each risk. The information in this Section 2 is as of the date of this Prospectus.

2.1 Risks related to our business

2.1.1 *Delays or non-performance by New Times in the construction of the Vessels*

The Group has taken delivery of two and has ten newbuilding Newcastlemax dry bulk carriers on order from New Times, which are currently scheduled to be delivered between April 2023 and July 2024. Risk of delays and failure of New Times to deliver exists until the Vessels are delivered. Vessel construction projects are generally subject to risks of delay that are inherent in any large construction project, which may be caused by numerous factors, including but not limited to, shortages of equipment, resources, electrical power, materials or skilled labour; unscheduled delays in the delivery of ordered materials and equipment or shipyard construction; failure of equipment to meet quality and/or performance standards; financial or operating difficulties experienced by equipment vendors or the shipyard; unanticipated actual or purported change orders; inability to obtain required permits or approvals; design or engineering changes and work stoppages and other labour disputes, adverse weather conditions, earthquakes, war, another outbreak of pandemic or any other events of force majeure. Many of these factors, including i.a. movement of equipment, materials and labour forces, have been increasingly relevant during the Covid 19 pandemic, with border and travel restrictions and lock-downs. The lock-downs, shortage of personnel, quarantine restrictions and other issues caused by the Covid 19 pandemic, may cause delays and challenges for the newbuilding program.

Significant delays could adversely affect the Group's financial position, results of operations and cash flows. Additionally, failure to take delivery of a vessel on time may result in the delay of revenue from the affected vessel, and the Group may continue to incur costs and expenses related to delayed vessels, such as supervision expense and interest expense on the Group's pre-delivery financing arrangements. Failure by New Times to complete and deliver the Vessels to the Group will impact the Group's ability to achieve its ambitions or result in increased costs in connection with relocation and completion of the construction elsewhere. The Group's rights to claim a refund of pre-delivery instalments are guaranteed by reputable financial institutions but failure of any guarantor to make payment to the Group of any claim made under these refund guarantees would result in a financial loss to the Group which would adversely affect its overall financial position. A refund guarantor and/or New Times may dispute our entitlement to a refund, and the refund guarantor's obligation to pay may become subject to lengthy arbitral or court proceedings. This could have a material adverse impact on our business and our financial conditions.

2.1.2 *The Group may not be able to enter into charters at an attractive rate, or enter into charters at all*

The Group's strategies include international operations and the entry into charter parties for its vessels. We intend to charter the vessels to strong counterparties and we have secured charters for 7 of our 12 newbuilding vessels. However, establishing, maintaining and expanding the Group's operations and achieving its objectives involve inherent costs and uncertainties and there is no assurance that the Group will achieve its objectives or other anticipated benefits. The Group's lack of operating history may affect its ability to obtain customer contracts and there is no assurance that the Group will be able to secure contracts for all of its Vessels on delivery or that such contracts will be available on favorable terms to the Company. Any failures, material delays or unexpected costs related to implementation of the Group's strategies and contracting of its Vessels could have a material adverse effect on its business, financial condition, results of operations and cash flow.

2.1.3 *The value of the Group's vessels may fluctuate*

The market value of dry bulk vessels is sensitive to, among other things, changes in the dry bulk market, with vessel values deteriorating in times when dry bulk rates are falling or anticipated to fall and improving when charter rates are

rising or anticipated to rise. Furthermore, if the value of the Group's vessels deteriorates significantly, the Group may have to record an impairment in its financial statements, which would adversely affect its financial results and may hinder its ability to raise capital. The fair market value of the Group's vessels may decline, which could limit the amount of funds that the Group can borrow, or result in an impairment charge, and cause the Group to incur a loss if it sells vessels following a decline in their market value, or negatively impact the financial condition of the Group.

2.1.4 Counterparty risk in the dry bulk market

The Company has entered, and may enter in the future, into various contracts, including newbuilding contracts (with related refund guarantees), charter parties with our future customers, financing agreements with our financiers, and vessel management, pooling arrangements and other agreements with other entities, which subject us to counterparty risks. Such risk may be relevant for the contracts which the Group currently has entered into, including the Newbuilding Contracts and the related Refund Guarantees, the Financing Arrangements (as defined in section 8.5.4), the Charterparties (as defined in section 8.5.3), the Supervision Agreement, the Management Agreement and the Corporate Support Agreement. Should a counterparty fail to honour its obligations under any such contract, in particular the Newbuilding Contracts and the related Refund Guarantees, the Financing Arrangements or the Charterparties, the Company could sustain significant losses which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Charterers are sensitive to the commodity markets and may be impacted by market forces affecting commodities. In addition, in depressed market conditions, charterers may have incentive to renegotiate their charters or default on their obligations under charters. Should a charterer in the future fail to honour its obligations under agreements with the Company, it may be difficult to secure substitute employment for the Company's vessels, and any new charter arrangements the Company secures on the spot market or on charters may be at lower rates, depending on the then existing charter rate levels, compared to the rates currently being charged for our vessels. In addition, if the charterer of a vessel in the Company's fleet that is financed through the Leasing Arrangements defaults on its charter obligations to the Company or the Company fails to comply with the Company's obligations under a charter party, such default may trigger or constitute an event of default under the Company's Leasing Arrangements, which may allow the financiers to exercise remedies under the Company's Leasing Arrangements. The Company will seek to mitigate such consequences for example through re-negotiation of terms with its financiers, and strive to re-charter or seek remedies from defaulting charterers, however the Company has no guarantees that such efforts will be successful and that they will lead to the Company avoiding such negative reactions from its financiers which may be detrimental for the Company's business.

2.1.5 The Company's future results of operations will be subject to seasonal fluctuations and geographical and political risk, which may adversely affect its financial condition

The Company's future results of operations will be subject to seasonal fluctuations, which may adversely affect its financial condition. The Company plans to operate its dry bulk vessels in markets that have historically exhibited seasonal variations in demand particularly in the Capesize segment given its share of the iron ore trade, and, as a result, in charter hire rates. As China is the most significant market for the Group's dry bulk shipping vessels, the public holidays in relation to the Chinese New Year during the first quarter usually results in a decrease in market activity during this period. In addition, unpredictable and adverse weather conditions and patterns in the Southern Hemisphere, which often occur during the first quarter, have had a negative impact on iron ore exports from Australia and from Brazil, which are expected to be the Group's main trading routes. Further, certain of the largest iron ore producers in Brazil usually schedule maintenance works on their plants in the first quarter which also results in a decrease in iron ore export from Brazil. This seasonality may affect the Company's business, results of operations, financial condition, and could affect its ability to pay dividends, if any, in the future.

With the key trades for the Company's vessels expected to be Brazil to China and Australia to China, the Company's business will depend to some extent on the level of imports and exports to and from China. As China exports considerably more goods than it imports, any reduction in or hindrance to China-based exports, whether due to decreased demand from the rest of the world, an economic slowdown in China, seasonal decrease in manufacturing levels due to the Chinese New Year holiday or other factors, could have a material adverse effect on the Company's business. For instance, the Chinese government has recently implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and national security measures for Hong Kong which may have the effect of reducing the supply of goods available for export and may, in turn, result in decreased demand for the Company's vessels. In recent years, China has experienced an increasing level of economic autonomy and a gradual shift toward a "market economy" and enterprise reform. However, many of the reforms implemented, particularly some price limit reforms, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. Changes in laws and

regulations, including with regard to tax matters, and their implementation by local authorities could affect the Company's vessels calling on Chinese ports and could have a material adverse effect on the Company's business, financial condition and results of operations.

2.1.6 *We may rely on a limited number of customers*

The Company expects that it will derive a significant part of its revenues from a limited number of charterers. If one or more of the Company's charterers chooses not to charter the Company's vessels or is unable to perform under one or more charters and the Company is not able to find a replacement charter, the Company could suffer a loss of revenues that could have a material adverse effect on its business, results of operations and financial condition.

2.1.7 *The Company is a holding company, and it depends on the ability of its subsidiaries to distribute or loan funds to it in order to make dividend payments*

The Company is a holding company and its subsidiaries, which are all wholly owned by the Company, conduct all of its operations and will own all of its operating assets. As a result, the Company's ability to satisfy its financial obligations and make dividend payments depends on its subsidiaries and their ability to distribute funds to the Company. In addition, pursuant to the Avic Leasing Arrangement, a dividend or cash or other distributions by our subsidiaries is only allowed if immediately following such payment or distribution there will be maintained in the relevant subsidiary's account a total amount no less than the higher of (a) \$3.6 million, and (b) the aggregate of approximately \$2.8 million and the operating expenses for the relevant vessel that are payable within the next six months on a pro forma basis after such payment distribution; or the obligation of each of the Company's subsidiaries (applicable with effect from the date falling 180 days after each respective vessel delivery) to maintain a minimum cash balance in its account equivalent to three months' charter hire under the applicable CCBFL Leasing and Jiangsu Leasing, which amounts to approximately \$1.5 million.

The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third-party, including a creditor, and the laws of the Republic of Liberia, where our subsidiaries are incorporated, which may in the future regulate the payment of dividends by companies. For a description of the restrictions under the Avic Leasing, CCBFL Leasing and Jiangsu Leasing, see section 8.5.4. If the Company is unable to obtain funds from its subsidiaries, its Board of Directors may exercise its discretion not to declare or pay dividends.

2.2 Risks related to applicable laws and regulations

2.2.1 *The Group is subject to complex laws and regulations*

The international aspects of the Group's business

The Group's operations will be subject to numerous international and local laws, regulations, treaties and conventions in force in international waters and the jurisdictions in which its vessels may operate or be registered, which can significantly affect the chartering and operation of its vessels.

Compliance with such laws and regulations, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of the Group's vessels. Compliance with such laws and regulations may also require the Group to obtain certain permits or authorizations prior to commencing operations. Failure to obtain such permits or authorizations could materially impact the Group's business results of operations, financial condition and ability to pay cash distributions by delaying or limiting its ability to accept charterers. The Group may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast and bilge waters, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address pollution incidents.

Environmental law

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to strict liability for environmental and natural resource damages without regard to negligence or fault on the Group's part. Implementation of new environmental laws or regulations applicable to dry bulk vessels may subject the Group to fines, penalties and/or increased costs; may limit the operational capabilities of its vessels; and could materially and adversely affect its operations and financial condition. The Group may be required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. The Group cannot predict the cost of compliance with any new environmental protection and other laws and

regulations that may become effective in the future. Reference is also made to clause 8.10.5 “Environmental Laws and Regulations” for a more detailed description of the Environmental Laws and Regulations.

Insufficient insurance to cover environmental claims

The Group will be required by various governmental agencies to obtain certain permits, licenses and certificates with respect to its future operations and to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. There can be no assurance that the Group will be able to find sufficient insurance sufficient to cover all such risks on favorable terms in the future. Further, any such insurance may not be sufficient to cover all such liabilities and it may be difficult to obtain adequate coverage on acceptable terms. Claims against the Group’s vessels whether covered by insurance or not may result in a material adverse effect on the Company’s business, result of operations, cash flows and financial condition.

Economic and other sanctions

Many economic sanctions can relate to our business, including prohibitions on doing business with certain countries or governments, as well as prohibitions on dealings of any kind with entities and individuals that appear on sanctioned party lists issued by the United States, the EU, and other jurisdictions (and, in some cases, entities owned or controlled by such listed entities and individuals). For example, on charterers’ instructions, vessels may from time to time call on ports located in countries subject to sanctions imposed by the United States, the EU or other applicable jurisdictions. If the Company is found to be in violation of such applicable sanctions, the Company’s results of operations may be adversely affected or we may suffer reputational harm.

As another example, charterers or other parties that the Group enter into contracts with, may be affiliated with persons or entities that are the subject of sanctions imposed by the United States, the EU or other applicable jurisdictions as a result of the annexation of Crimea by Russia in 2014 or subsequent developments in Ukraine. If the Company determines that such sanctions require it to terminate contracts, there would be risk of loss and periods of off-hire, and there is a connected risk of reputational harm.

Although the Group believes that it is in compliance with applicable sanctions laws and regulations, and intends to maintain such compliance, there can be no assurance that it will be in compliance in the future, particularly as the relevant sanctions are often ambiguous and change regularly. The Company has currently not been practically or legally affected by the situation in Ukraine and sanctions imposed on Russia and Russian entities and individuals. However, the regulatory landscape is rapidly changing and the Company cannot guarantee that its business will not be affected by the situation and the related sanctions regimes. Any violation of sanctions laws and regulations could result in fines or other penalties that could severely impact the Group’s ability to access U.S. and European capital markets and conduct its business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in the Group. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Group’s operations, which in turn could have an adverse effect on the Group’s results.

The International Safety Management (ISM) Code

The Group is required to comply with requirements set forth in IMO’s ISM Code. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive “Safety Management System”. Failure to comply with the regulations set forth in the ISM Code may subject the Group to increased liability and adversely affect the Group’s insurance coverage. It may also result in a denial of access to, or detention in, certain ports. This could in turn have an adverse effect on the Group’s result. Reference is made to clause 8.10.6 for a more detailed description of the ISM Code regulations.

2.2.2 Failure to comply with applicable anti-corruption laws, sanctions or embargoes

The Group expects to operate its vessels in a number of countries, such as China, Brazil, Singapore and in some developing economies, which can involve inherent risks associated with fraud, bribery and corruption and where strict compliance with anti-corruption laws may conflict with local customs and practices. As a result, the Group may be subject to risks under the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, the Bermuda Bribery Act 2016 and similar laws in other jurisdictions that generally prohibit companies and their intermediaries from making, offering or authorizing improper payments to government officials for the purpose of obtaining or retaining business.

The Group is required to do business in accordance with applicable anti-corruption laws as well as sanctions and embargo laws and regulations (including U.S. Department of the Treasury Office of Foreign Assets Control requirements) and the Group has adopted policies and procedures, including a code of business conduct and ethics, which are designed to promote legal and regulatory compliance with such laws and regulations. However, either due to the Group's acts or omissions or due to the acts or omissions of others, including the Group's employees, agents, local sponsors or others, the Group may be determined to be in violation of such applicable laws and regulations or such policies and procedures. Any such violation could result in substantial fines, sanctions, deferred settlement agreements, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and the seizure of the Group's vessels and other assets, and might as a result materially adversely affect the Group's business, financial condition and results of operations.

The Group's customers in relevant jurisdictions could seek to impose penalties or take other actions adverse to the Group's interests. In addition, actual or alleged violations could damage the Group's reputation and ability to do business and could cause investors to view the Group negatively and adversely affect the market for the Shares. Furthermore, detecting, investigating and resolving actual or alleged violations are expensive and can consume significant time and attention of executive and senior management regardless of the merit of any allegation.

2.2.3 A change in tax laws in any country in which the Group operates or loss of a major tax dispute or a successful tax challenge to the Group's operating structure, intercompany pricing policies or the taxable presence of the Company's subsidiaries in certain countries could adversely affect the Group

Tax laws, treaties and regulations are highly complex and subject to interpretation. Consequently, the Company and its subsidiaries are subject to changing laws, treaties and regulations in and between the countries in which they operate. The Group's tax expense is based on our interpretation of the tax laws in effect at the time the expense was incurred. A change in tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on our earnings. Such changes may include measures enacted in response to the ongoing initiatives in relation to fiscal legislation at an international level such as the Action Plan on Base Erosion and Profit Shifting of the Organization for Economic Co-Operation and Development.

In addition, if any tax authority successfully challenges positions the Group may take in tax filings, its operational structure, intercompany pricing policies, the taxable presence of the Company's subsidiaries in certain countries or any other situation, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to the Company's structure, or if the Group loses a material tax dispute in any country, its effective tax rate on its worldwide earnings could increase substantially and its earnings and cash flows from operations could be materially adversely affected.

2.3 Risks related to financing

2.3.1 The Group's operating cash flow may not be sufficient to cover the Group's financial obligations

The Group has financial obligations under its Financing Arrangements, and the Group cannot be sure that it will be able to generate future cash flows from operations in amounts that are sufficient to satisfy such obligations. If the Group is not able to satisfy these obligations, it may have to undertake alternative financing plans or sell assets. In addition, payments under the Group's (as applicable) future financing arrangements may limit funds otherwise available for working capital, capital expenditures, payment of cash distributions and other purposes. If the Group is unable to meet its financing obligations, or if it otherwise defaults under its leasing or credit facilities, the Group's financiers could declare default under leasing charters and retake possession of the vessels, or declare debt, together with accrued interest and fees, to be immediately due and payable and enforce share security over one, or all of the Subsidiaries, which could result in the acceleration of other indebtedness that the Group may have at such time and the commencement of similar foreclosure proceedings by other financiers.

2.3.2 Financial covenants in our Financing Arrangements may restrict the Company's ability to pay dividends

The Group is, i.a., financed by the Leasing Arrangements, pursuant to which there are customary level of minimum cash in each of the respective Subsidiaries' bank accounts (CCBFL Leasing and Jiangsu Leasing, applicable after 180 days after each respective vessel delivery) or requirements for certain levels of cash after distributions of dividends from Subsidiaries (AVIC Leasing), as further described in section 8.5.4. The Company aims to distribute monthly dividends to its shareholders once its vessels generate sufficient cash flow allowing such payments. The minimum cash clauses may restrict such dividends from the Subsidiaries and, as such, access by the Company to the Group's cash reserves for dividend payments.

2.4 Risks related to the securities

2.4.1 *The Shareholders do not have pre-emptive rights*

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for additional issues of a company's shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of a company or under any contract between the shareholder and the company. The Bye-laws do not provide for pre-emptive rights in the Company. The Board of Directors of the Company is authorised to issue new shares in the Company, limited by the total authorised share capital of the Company. As such, the Shareholders of the Company may be diluted by issues of new shares in the Company, which do not have to be approved by a general meeting of shareholders.

2.4.2 *The Board is authorised to issue new shares without shareholder approval*

Pursuant to Bermuda law, the board is authorised to issue shares up to the authorised share capital of the Company, as defined by the general meeting of shareholders from time to time. For the Company, the initial shareholders have set the authorised share capital to US\$ 140,010,000 divided by 140,010,000 shares each with a par value of US\$ 1.0, whereof a number of 32,152,857 shares have been issued (prior to and excluding the shares issued in the US Offering) and 800,000 shares have been reserved for the Company's LTI Plan. This authorization empowers the Board to issue new shares in the Company without the shareholders' approval. As such, the Board may resolve issuance of new shares, which may have a diluting effect on existing shareholders. The Company does not plan further share issues, but there can be no assurances that the Company may not have to seek new equity in the future.

2.4.3 *Transformation into a U.S. public company will increase the Company's costs and may disrupt the regular operations of its business*

The listing of the New Shares on NYSE will have a significant transformative effect on the Company. The Company expects to incur significant additional legal, accounting, reporting and other expenses as a result of having U.S. publicly traded common shares. The Company will also incur costs which it has not incurred previously, including, but not limited to, increased directors and officers insurance, investor relations, and various other costs of a U.S. public company. The Company also anticipates that it will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"), as well as rules implemented by the SEC and NYSE. The Company expects these rules and regulations to increase its legal and financial compliance costs and make some management and corporate governance activities more time-consuming and costly, particularly after it is no longer an "emerging growth company". These rules and regulations may make it more difficult and more expensive for the Company to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

The additional demands associated with being a public company may disrupt regular operations of the Company's business by diverting the attention of some of its contracted senior management team away from revenue producing activities to management and administrative oversight, adversely affecting the Company's ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing its business. Any of these effects could harm the Company's business, financial condition and results of operations.

2.4.4 *The Company depends on directors who are associated with affiliated companies, which may create conflicts of interest*

The Company's principal shareholder is Drew Holdings Ltd. and affiliates thereof, including, Magni Partners (collectively, the "**Related Parties**"). The Company maintains commercial relationships with its Related Parties, including the Corporate Support Agreement that is currently in place and under which services continue to be provided to the Company. Certain of the Company's Related Parties have also provided facilities to the Company, including the Drew Holdings RCF. Such arrangements can create conflicts of interest between the Company, its directors and the Related Parties. Please refer to section 13 for further information.

2.4.5 *Insiders will continue to have substantial control over the Company after the US Offering and could limit its ability to influence the outcome of key transactions, including a change of control*

Drew Holdings, the Company's largest shareholder, owns 38.7% of the Shares. As a result, this shareholder may be able to influence matters requiring approval by the Company's shareholders, including the election of directors and the approval of amalgamations, mergers or other extraordinary transactions. It may also have interests that differ from the Company's other shareholders and may vote in a way with which other shareholders disagree and which may be adverse to other shareholders' interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company, which could deprive its other shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Company and might ultimately affect the market price of the Shares.

2.4.6 Certain of the Company's major shareholders may have interests that are different from the interests of the Company's other shareholders

Certain of the Company's major shareholders may have interests that are different from, or are in addition to, the interests of the Company's other shareholders. In particular, Drew Holdings is expected to own approximately 32.5% of the Company's outstanding shares following the settlement of the US Offering. There may be real or apparent conflicts of interest with respect to matters affecting such shareholders and their affiliates whose interests in some circumstances may be adverse to the Company's interests.

For instance, Drew Holdings is also a principal shareholder of a number of other large publicly traded companies involved in various sectors of the shipping and oil services industries (the "**Drew Related Companies**"). In addition, certain of the Company's directors, including Carl Steen and Georgina Sousa, also serve on the boards of one or more of the Drew Related Companies, including but not limited to Golar LNG Ltd. There may be real or apparent conflicts of interest with respect to matters affecting Drew Holdings and other Drew Related Companies whose interests in some circumstances may be adverse to the Company's.

For so long as such shareholders continue to own a significant percentage of the Company's Shares, they will be able to significantly influence the composition of the Company's Board of Directors and the approval of actions requiring shareholder approval through their voting power. Accordingly, for such a period of time, they will have significant influence with respect to the Company's management, business plans and policies, including the appointment and removal of the Company's officers. In particular, for so long as such shareholders continue to own a significant percentage of the Company's Shares, they may be able to cause or prevent a change of control of the Company or a change in the composition of its Board of Directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive investors of an opportunity to receive a premium for their Shares as part of a sale of the Company and ultimately might affect the market price of the Company's Shares.

Such shareholders and their affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests conflict with the Company's interests or those of its shareholders. For example, they may pursue acquisition opportunities that may be complementary to the Company's business, and, as a result, those acquisition opportunities may not be available to the Company. In addition, they may have an interest in the Company pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to the Company and its shareholders. Such potential conflicts may delay or limit the opportunities available to the Company, and it is possible that conflicts may be resolved in a manner adverse to the Company or result in agreements that are less favorable to the Company than terms that would be obtained in arm's-length negotiations with unaffiliated third parties.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Listing of the New Shares on Euronext Expand.

The members of the Board of Directors accept responsibility for the information contained in this Prospectus and declare that the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import.

4 April 2023

The Board of Directors of Himalaya Shipping Ltd.

Georgina Sousa
Director

Bjørn Isaksen
Chair/Director

Mi Hong Yoon
Director

Carl Steen
Director

Jehan Mawjee
Director

This Prospectus is valid for a period of 12 months from the date of approval by the Financial Supervisory Authority of Norway (the "**Norwegian FSA**"). The Prospectus was approved on 4 April 2023 by the Norwegian FSA, as competent authority under the Prospectus Regulation. The Norwegian FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The approval from the Norwegian FSA shall not be considered as an endorsement of the Company that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Company's shares.

4 GENERAL INFORMATION

4.1 Date of Information

The information contained in this Prospectus is current as at the date of the Prospectus and is subject to change or amendment without notice. Except as required by applicable law and Oslo Stock Exchange rules the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Company's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

4.2 Other important investor information

The Company has furnished the information in this Prospectus. The Financial Advisor makes no representation or warranty, whether express or implied, as to the accuracy, completeness or verification of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Financial Advisor, whether as to the past or the future. The Financial Advisor disclaims, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Listing. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Listing and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Listing or any transaction or arrangement referred to herein.

None of the Company, the Financial Advisor, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the New Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the New Shares.

Investing in the New Shares involves a high degree of risk. See Section 2 "Risk Factors".

In connection with the Listing, the Financial Advisor and any of its respective affiliates, acting as an investor for its own account, may take up New Shares and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Listing. Accordingly, references in the Prospectus to New Shares being placed should be read as including any offering or placement of New Shares to the Financial Advisor or any of their respective affiliates acting in such capacity. The Financial Advisor does not intend to disclose the extent of any such investment or transactions other than in accordance with legal or regulatory obligation to do so. In addition, the Financial Advisor or its affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Financial Advisor (or its affiliate) may from time to time acquire, hold or dispose of New Shares.

4.3 Presentation of financial and other information

4.3.1 Financial information

The Company's consolidated financial statements for the period from the incorporation of the Company on 17 March 2021 to and as of 31 December 2021, and from 1 January 2022 to and as of 31 December 2022 (the "**Financial Statements**") have been prepared in accordance with generally accepted accounting principles in the United States of America ("**US GAAP**"). The Financial Statements have been audited by PricewaterhouseCoopers AS ("**PwC**") and their report is included therein.

In connection with the US Offering and listing on NYSE, on 7 March 2023, the Company filed publicly with the SEC as part of an F-1 registration statement full year 2022 audited annual financial statements prepared under US GAAP.

The Company plans to publish its annual report including annual financial statements for 2022 on 14 April 2023 based on Norwegian regulations. The annual accounts for 2022 that will be included in the annual report will also be prepared under US GAAP and are expected to include the same financial figures as included in the F-1 filed with the SEC barring any significant subsequent events. However, the annual report for 2022 will include some additional information based

on local Norwegian regulations, such as the board's annual report, corporate governance and social responsibility reports, information about the 20 largest shareholders and notes regarding remuneration of senior management employees.

The audit report for the Financial Statements for 2021 includes the following explanatory note on going concern:

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.

Note 2 in the financial statements referred to in the explanatory note was the following note:

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.

The audit report for the Financial Statements for 2022 includes the following explanatory note on going concern:

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company is dependent on debt financing and equity financing to finance the scrubber installation under the current newbuilding contracts for the vessels and working capital requirements that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 in the financial statements referred to in the explanatory note was the following note:

Going concern

The financial statements have been prepared on a going concern basis. The Group is dependent on debt financing and equity financing to finance the scrubber installation 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. As of December 31, 2022, the Company has not commenced operations, has cash and cash equivalents of US\$0.3 million and a working capital deficit of US\$24.3 million. The Consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is planning to raise financing through a public offering of the Company's shares. Given management expects completion of the planned debt financing for scrubber installation 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 consolidated financial statements. There is no assurance that the Himalaya Shipping group will be able to execute this financing.

Following the date of the Financial Statements, the Company has entered into additional agreements with Avic for the financing of 90% of the scrubber costs related to Mount Norefjell, Mount Ita, Mount Etna and Mount Blanc. The Company is of the view that with the Leasing Arrangements including the additional scrubber financing from Avic, the Drew Holding RCF, the Bridge Facility and the net proceeds from the US Offering, the Company has secured financing for its substantial payment obligations towards New Times, and at least financing for the twelve-month period from the date of the Listing.

Reference is also made to section 11.8, with further descriptions on events subsequent to the period of the Financial Statements.

The Company and its subsidiaries have the US\$ as their functional currency because the majority of their expenses and financing are denominated in US\$, and the majority of its revenue is expected to be denominated in US\$. Accordingly, the Group's reporting currency is also US\$.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly.

4.3.2 *Industry and Market Data*

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends, market positions, industry trends, competition in the industry in which the Company operates and similar information are estimates based on data compiled by professional organisations, consultants and analysts; in addition to market data from other external and publicly available sources, including market data from Clarksons Research Services Limited (a company owned by Clarksons PLC, the ultimate parent company of Clarksons Platou Securities), as well as the Company's knowledge of the markets. Market data from Clarksons Research Services Limited is not publicly available but can be obtained against payment by contacting Clarksons Research Services Limited, London.

While the Company has compiled, extracted, and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. The Company cautions prospective investors not to place undue reliance on the mentioned data. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 ("Risk Factors") and elsewhere in this Prospectus.

4.4 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and anticipated financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would", "aims" and, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear, among other areas, in the following sections in this Prospectus, Section 7 "Industry and Market Overview", Section 8 "Business overview" and Section 11 "Operating and Financial Review" and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Company, operating results, liquidity, prospects, growth, the implementation of strategic

initiatives, as well as other statements relating to the Company's future business development and financial performance, and the industry in which the Company operates, such as, but not limited to, statements relating to:

- the Company's strategy, outlook and growth prospects;
- the Company's operational and financial objectives, including statements relating to expectations for the Company's medium or long-term growth, margin, and dividend policy;
- the competitive nature of the business in which the Company operates, the competitive pressure and competitive environment in general;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the expected growth and other developments of the industries in which the Company operates;
- the Company's planned investments;
- forecasts;
- the Company's liquidity, capital resources, capital expenditures, and access to funding; and
- economic, legal, social and political developments in the markets in which the Company operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements.

The risks that could affect the Company's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk Factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" or a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Company.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.5 Other Information

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**EUR**" are to the lawful currency of the EU, and all references to "**US\$**" are to the lawful currency of the United States of America.

In this Prospectus all references to "**EU**" are to the European Union and its Member States as of the date of this Prospectus; all references to "**EEA**" are to the European Economic Area and its member states as of the date of this Prospectus; and all references to "**US**", "**U.S.**" or "**United States**" are to the United States of America.

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly.

4.6 Approval of Prospectus

The Prospectus has been approved by the Norwegian FSA, as competent authority under the Prospectus Regulation. The Norwegian FSA only approved the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval from Norwegian FSA shall not be considered as an endorsement of the Company. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus has been drawn up in accordance with annex 1 and 11 of the Prospectus Regulation.

5 THE US OFFER AND THE LISTING

5.1 Introduction

On 30 March 2023, the Company announced the successful completion of an offering of the New Shares in the Company registered under the US securities laws (the “**US Offering**”), in which 7,720,000 New Shares having par value of US\$ 1.00 and a subscription price per share of US\$ 5.80 are expected to be issued on 4 April 2023, thus raising gross proceeds of US\$ 44,776,000 million. The US Offering took place through a bookbuilding process and was priced based on the bookbuilding and on the most recent closing price on Euronext Expand available on the pricing date. The US Offering was completed in compliance with applicable exemptions from relevant prospectus requirements in Norway. No New Shares or Existing Shares are being offered to the public in Norway or the EEA. The Company has also granted the underwriters a 30-day option to purchase up to an additional 1,158,000 Shares at US\$ 5.80, less underwriting discounts and commissions. The expected approximate net proceeds from the US Offering is US\$ 40.5 million, excluding any exercise of the underwriters' option to purchase additional Shares.

The settlement of the New Shares is expected to take place on 4 April 2023 through the DTC in accordance with its customary settlement procedures for equity securities registered through DTC's book-entry transfer system. The New Shares will be listed on NYSE from such date. Each person beneficially owning New Shares registered through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of the New Shares; whereas each person beneficially owning Existing Shares or New Shares directly in the VPS must rely on the procedures thereof to exercise any rights of a holder of either such shares (please refer to section 14.4.2 for a detailed description of the CSD registration).

As such, the New Shares were offered in the US and are expected to be listed on NYSE. In connection with the US Offering and the listing of the New Shares on NYSE, the Company registered its Existing Shares in the VPS through a CSD Link (cf. section 14.4.2) on 29 March 2023. The structure of the CSD Link allows for the transfer of the New Shares into the VPS. The free transferability of the New Shares into the VPS allows for an investor to trade the New Shares on Euronext Expand together with the Existing Shares. As such, the New Shares are regarded as admitted to trading on Euronext Expand together with the Existing Shares pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway (the “**Prospectus Regulation**”), with effect from the date on which the New Shares are issued, expected to be on or about 4 April 2023. Hence, the Company is required to publish an EU listing prospectus pursuant to the Prospectus Regulation Article 3 (3).

5.2 The purpose of the US Offering and the Listing

The Company intends to use the net proceeds from the US Offering for general corporate purposes, which may include funding acquisitions or maintaining liquidity, repayment of indebtedness and funding its working capital needs. We will have broad discretion in allocating the net proceeds from this offering. In particular we intend to use the proceeds of the offering primarily to (i) repay US\$7.5 million drawn under our Bridge Facility to fund working capital requirements, (ii) repay US\$2.5 million to our technical ship managers relating to advanced short-term funding provided to us to cover actual costs and expenses arising from or in connection with the ship management agreements described in section 8.5.7, (iii) pay 0-48 million relating to the remaining cost of scrubbers relating to the third and fourth vessels with hull numbers 0120835 and 0120836, respectively, under the 1-4 Shipbuilding Contract, (iv) pay US\$19.2 million relating to the costs to install scrubbers on eight of our vessels under the 5-8 and 9-12 Shipbuilding Contracts, unless the Company secures debt financing for the cost to install scrubbers on such eight vessels, (v) pay US\$ 8.1 million of loan fees to be paid to the Leasing Providers., and (vi) pay US\$1.35 million relating to support fees to be paid to Magni in connection with the delivery of the first two vessels from New Times. The Company believes that the Listing will enable to Company to complete the US Offering on more favorable terms than without the Listing, and enhance the Company's profile with investors, business partners, vendors customers and increase public credibility.

The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of the Company's business and customer base. Pending their use, the Company intends to hold them as cash.

5.3 Advisors

The Financial Advisor for the Listing is DNB Markets, a part of DNB Bank ASA.

Skadden, Arps, Slate, Meagher & Flom (UK) LLP is acting as US legal counsel to the Company, Ro Sommernes advokatfirma DA is acting as Norwegian legal counsel to the Company and MJM Limited is acting as Bermuda legal counsel to the Company.

6 DIVIDENDS AND DIVIDEND POLICY

6.1 Dividend policy

Under the Company's bye-laws, the Board of Directors may declare cash dividends or distributions. The Company is subject to Bermuda legal constraints that may affect its ability to pay dividends on its common shares and make other payments. Under Bermuda law, a company may not declare or pay dividends if there are reasonable grounds for believing that: (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of its assets would thereby be less than its liabilities.

Since the Company is a holding company with no material assets other than the shares of its subsidiaries through which it conducts its operations, its ability to pay dividends will depend on its subsidiaries distributing their earnings and cash flow to the Company. In addition, certain covenants under the Company's Leasing Arrangements subject dividends to certain conditions(cf. section 8.5.4).

The Company has not paid any dividends to its shareholders since its incorporation. The Company aims to distribute monthly dividends to its shareholders once its vessels generate sufficient cash flow allowing such payments. Any future determination related to the Company's dividend policy will be subject to the discretion of its Board of Directors, requirements of Bermuda law and other applicable laws, its results of operation, financial condition, cash requirements and availability, including requirements under capital expenditure programs, market prospects, contractual restrictions under its Financing Arrangements, the ability of its subsidiaries to distribute funds to the Company and other factors deemed relevant by its Board of Directors.

6.2 Manner of dividend payments

When registered in the VPS, the Shares will be priced and traded in NOK on Euronext Expand and any future dividends on the Shares will be declared in US\$. The declared dividend in US\$ will be converted to NOK (NOK is required distribution currency by VPS) on the day the share is traded ex dividend, for distribution through VPS.

For VPS account holders that have a NOK account linked to their VPS account, dividends will be credited directly to such NOK account. Investors that are residing in Norway but have not linked a NOK account to the VPS account will receive dividends by giro payment. For investors registered in the VPS Register whose address is outside Norway and who have not supplied its VPS account administrator with details of any Norwegian kroner account, payments of dividends will be denominated in the currency of the bank account of the relevant investor, and will be paid to the investors through the registrar. Investors registered in the VPS register who have not supplied their VPS account administrator with details of their bank account, will not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the registrar about said account. Dividends will be credited automatically to the VPS registered investors accounts, or in lieu of such registered account, at the time when the investor has provided the registrar with their bank account details, without the need for investors to present documentation proving their ownerships. Investors' right to payment of dividends will lapse three years following the payment date for those investors who have not registered their bank account details with the registrar within such date. Following the expiry of such date, the remaining, undistributed dividends will be returned from the registrar to the Company.

Exchange of funds will be executed in accordance with the standard procedures of DNB Bank ASA (the Company's registrar), Foreign Payments Department. The exchange rate(s) applied will be DNB Bank ASA's exchange rate on the date and time of day for execution of the exchange.

7 INDUSTRY AND MARKET OVERVIEW

7.1 Introduction, sources of information

The discussion contained under this “Industry and Market Overview” section has been compiled from the database of Clarksons Research and other industry sources. Clarksons Research compiles and publishes data for the benefit of its clients. In connection therewith, Clarksons Research has advised that: (i) certain information in Clarksons Research’s database is derived from estimates or subjective judgments, (ii) the information in the databases of other shipping data collection agencies may differ from the information in Clarksons Research’s database and (iii) while Clarksons Research has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures. Although data is taken from the most recently available published sources, these sources do revise figures and forecasts from time to time. Market data and statistics are inherently predictive and subject to uncertainty and do not, necessarily, reflect actual market conditions. Such statistics are based on market research, which, itself, is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products, services and transactions should be included in the relevant market.

The Company has compiled, extracted and reproduced data from Clarksons Research and confirm that such information has been accurately reproduced and, as far as it is aware and are able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Forward-looking information obtained from third-party sources, including Clarkson Research, is subject to the same qualifications and the uncertainties regarding the other forward-looking statements in this prospectus. See the sections entitled “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements.”

7.2 Dry bulk overview

Set forth below is an overview of some of the key industry trends:

- Bulk carriers transport a wide range of essential commodities in bulk form, with the largest vessel classes, Capesize (including Newcastlemax), focused on the transportation of iron ore, coal and bauxite.
- A highly competitive and volatile charter market is driven by the demand for, and supply of, shipping capacity.
- Improved charter rates in 2021 and 2022 were reflective of an initial strong Covid-19 demand recovery, increased congestion limiting available supply and underlying slower rates of fleet growth.
- Global and Chinese economic headwinds and an unwinding of congestion weakened charter rates in the second half of 2022, with seasonal factors leading to further weakness in early 2023.
- Demand outlook highly dependent on global economic trends and, for Capesize in particular, the potential for activity in the Chinese economy and its steel industry to increase as its Covid-19 measures are relaxed.
- Highly favourable supply outlook, with the bulk carrier orderbook at a 25 year low of 7% of the fleet (6% for Capesize) and immediate shipyard availability dominated by the container and LNG shipping sectors.
- Long term reductions in global shipbuilding capacity and uncertainty around propulsion technology are also limiting to an extent newbuilding investment.
- Accelerating emissions regulation and policies may limit effective supply by reducing the speed of vessels, increasing longer term demolition levels and placing older non-eco designed vessels at a disadvantage in the charter market.

7.3 Dry bulk supply summary

The current dry bulk supply situation stands out from an historical perspective due to several factors, including: the Capesize orderbook-to-fleet ratio is at an historical low of approximately 6%; that shipyard lead-times from order to delivery are at their highest level since 2009, due to stretched shipyard capacity driven by high containership and liquified natural gas (“LNG”) vessel ordering in 2021–2022; an ageing Capesize fleet; inflation in newbuilding prices; and uncertainty relating to propulsion technology to satisfy future regulatory emission requirements. The above factors are expected to limit newbuilding ordering in the near-term.

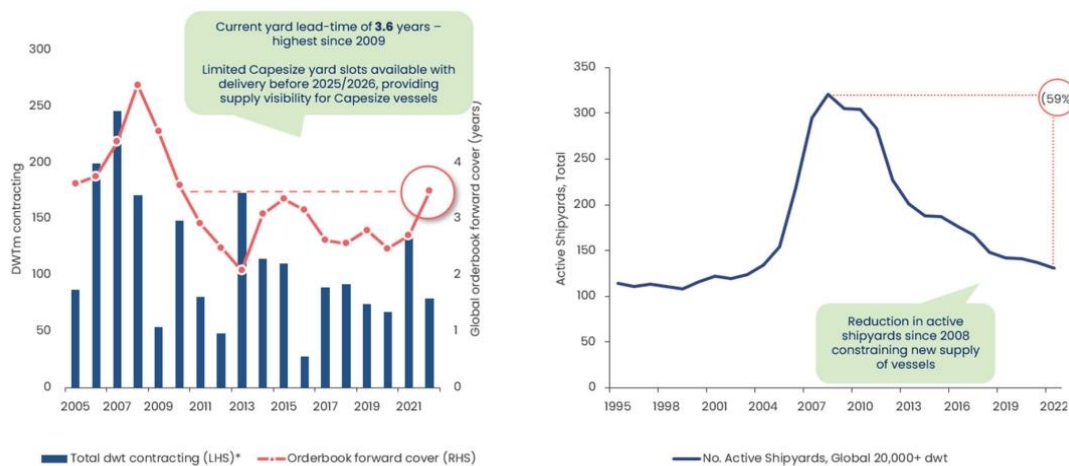
Furthermore, the number of active shipyards globally building vessels larger than 20,000 dwt has shrunk since 2008. Only 131 shipyards are now active, compared to the 321 active shipyards globally during the peak in 2008. The limited Capesize yard slots available before 2025 and 2026 provides reasonable supply visibility for Capesize vessels and the reduction in active shipyards constrains new supply of Capesize vessels. In any given year, there is potential for some ‘slippage’ of delivery schedules to reduce supply growth, while also some ‘late reporting’ of orders may expand the delivery schedule, particularly in Japan; both of these factors could have some limited impact on the supply outlook.

Figure 1.1: Capesize orderbook-to-fleet ratio (in terms of dwt) at historical record low levels



Source: Clarksons Research

Figure 1.2: Limited capacity of shipyards globally



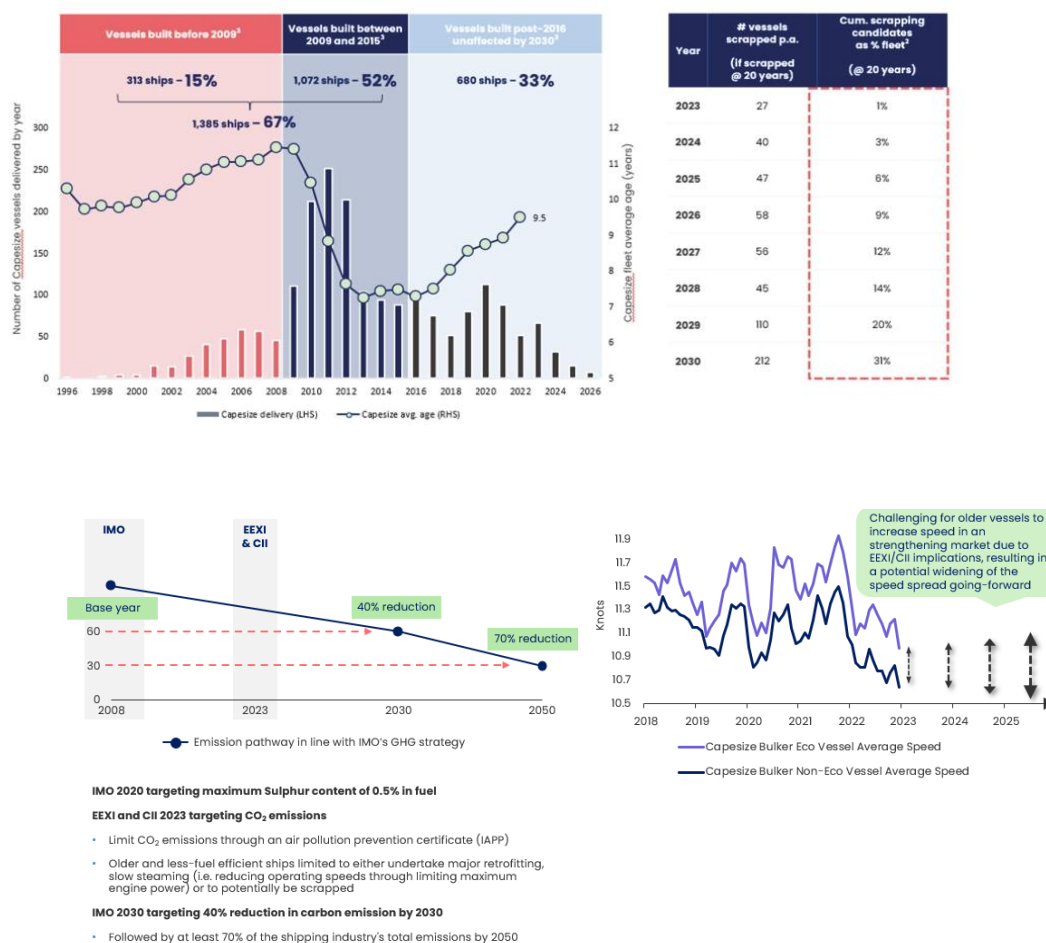
Source: Clarksons Research, January 2023. Newbuild yard lead time calculate from shipyard forward cover estimate.

Dry bulk supply is affected by the delivery of new vessels, the scrapping of older vessels, port turnarounds with associated congestion, and average sailing speeds. The latter may be affected by International Maritime Organization (“IMO”) regulations, including EEXI and CII which take effect from 2023. EEXI sets minimum ship-by-ship efficiency standards, that may result in limits to some vessel’s maximum engine power, while CII is an ongoing annual efficiency improvement program based on operational performance that may necessitate slower sailing speeds or retrofitting for the least efficient vessels. Older and less-fuel efficient ships may need to undertake retrofitting and incur some capital expenditures and, or, slow-steam at a reduced speed, or potentially be scrapped in the medium term. The IMO is targeting a 40% reduction in the average carbon intensity of the shipping industry by 2030, with a 70% reduction in intensity targeted by 2050. Additionally, the IMO is targeting a reduction of at least 50% in the shipping industry’s total annual greenhouse gas emissions by 2050 and is under some pressure to accelerate this target. While there are some uncertainties around the impact of CII/EEXI (e.g. variation in enforcement, regulatory changes at future IMO meetings, policy of charterers, the timing of impacts, etc.), trends towards some speed reductions, the increase of longer term demolition levels and tiering of charter markets seem feasible. Besides IMO regulations, policies from other stakeholders including the EU, financiers and insurers through the Poseidon principles, and charter initiatives (e.g. the Sea Cargo Charter) may also support similar trends going forwards.

The Capesize fleet, including the current orderbook, counts 2,063 vessels, of which 311 vessels or 15% of the fleet were built before 2009 and 1,072 vessels or 52% were built between 2009 and 2015. A further c.1,100 Capesize vessels, or over half of fleet capacity, are defined as “non-eco” having mechanical rather than electronic main engines and being less fuel efficient and emissions efficient than their “eco” counterparts. According to Clarksons Research, the current average sailing speed of the dry bulk fleet is 11.2 knots. Based on a port time factor of 30%, a 1 knot reduction in speed scenario would lower effective dry bulk fleet supply by 6%, which is equal to the current dry bulk orderbook. As of

December 2022, it has been observed that scrubber fitted Capesize vessels and eco Capesize vessels have held a slightly higher average speed, ranging from 0.3 to 0.4 knots, when compared to Capesize vessels without such technology.

Figure 1.3: Regulations to impact fleet efficiency



Source: Clarksons Research and Company estimates

7.4 Dry bulk demand summary

After rebounding by 3.1% to 5.4 billion tonnes in 2021 (3.4% in ton-miles), seaborne dry bulk trade is estimated to have eased back by -2.7% in tonnes (1.9% in ton miles) in 2022. Macroeconomic headwinds, weak trends in China’s steel industry and impacts from the Russia-Ukraine conflict all dragged on volumes, though trends varied between commodities. Capesize vessel demand was impacted by weaker iron ore trade in 2022, although stronger trends in long-haul bauxite trade and shifting coal trade patterns (including long-haul European imports) provided some elements of support.

Subject to economic assumptions, including some improvements in the Chinese economy, Clarksons Research forecasts a compound annual growth rate (“CAGR”) of 2.1% for seaborne dry bulk trade in ton-miles for the period from 2022 to 2024, above the 1.6% growth in tonnes for the same period. The average haul of global seaborne dry bulk trade has risen 5% over the past 10 years to 5.4 thousand miles in 2022, up from 5.0 thousand in 2012 and 5.0 thousand in 2002 and Clarksons Research forecasts this to increase steadily through 2023-24 as trade patterns continue to shift in a number of commodities.

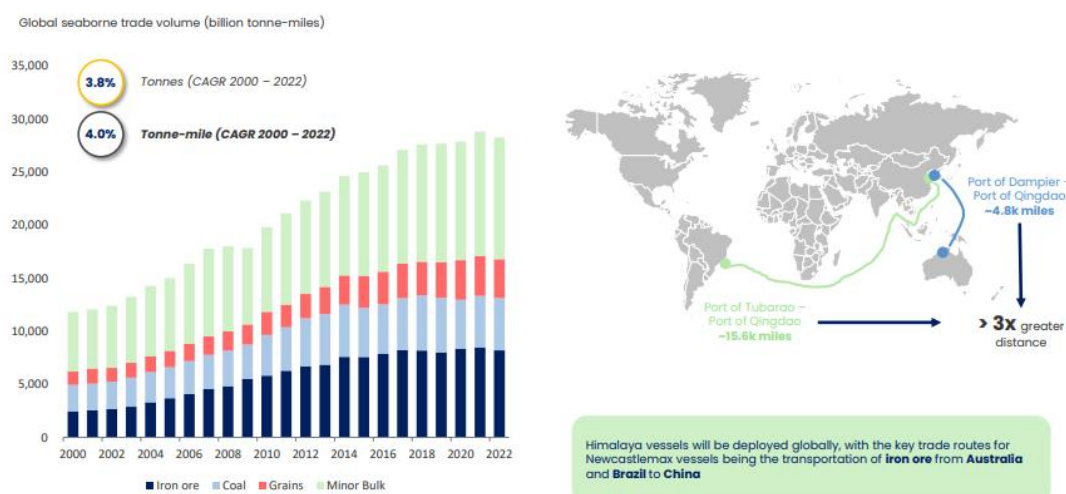
Seaborne iron ore trade is the key driver of Capesize vessel demand, with exports from Australia and Brazil to China accounting for the vast majority of trade volumes globally. Brazilian exports to China, given the much longer distance than Australia-China flows, have a particularly strong impact on Capesize vessel demand. Brazilian iron ore exports declined by around 4% to c.344mt in full year 2022, on the back of weaker Chinese demand and pressure on the steel industry in Europe, while volumes remained well below peak 2018 levels (c.390mt) once again following lingering knock-on impacts from the 2019 Brumadinho tailings dam collapse. Brazilian iron ore exports have started 2023 seasonally weakly amid weather disruption, but guidance from miners is for improved volumes across 2023-24 overall. Vale S.A. expects a gradual capacity increase going forwards, with latest iron ore production guidance of 310-320mt for 2023

(2022: 308mt), and is targeting more than 360mt of production by 2030 (Source: Vale Day 2022 in New York). Australian exports increased by c.1.5% in 2022 to c.885mt, a new high, but are currently projected to see only modest growth in 2023-24. Trends in China’s property and steel sectors will be a key driver of iron ore demand going forwards; seaborne imports declined in both 2021 and 2022 but could see some improvements if economic trends pick up.

Larger vessels, like Capesize vessels, could benefit from attractive demand drivers such as the following:

- The lifting of quarantine and lockdown restrictions in China may increase economic activity and dry bulk import demand, while property sector trends could also start to benefit from government support.
- A global economic “soft landing” followed by global economic recovery should support dry bulk import demand generally.
- The easing of traditional first quarter seasonal demand impacts including Chinese New Year and weather disruptions.
- Continued energy security concerns encouraging long haul coal trade.

Figure 1.4: Dry bulk demand growth



Source: Clarksons Research

7.5 Drivers for Dry Bulk Shipping

Demand for seaborne transportation of major and minor bulk is correlated to general economic activity, industrialization/urbanization of developing countries, population growth (including shifts in dietary habits), and regional changes in cargo supply/demand balances.

General economic activity and GDP growth have an indirect impact on demand for raw materials and finished products. The dry bulk trade has grown in part due to global economic growth. However, in developed countries, GDP is traditionally a less strong indicator of dry bulk demand as services generally constitute a larger share of GDP, while the sectors affecting dry bulk demand account for a smaller share of economic activity.

Industrialization and urbanization in developing countries traditionally imply high intensity steel and energy consumption driven by construction of infrastructure, housing, and industrial facilities. In the preliminary phase of industrialization, investment in fixed assets tends to account for a high share of GDP and boost dry bulk demand.

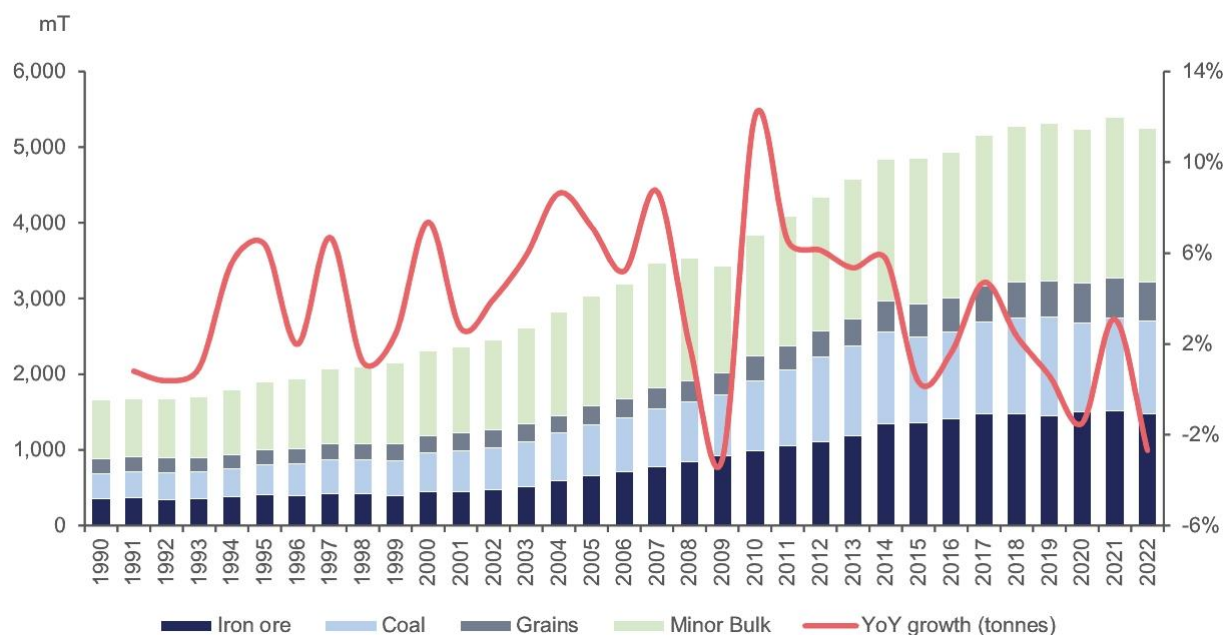
Population growth alone is a driver of dry bulk demand, as the need for necessities such as housing, transportation, and infrastructure increases in line with a growing population. In addition, shifts in dietary habits and rising demand for meat lead to disproportionately higher grain demand due to the need for animal feed grain.

Furthermore, global disparities in the supply and demand of raw materials affect dry bulk shipping demand. Shipment distances exhibit regional surpluses and deficits in commodities, and shifts occur due to the depletion of local resources or if local demand exceeds local supply.

Seaborne dry bulk trade, as illustrated in figure 1.4 has had a 3.8% CAGR in the period 2000 - 2022 and ton-miles transported a 4.0% CAGR over the same period due to an increase in longer trade routes.

The figure below shows global seaborne trade volumes of key dry bulk cargoes from 1990 to 2022 million tonnes.

Figure 1.5: Global Seaborne Dry Bulk Trade Volumes



Source: Clarksons Research

The tables below show in greater detail dry bulk shipping demand by key cargoes over the past 10 years:

Figure 1.6: Dry bulk shipping demand (mT)

Million tonnes	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Iron ore	1,111	1,190	1,342	1,358	1,418	1,476	1,475	1,455	1,501	1,517	1,481	2.9%
Coal	1,113	1,185	1,220	1,137	1,142	1,210	1,271	1,297	1,179	1,228	1,224	1.0%
Grains	347	363	409	430	450	475	474	479	517	525	505	3.8%
Major bulks	2,571	2,738	2,971	2,924	3,010	3,161	3,220	3,231	3,198	3,270	3,210	2.2%
Minor bulks	1,769	1,835	1,864	1,926	1,919	2,001	2,062	2,083	2,037	2,127	2,041	1.4%
Total	4,340	4,572	4,835	4,851	4,929	5,162	5,283	5,314	5,235	5,397	5,252	1.9%

Figure 1.7: Dry bulk shipping demand (billion tonne-miles)

Billion tonne-miles	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Iron ore	6,675	6,841	7,597	7,577	7,886	8,208	8,190	8,003	8,336	8,487	8,199	2.1%
Coal	4,549	4,775	4,907	4,623	4,641	4,899	5,204	5,145	4,630	4,844	4,931	0.8%
Grains	2,289	2,576	2,754	3,033	3,085	3,272	3,158	3,383	3,741	3,778	3,660	4.8%
Major bulks	13,512	14,192	15,258	15,233	15,613	16,380	16,553	16,530	16,707	17,109	16,791	2.2%
Minor bulks	8,813	8,951	9,390	9,767	10,029	10,713	11,061	11,151	11,182	11,722	11,479	2.7%
Total	22,325	23,143	24,648	25,000	25,642	27,093	27,614	27,681	27,889	28,831	28,269	2.4%

7.6 Selected Bulk Commodities

7.6.1 Iron ore

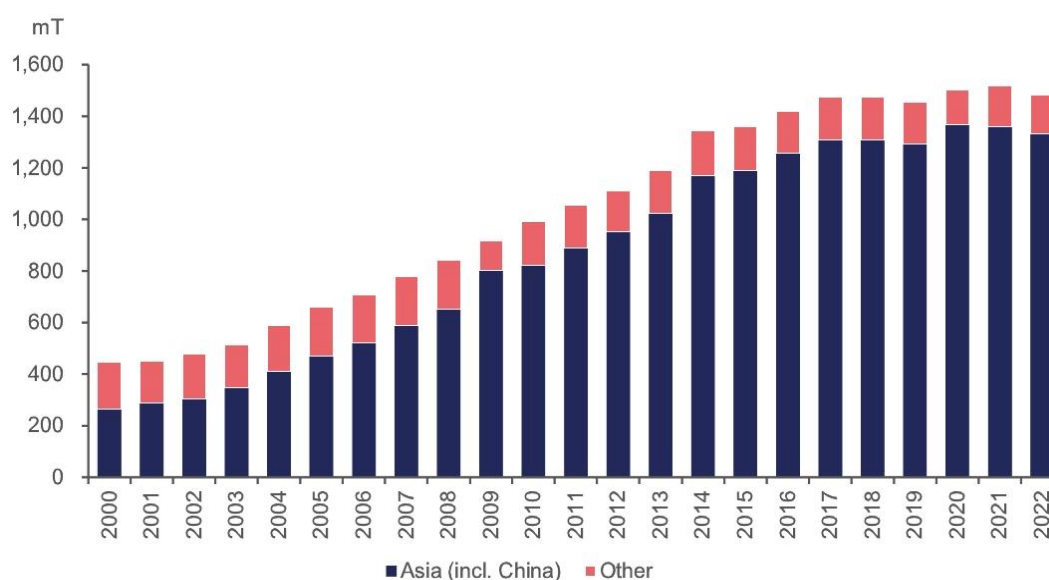
Iron ore accounts for around a third of total seaborne dry bulk demand and is the most transported commodity for Capesize vessels, including Newcastlemax vessels. In the past 10 years, seaborne iron ore trade volume has had a 2.9% CAGR, and while this is a reduction on the previous decade's growth rates, it reflects some increased Chinese demand and available Australian production.

Global iron ore importers

In 2022, Asia (predominantly China) imported approximately 90% of global seaborne iron ore. European imports of global seaborne iron ore accounted for approximately 6% in 2022. This means Chinese economic activity – specifically steel production – largely determines demand for Capesize vessels.

The table below shows the volume of seaborne iron ore shipped by key region from 2000 to 2022:

Figure 1.8: Key seaborne global iron ore importers (mT)



Million tonnes	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Asia (incl. China)	951	1,025	1,171	1,187	1,258	1,307	1,307	1,291	1,365	1,360	1,332	3.4%
Other	160	165	171	171	160	170	169	164	136	157	149	(0.7%)
Total	1,111	1,190	1,342	1,358	1,418	1,476	1,475	1,455	1,501	1,517	1,481	2.9%
YoY growth (mt)		79	152	16	60	58	(1)	(21)	47	16	(36)	
YoY growth (%)		7.1%	12.8%	1.2%	4.4%	4.1%	(0.0%)	(1.4%)	3.2%	1.1%	(2.4%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Asia (incl. China)	85.6%	86.1%	87.2%	87.4%	88.7%	88.5%	88.6%	88.7%	90.9%	89.6%	89.9%	
Other	14.4%	13.9%	12.8%	12.6%	11.3%	11.5%	11.4%	11.3%	9.1%	10.4%	10.1%	

Source: Clarksons Research

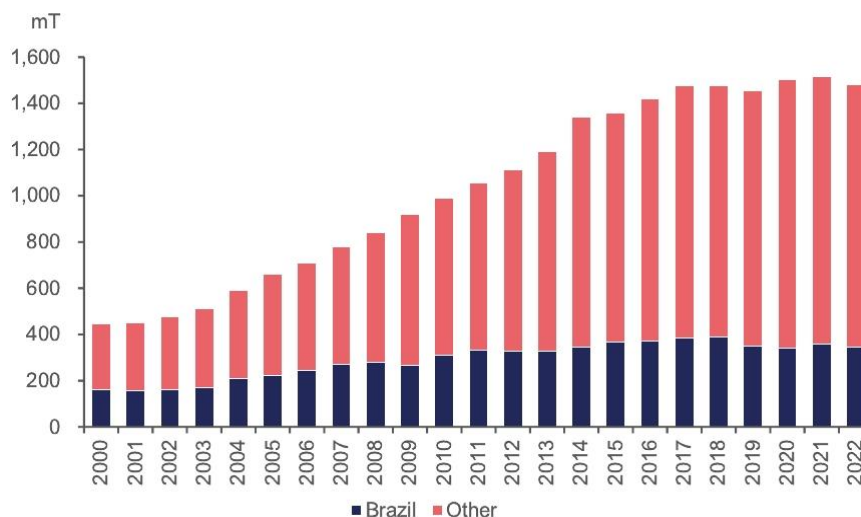
Global iron ore exporters

Iron ore is the main ingredient in steelmaking, and major producers include Vale, Rio Tinto Group, BHP Billiton, FMG, and Roy Hill. The main exporting countries of iron ore are Australia and Brazil. In 2022, Brazil exported approximately 23% of global seaborne iron ore and it accounted for around 43% of total iron ore vessel demand in ton-mile terms

given the long distance between Brazil and China. Others (predominantly Australia) exported approximately 77% of global seaborne iron ore export volume in 2022.

The table below shows the volume of iron ore shipped from key export regions from 2000 to 2022:

Figure 1.9: Key seaborne global iron exporters (mT)



Million tonne	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Brazil	327	330	344	365	374	384	390	351	342	357	344	0.5%
Other	785	860	998	993	1 044	1 092	1 086	1 104	1 160	1 160	1 137	3.8%
Total	1 111	1 190	1 342	1 358	1 418	1 476	1 475	1 455	1 501	1 517	1 481	2.9%
YoY growth (mt)		79	152	16	60	58	(1)	(21)	47	16	(36)	
YoY growth (%)		7.1%	12.8%	1.2%	4.4%	4.1%	(0.0%)	(1.4%)	3.2%	1.1%	(2.4%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Brazil	29.4%	27.7%	25.7%	26.9%	26.4%	26.0%	26.4%	24.1%	22.7%	23.5%	23.2%	
Other	70.6%	72.3%	74.3%	73.1%	73.6%	74.0%	73.6%	75.9%	77.3%	76.5%	76.8%	

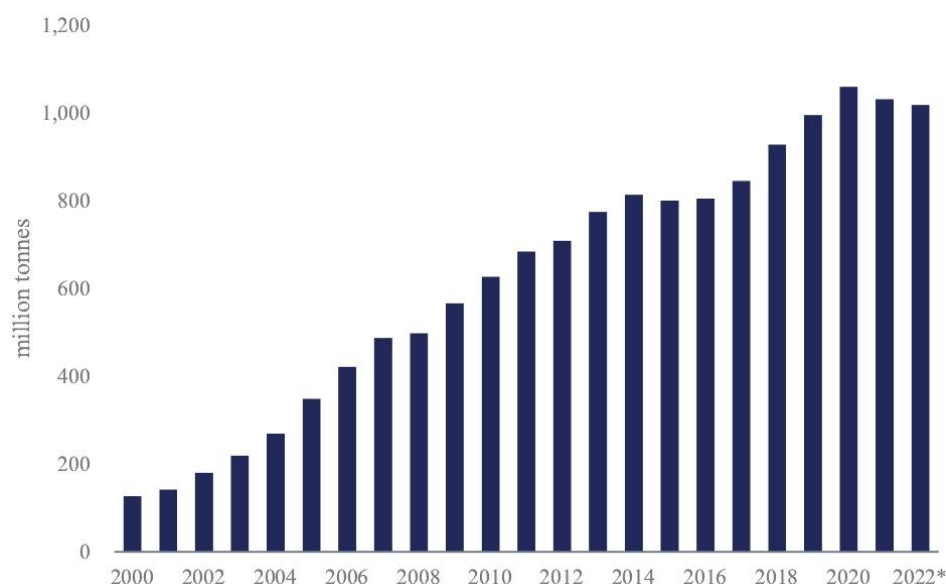
Source: Clarksons Research

7.6.2 Chinese steel production

Chinese steel production expanded rapidly between 2000 and 2020, though growth has moderated somewhat more recently, with approximately 3.8% CAGR in the past five years. The industry is responsible for 10–20% of the country's carbon emissions and government policy means that a more moderate growth phase likely lies ahead, with debate around the timing of a potential 'peak steel' in China. Chinese domestic iron ore production is usually associated with higher production costs because of generally lower iron content in ores compared to Brazilian and Australian exported iron ore's iron content. The production of iron from iron ore involves an oxidation-reduction reaction usually carried out in a blast furnace. As iron ore contains vast quantities of impurities, iron must first be separated from the impurities before it is converted to pure iron. The process involves a method called pyrometallurgy, a process requiring high temperatures. Lower iron content increases the required energy in the refining process, making steel production less profitable with domestic ore than with imported ore.

The figure below shows Chinese steel production volumes from 1996 to 2022.

Figure 1.10: Chinese steel production volumes (1996 to 2022)



Source: Clarksons Research, *2022 basis latest estimate

There is a push from iron ore miners to increase production as the iron ore price in July 2021 hit a 10-year high at US\$214/per ton. It had fallen by around 48% by December 31, 2022 to around US\$112/per ton, but was still above the 10-year average of approximately US\$98/per ton. Brazil's iron ore production was suppressed in 2019–2020 by the collapse of the Brumadinho dam, maintenance of mines, COVID-19 pandemic, and bad weather. The Brazil iron ore export industry has historically been a strong driver of Capesize and hence also Newcastlemax rates.

7.6.3 Coal

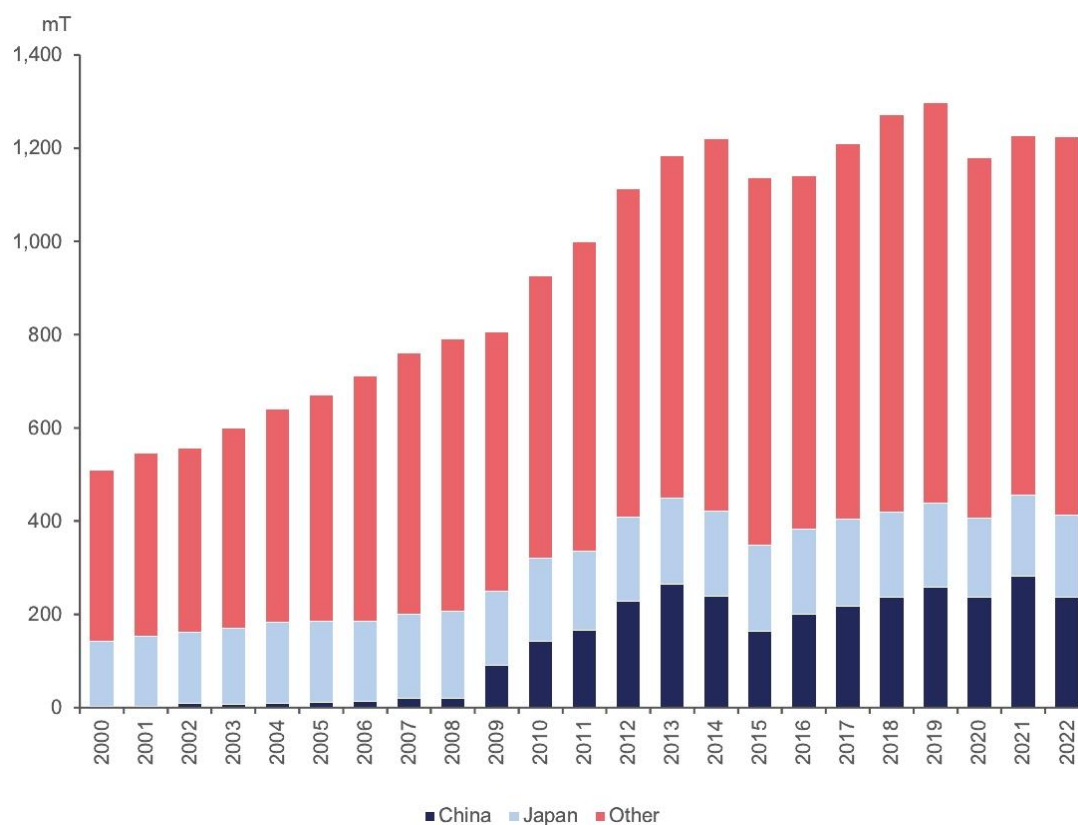
Coal is the second most transported bulk cargo (after iron ore) and is used primarily: for electricity and heat generation (thermal coal); and in blast furnace steel making (coking coal). The coal market has experienced average growth over the past decade (approximately 1.0% CAGR), but with year-to-year volatility, and the longer-term outlook is likely to be impacted by the energy transition.

Global coal importers

Historically, the largest importers of coal were Europe and Japan, but the thermal coal market has evolved and grown in recent decades, with Europe shifting its energy mix away from coal to reduce carbon emissions, whereas Asia is increasing its coal-fired power plant capacity. The drivers of coal market growth since 2009 have been China, India, Malaysia, the Philippines, Thailand, and Vietnam. This growth is particularly apparent when looking at Chinese coal imports across this period, which have increased substantially to become the world's number one importer. Chinese imports have fluctuated though, with a notable decline in 2015 caused by economic restructuring in China and import demand coming under pressure at times more recently from increasing domestic production. The trend of moving away from coal-fueled power generation could spread to developing countries as well over time.

The figure below shows volumes of coal shipped from 2000 to 2022 to key importers.

Figure 1.11: Key seaborne coal importers (mT)



Million tonnes	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
China	229	264	239	164	200	217	237	258	238	281	236	0.3%
Japan	179	186	183	185	184	186	183	180	168	175	176	(0.2%)
Other	705	735	798	788	758	807	851	859	773	771	812	1.4%
Total	1,113	1,185	1,220	1,137	1,142	1,210	1,271	1,297	1,179	1,228	1,224	1.0%
YoY growth (mt)		72	35	(83)	5	69	61	26	(118)	49	(4)	
YoY growth (%)		6.4%	3.0%	(6.8%)	0.4%	6.0%	5.0%	2.1%	(9.1%)	4.1%	(0.3%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
China	20.5%	22.3%	19.6%	14.4%	17.5%	17.9%	18.6%	19.9%	20.2%	22.9%	19.3%	
Japan	16.1%	15.7%	15.0%	16.2%	16.1%	15.4%	14.4%	13.9%	14.3%	14.3%	14.4%	
Other	63.4%	62.0%	65.4%	69.4%	66.4%	66.7%	67.0%	66.2%	65.6%	62.8%	66.3%	

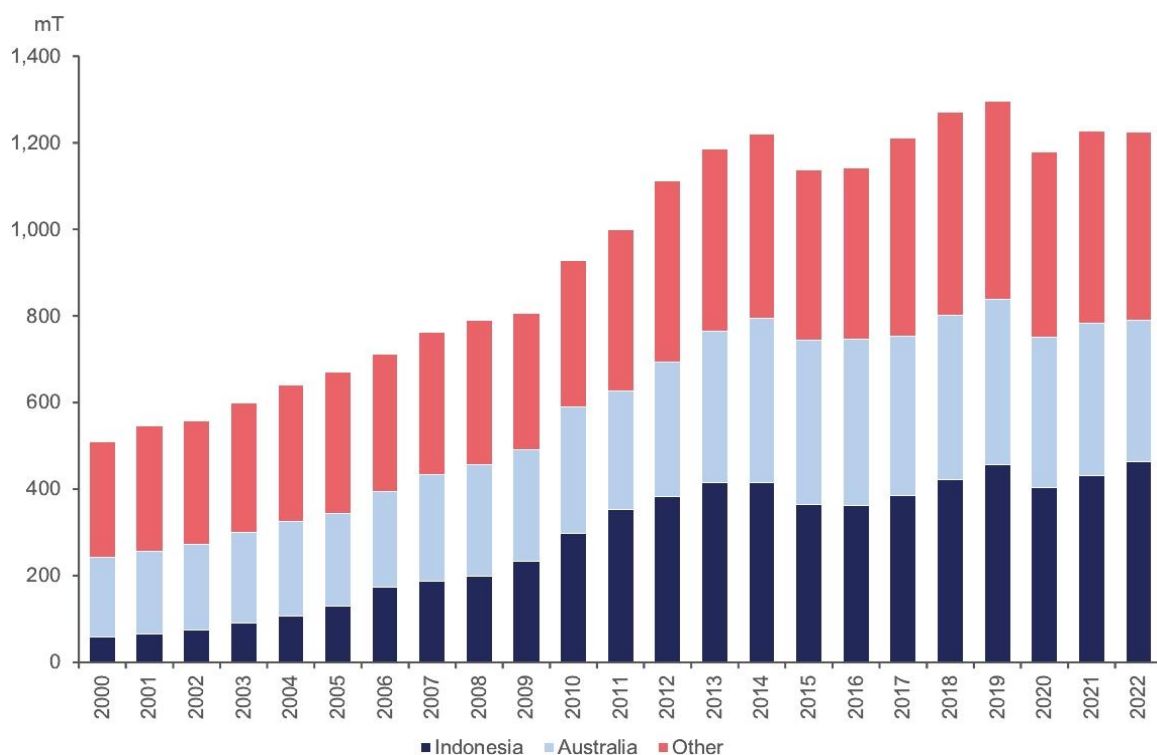
Source: Clarksons Research

Global coal exporters

The figures below show how Indonesia has grown to become the world's largest seaborne coal exporter, providing approximately 38% of the total seaborne coal trade in 2022. Australia was the second-largest coal exporter in 2022, with approximately 27% of global seaborne coal exports.²¹ Russia is also a large exporter of coal and the war in Ukraine is likely to affect the coal market in the future. Due to decreasing European coal production and tightness in the coal market, alternatives to Russian coal are likely to be intercontinental imports. The increased shipping distance could drive dry bulk ton-miles, while reduced European imports of Russian coal have led Russia to export more coal to Asia, further supporting dry bulk ton-miles. There is, however, a risk of demand destruction from increased coal prices and weaker economic trends in some key regions.

The figure below shows coal export volumes shipped from key exporters from 2000 to 2022.

Figure 1.12: Key seaborne coal exporters (mT)



Million tonnes	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Indonesia	384	415	417	365	363	386	422	457	404	432	464	1.9%
Australia	309	348	378	380	383	367	380	382	348	352	327	0.6%
Other	420	421	425	392	396	458	469	459	427	444	433	0.3%
Total	1,113	1,185	1,220	1,137	1,142	1,210	1,271	1,297	1,179	1,228	1,224	1.0%
YoY growth (mt)		72	35	(83)	5	69	61	26	(118)	49	(4)	
YoY growth (%)		6.4%	3.0%	(6.8%)	0.4%	6.0%	5.0%	2.1%	(9.1%)	4.1%	(0.3%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Indonesia	34.5%	35.1%	34.2%	32.1%	31.8%	31.9%	33.2%	35.2%	34.3%	35.2%	37.9%	
Australia	27.7%	29.4%	31.0%	33.4%	33.5%	30.3%	29.9%	29.4%	29.5%	28.7%	26.7%	
Other	37.8%	35.5%	34.8%	34.5%	34.6%	37.8%	36.9%	35.4%	36.2%	36.2%	35.4%	

Source: Clarksons Research

7.6.4 Grain

'Grain' is the collective term for wheat, coarse grains (maize, rye, oats, barley, and sorghum) and soybeans. Together with iron ore and coal, grain is a major bulk. In 2022, the seaborne trade in grain was 505m tonnes, generating nearly 3,660bn ton-miles in demand. Grain is not typically moved on Capesize vessels but is an overall influence on bulk carrier demand.

Transportation demand for grain has increased steadily in recent decades, albeit outpaced by iron ore and coal growth across much of the 2000s and 2010s. Nevertheless, growth in seaborne grain transportation volumes has been high over the past decade with a 3.8% CAGR compared to 2.9% for seaborne iron ore trade volumes. Beneficial crop conditions in the Americas and Australia combined with continued shifts in East-Asian dietary habits have supported this trend.

Long-term demand for the transportation of grains is largely reflected in dietary habits, which are dependent on economic growth in different countries and regions. In an improving economy, food intake tends to rise, increasing demand for feed grain required for animals.

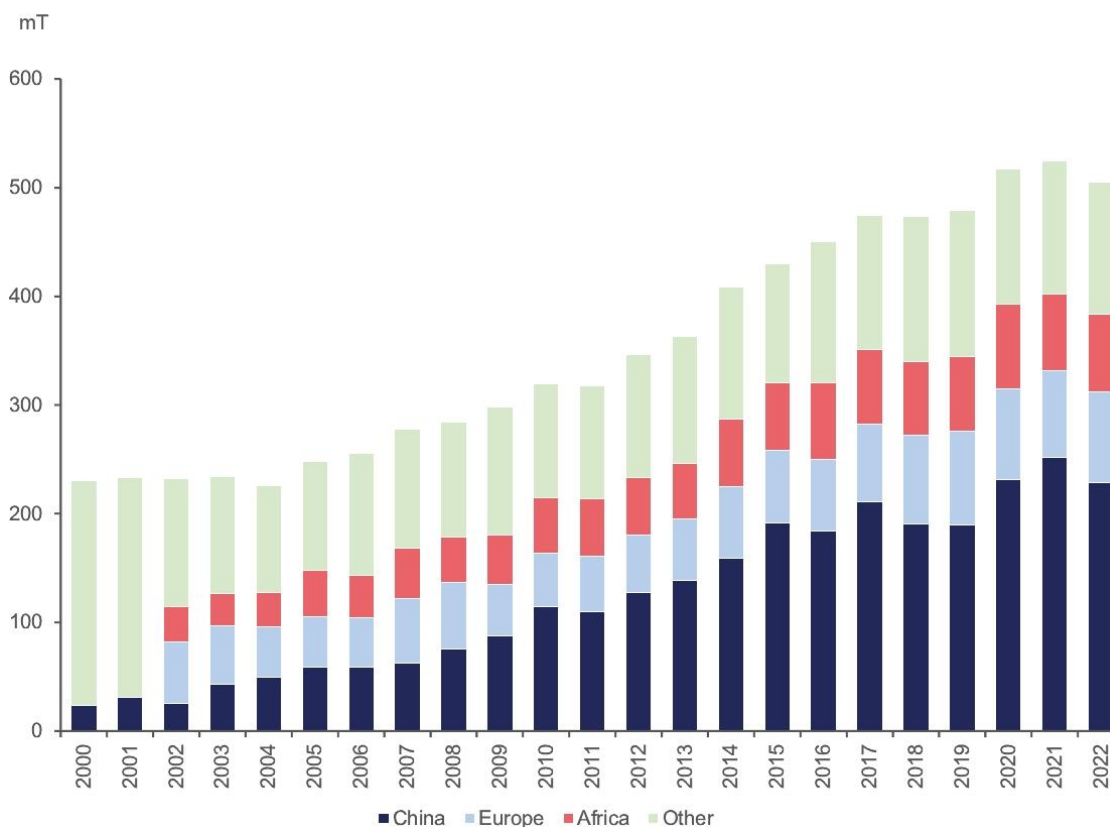
In the short term, grain represents a significant source of volatility in the freight market. This volatility is substantiated by the seasonal nature of crops and different harvesting times in the northern and southern hemispheres. Another important factor is the weather, which has a significant impact on crops. Therefore, fluctuating weather conditions can shift trading patterns from one year to the next.

Global grain importers

Asia, Europe, the Middle East and Africa are the primary grain import markets, with China being a key market accounting for approximately 45% of total imports in 2022. China's impact on imports is particularly evident in soybean trades, with imports increasing from approximately 128m tonnes in 2012 to approximately 228m tonnes in 2022. Most of China's imports are sourced from the Americas, and the considerable transportation distance has contributed strongly to demand and the rise in ton-miles. Grains are usually shipped in Handysize-Panamax bulk carriers.

The table below shows seaborne grain import volumes from key import regions from 2000 to 2022.

Figure 1.13: Key seaborne grain importers (mT)



Million tonne	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
China	128	139	159	192	184	211	191	190	231	252	228	6.0%
Europe	52	56	66	66	66	71	82	86	84	79	84	4.9%
Africa	53	52	63	62	70	69	67	68	78	71	72	3.0%
Other	113	117	122	110	130	123	134	134	124	122	121	0.7%
Total	347	363	409	430	450	475	474	479	517	525	505	3.8%
YoY growth (mt)		17	46	21	21	24	(1)	5	39	7	(20)	
YoY growth (%)		4.8%	12.6%	5.1%	4.9%	5.3%	(0.2%)	1.1%	8.1%	1.4%	(3.7%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
China	36.9%	38.2%	38.9%	44.6%	40.8%	44.5%	40.3%	39.7%	44.7%	48.0%	45.2%	
Europe	15.0%	15.5%	16.1%	15.4%	14.7%	14.9%	17.2%	18.1%	16.1%	15.1%	16.6%	
Africa	15.3%	14.2%	15.3%	14.5%	15.6%	14.6%	14.2%	14.3%	15.2%	13.5%	14.2%	
Other	32.7%	32.1%	29.7%	25.5%	28.9%	26.0%	28.3%	28.0%	24.0%	23.3%	24.0%	

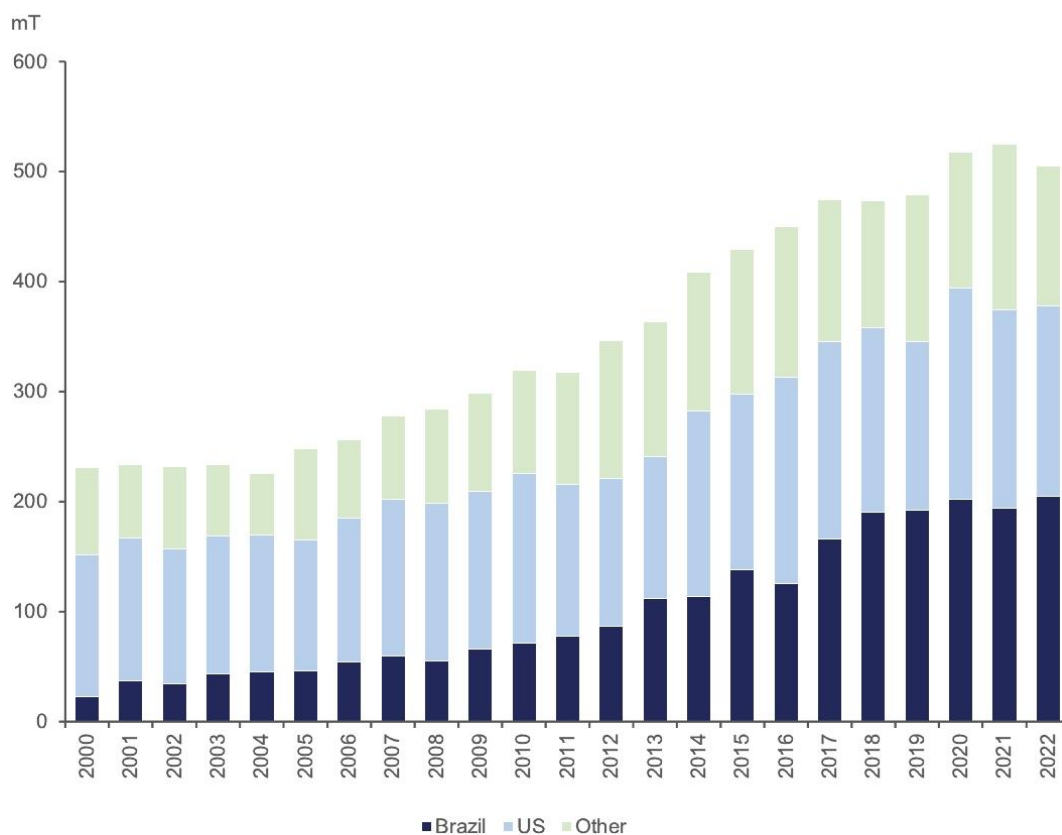
Source: Clarksons Research

Global grain exporters

The two largest exporters of grains and soybeans are the U.S. and Brazil, which together account for nearly 75% of total seaborne grain exports. Soybeans constitute of approximately 29% of exports of the three major grain categories, where Brazil, the U.S. and Argentina are the key producers and exporters.

The figure below shows grain export volumes, or expected volumes, from key exporters from 2000 to 2022:

Figure 1.14: Key seaborne grain exporters (mT)



Million tonne	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012 - 2022 CAGR
Brazil	87	113	114	138	126	166	190	192	202	194	204	8.9%
US	134	129	169	159	187	180	168	153	192	180	173	2.6%
Other	125	122	126	132	138	129	116	134	123	150	127	0.2%
Total	347	363	409	430	450	475	474	479	517	525	505	3.8%
YoY growth (mt)		17	46	21	21	24	(1)	5	39	7	(20)	
YoY growth (%)		4.8%	12.6%	5.1%	4.9%	5.3%	(0.2%)	1.1%	8.1%	1.4%	(3.7%)	
Share (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Brazil	25.1%	31.0%	27.8%	32.2%	27.9%	34.9%	40.1%	40.1%	39.1%	37.0%	40.5%	
US	38.8%	35.4%	41.3%	37.1%	41.6%	37.8%	35.5%	32.0%	37.1%	34.4%	34.3%	
Other	36.1%	33.6%	30.8%	30.7%	30.5%	27.2%	24.4%	27.9%	23.8%	28.6%	25.2%	

Source: Clarksons Research

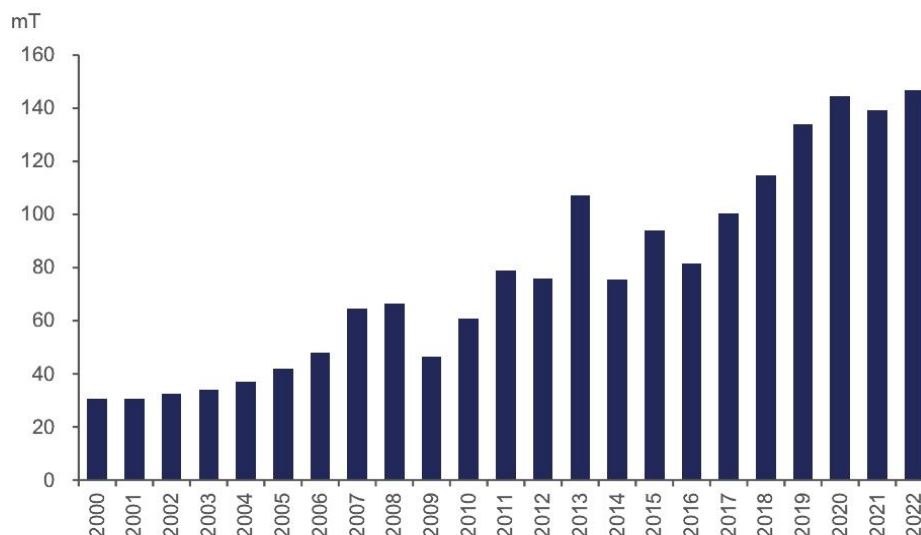
7.6.5 Bauxite

Bauxite is a sedimentary rock with a high aluminium content used as a primary source in the production of aluminium and gallium. Aluminium is a strategic resource used across manufacturing and industrial sectors such as cars, defense, transportation, energy, aerospace, consumer durables and many others. In 2022, the global seaborne bauxite trade reached 147 million tonnes, growing 5.5% from 2021. The global seaborne bauxite trade has had a CAGR of 6.8% in the past 10 years, reflecting continued growth in Chinese aluminium production and increasing availability of bauxite. The global seaborne trade in bauxite is dominated by China's imports, reflecting China's importance in global aluminium production. Global bauxite supply has experienced significant disruption, with Indonesia banning bauxite exports in January 2014 to support the domestic refining industries, and Malaysia banning open-pit bauxite mining in January 2016. China has sought to diversify its bauxite supply and has invested heavily in infrastructure and mining projects in West Africa, with Guinea becoming one of the largest suppliers of bauxite to China in recent years. Guinea's importance in dry bulk trade has become so important that Port Kamsar has given its name to the 'Kamsarmax' design, the largest bulk carrier that can be handled at Guinea's main bauxite port. However, rising exports from Guinea have also provided

opportunities for Capesize vessels, via barge-to-ship trans-shipments, which now account for the majority of long-haul exports

The figure below shows global seaborne bauxite trade from 2000 to 2022:

Figure 1.15: Seaborne bauxite trade (mT)



Source: Clarksons Research

7.7 Dry bulk fleet

7.7.1 Introduction

Dry bulk carriers are single-decked ships that transport dry bulk commodities that are either free-flowing (such as iron ore, bauxite, grain and coal) or unitized (such as steel). Free-flowing cargoes are carried "loose", i.e. put in the hold without any bags, nets, or even crates. Unitized cargoes can be bundled (such as steel beams or logs) or loose. The carriage of unitized commodities often requires the cargo to be secured by 'dunnage' to avoid shifting during the voyage.

Dry bulk vessels differ in size and characteristics, with large vessels benefiting from economies of scale and being best-suited for long hauls between large ports, and small vessels able to enter smaller ports. The largest vessels also require substantial point-to-point transportation demand, resulting in a focus on transporting major bulks. Smaller vessels have greater flexibility in cargo and ports and are often equipped with loading and discharging equipment.

The dry bulk carrier fleet consists of approximately 13,126 vessels at year end 2022. If measured in dwt capacity, the dry bulk carrier fleet has around 972 million dwt capacity.

The fleet can be divided into five main segments, with generic names, as set out in section 7.7.2 to 7.7.6.

7.7.2 Handysize

Handysize denotes bulk carrier vessels with carrying capacity of 10,000–c.45,000 dwt. They are widely used to transport a broad range of minor bulk cargoes on short-haul routes, serving small ports and routes with moderate demand. Some vessels are also designed specifically to transport specialized cargoes, such as logs, woodchips, or cement. The configuration of cargo holds and cranes depends on the vessel's purpose. They are usually equipped with four to five cargo hulls and four cranes.

7.7.3 Handymax

Handymax denotes bulk carrier vessels with carrying capacity of typically between 40,000–69,999 dwt. They are widely used to transport minor bulk cargoes and some major bulks on short-haul routes. There is less variety in their design and configuration than Handysizes.

7.7.4 *Supramax and Ultramax*

Supramax is a subcategory of *Handymax*, with carrying capacity of 50,000–59,999 dwt, while *Ultramax* vessels of c.63-65,000 dwt are now the most commonly built vessels in the sector. They are often equipped with cargo gear for loading and discharging independent of port facilities, making them flexible enough to carry all major and minor bulks.

7.7.5 *Panamax*

Panamax are bulk carrier vessels with carrying capacity of 65,000–99,999 dwt. The name refers to the traditional maximum size of vessels that can transit the Panama Canal, though changing vessel and lock dimensions have widened this definition. They are used for all major and some minor bulks, and are generally gearless vessels (not equipped with cranes or conveyors) and rely on port facilities for loading and discharging.

Kamsarmax is a subcategory of *Panamax*, with carrying capacity of 80,000–88,999 dwt. This is the maximum size that can enter the world's largest bauxite port, Port Kamsar in the Republic of Guinea. *Kamsarmax* vessels are now the dominant designs in the *Panamax* sector and trade on the full range of *Panamax* sector trade routes.

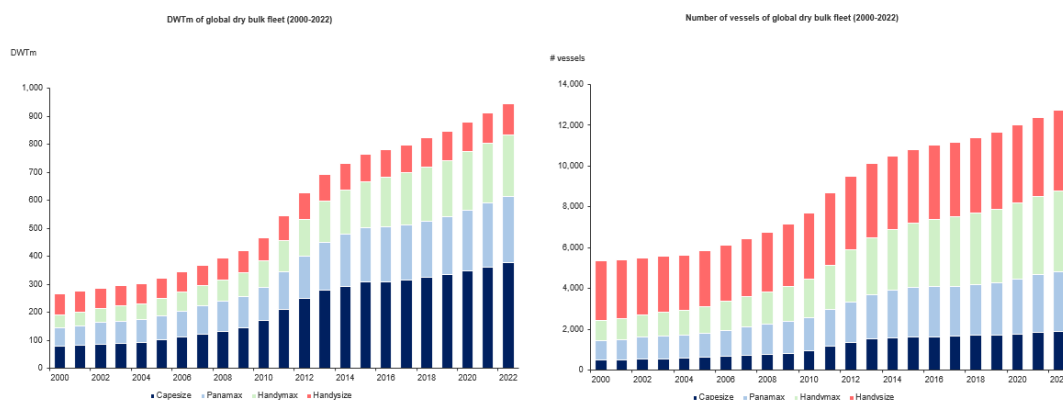
7.7.6 *Capesize (and larger, including Newcastlemax)*

Capesize denotes bulk carrier vessels with carrying capacities of over 100,000 dwt. The name is derived from the fact that such vessels are typically too large to transit the Suez or Panama canals and hence have to pass the Cape of Good Hope on their transit East. They are nearly always gearless and are primarily used to carry iron ore as well as coal and – to a much lesser extent – grain, primarily on long-haul routes.

Newcastlemax is a subcategory of *Capesize* and are the largest vessels that can enter the Port of Newcastle (east coast of Australia, a major coal export port facility). They are limited by a beam of 50m and length of 300m, resulting in carrying capacity of around 210,000 dwt.

The figure below shows the global dry bulk fleet (in m dwt) and number of vessels from 2000 to 2022.

Figure 1.16: Global dry bulk fleet and number of vessels (2000-2022), start year



Source: Clarksons Research

7.7.7 *Fleet Composition*

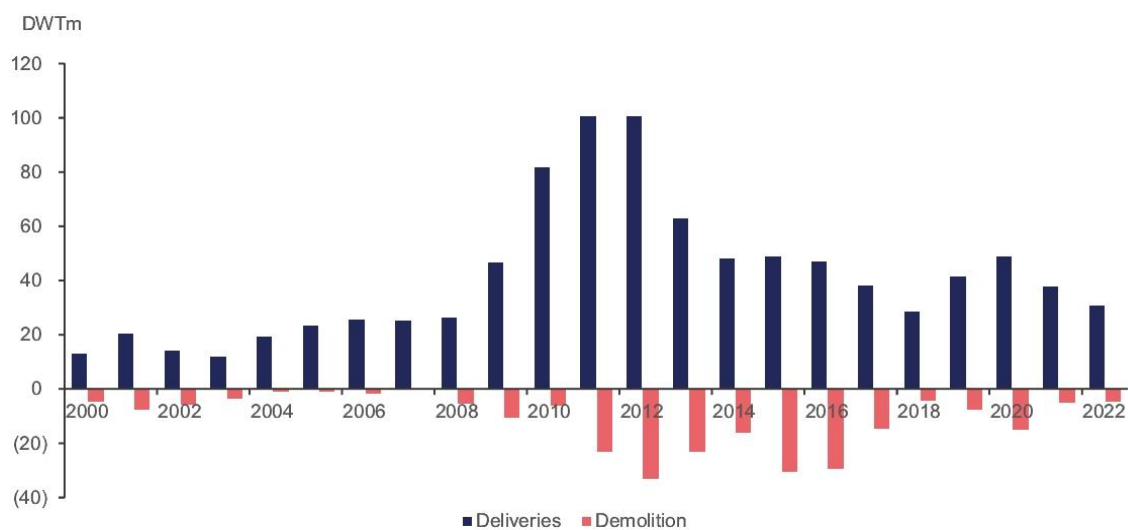
The dry bulk carrier fleet consists of approximately 13,126 vessels at year end 2022, with a total capacity of around 972m dwt. The *Capesize* fleet including orderbook counts 2,063 vessels, with a total capacity of around 408m dwt having grown by a below trend 2% in 2022.

7.8 Supply of dry bulk vessels and dynamics

Orderbook size and demolitions are the two main factors determining the supply-side dynamics of dry bulk shipping. The underlying drivers of these factors are the current fleet size, fleet age, government and international shipping regulations, future market expectations, access to financing, and other factors that can affect the shipping cycle such as congestion in ports.

The figure below shows deliveries and demolitions of dry bulk vessels since 2000.

Figure 1.17: Deliveries and demolitions of dry bulk vessels (2000-2022)



Source: Clarksons Research

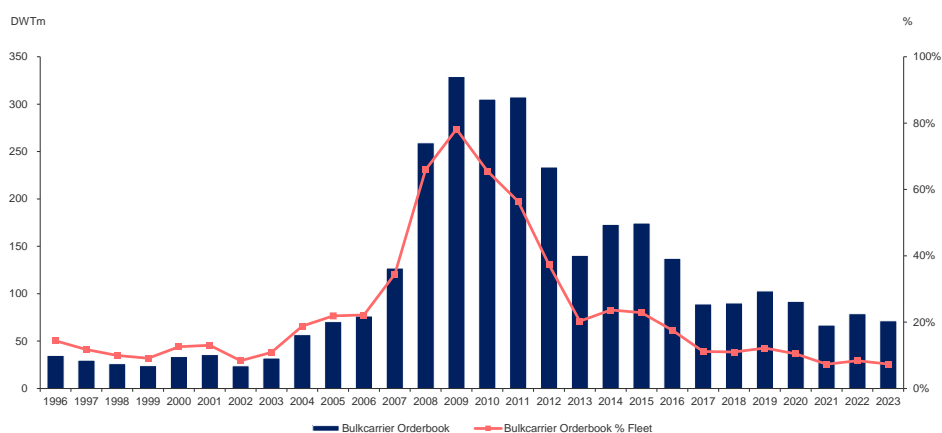
Deliveries peaked between 2010 and 2012, following record high dry bulk rates and ordering in the period from 2007 to 2010. A rise in new shipbuilding capacity, particularly in China, was also an important driver of the rapid increase in deliveries of new tonnage in the period. In 2008, approximately 26 million dwt was delivered, fairly in line with the preceding three years. However, in 2009, around 47 million dwt was delivered, followed by 82 million dwt in 2010 and just over 100 million dwt in both 2011 and 2012. Significant net fleet growth caused freight markets to drop and the contracting of new tonnage to tick down, leading to fewer deliveries between 2013 and 2015. With lower rates from 2012 to 2022, demolitions increased as many older vessels were no longer profitable.

7.9 Fleet additions

The dry bulk orderbook has been low in a historical context since 2017, and as of the end of 2022 was around 72 million dwt or approximately 7% of the fleet (even lower for Capesize fleet at approximately 6%, and at 9%, 8% and 7% for Panamax, Handymax and Handysize, respectively).

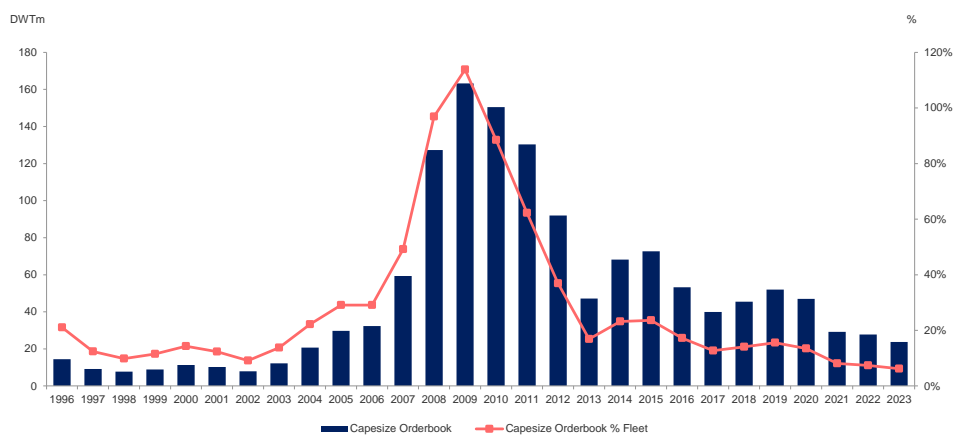
The figure below shows the dry bulk fleet from 1996 to 2023, including specific data for the Capesize fleet:

Figure 1.18: Historical development of the dry bulk orderbook (1996-2023), start year



Source: Clarksons Research

Figure 1.19: Historical development of the Capesize bulker orderbook (1996-2023), start year



Source: Clarksons Research

The figure below shows dry bulk orderbooks by segment from 2010 to 2023:

Figure 1.20: Start of year orderbook by segment (dwtm)

	Handysize (10-39.999)	Handymax (40-69.999)	Panamax (70-99.999)	Capesize (100,000+)	Total	In % of fleet
2010	34	61	151	60	305	66%
2011	33	65	130	79	308	56%
2012	24	50	92	68	234	37%
2013	16	33	47	44	140	20%
2014	19	47	68	39	173	24%
2015	19	48	73	35	175	23%
2016	16	38	53	29	137	18%
2017	11	21	40	17	89	11%
2018	8	17	45	20	90	11%
2019	7	18	52	26	103	12%
2020	7	16	47	23	92	10%
2021	7	14	29	17	67	7%
2022	8	18	28	25	79	8%
2023	9	18	25	22	73	8%

Source: *Clarksons Research (Handysize includes some vessels up to 45k dwt)*

As of January 2023, the dry bulk carrier orderbook as a percentage of the existing fleet was among its lowest level in the past 25 years (as shown above) despite above average earnings for the last two years. There are several factors contributing to this:

1. Shipowners are hesitant to order new vessels due to uncertainty about propulsion technology and emissions regulations, among other factors. Ammonia, hydrogen, and battery electric propulsion are considered long-term alternatives for greener shipping, but none are currently available and / or commercially feasible due to technological maturity, energy density, bunkering availability, energy costs and fuel production capabilities. These alternatives also require significant investment and may be expensive due to energy-intensive fuel production, among others. There are also health and safety concerns to be addressed, with ammonia being toxic and hydrogen being explosive. In addition, current options such as LNG, methanol, LPG, and biofuels reduce emissions but may not comply with IMO 2050 regulations. There is also a risk in investing in a propulsion technology that may not become the dominant alternative.
2. Limited shipyard capacity. Several unprofitable years characterized by shipyard overcapacity have resulted in a long-term trends of reduced yard capacity. The number of shipyards yards actively building vessels above 20,000 dwt has fallen from 321 in 2008 to 131 today, although the drop in capacity terms is estimated at around 40%.
3. High earnings in the container and LNG markets have resulted in owners ordering newbuildings for these sectors, adding more than 75m dwt contracted orders in 2021–2022 combined. This leaves fewer available slots for other shipping sectors, such as dry bulk.

7.10 Demolition

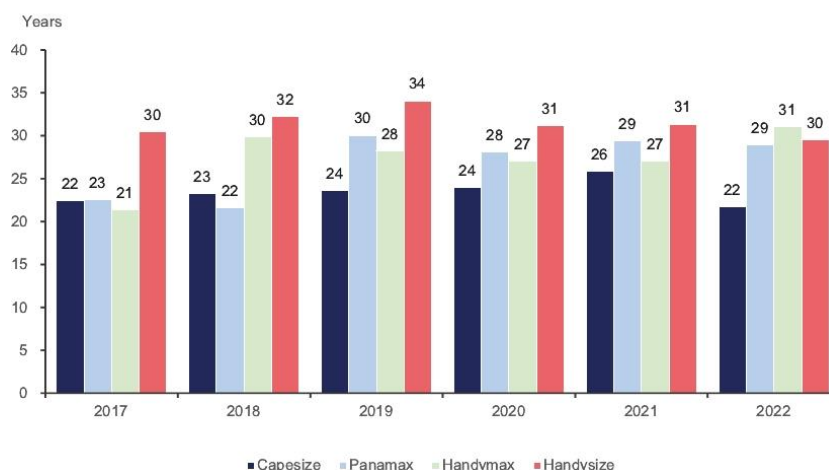
Bulker demolition rates have been low for the past three years, averaging around 8 million dwt per year. The low rate can be explained by freight rates partially recovering in 2017, resulting in more vessels operating profitably. Furthermore, the least profitable vessels were demolished in 2012–2016 when dry bulk freight rates were lower.

While demolition currently remains modest despite softer market conditions recently, a changing regulatory environment and ageing fleet may see demolition rates increase over the next decade. As part of the IMO 2030 “short term” measures, EEXI/CII regulations come into effect in January 2023. Over 60% of Capesize fleet capacity is ‘non-eco’ and is likely to require some form of corrective action in order to comply with EEXI/CII. To manage this, some of the existing fleet would have to operate at reduced engine capacity, reducing speeds and impacting negatively effective fleet capacity. This engine power limitation is likely only a temporary solution as efficiency requirements are gradually increased. Retrofitting vessels could be required, but for older vessels this is generally not economically viable.

The traditional useful lifetime of a dry bulk vessel is 20–25 years, but shipowners may choose to retain vessels for longer when dry bulk earnings are strong. The introduction of EEXI regulation may impact this decision, as a larger share of vessels will face non-compliance by 2030 which may result in an increase in early demolitions.

The figure below shows how the average age of demolition by ship varied between 2017 and 2022 by segment. For the entire fleet, the average age of demolition was stable at around 28 years for the past three years. However, there has been an increase in the average age for Handymax and Panamax vessels.

Figure 1.21: Average age of demolition by ship (2017-2022)



Source: Clarksons Research

The decision to scrap a vessel is normally reactive instead of proactive. This implies that owners tend to scrap vessels during a period of weak market conditions when a short-term market pick-up is unlikely. In addition, a vessel might require a special survey, which involves costs for the owners (which typically increase as a vessel ages), potentially impacting the decision to scrap a vessel when expectations of market improvements are low. The average age of the Capesize fleet today is 9.9 years, compared to 7.8 years five years ago.

7.11 Charter contracts

Chartering of bulk carriers can take various forms. The key difference between chartering contracts is the distribution of risk between owner and charterer. The most important forms of charter contracts are:

7.11.1 Voyage charter

The owner and charterer agree to carry out a single voyage. They further agree on loading and discharging ports, cargo and quantity, loading and discharging speed and the dates for loading. The charterer pays the owner a freight rate, traditionally in US\$/tonne cargo quantity loaded. During a voyage charter, the owner is liable for all voyage-related costs including the cost of bunkers, harbor costs and any canal costs, in addition to operating costs (insurance, staffing, repair and maintenance, among others) and capital costs. Also, the owner carries the risk of delays at sea (bad weather) and shifts in voyage-related costs. On the other hand, the charterer carries the risk of prolonged loading and discharging times.

7.11.2 Contracts of affreightment (COA)

The owner and charterer agree on the conditions of carrying a certain amount of cargo from one location to another, or any combination of ports, in a specified period. The cargoes are usually transported at regular intervals. Under a COA, the name of the vessel is usually not stipulated in the contract and the owner appoints vessels for each lifting according to agreed procedures. A freight rate is usually paid in US\$/tonne, and a COA is otherwise similar to a voyage charter with similar rights and obligations. COAs can cover a few cargoes in a short period up to dozens of cargoes annually for several years.

7.11.3 Time charters

A time charter contract involves the use of a vessel at specified daily rate for a fixed period. During a standard time charter, the shipowner provides crew and other services in relation to operating the vessel, for which the costs are included in the daily rate, and the charterer is responsible for essentially all vessel costs related to the voyage. When the vessel is off-hire, the shipowner is usually responsible for all costs, meaning the customer is normally not obliged to pay the hire. Furthermore, the time and place of delivery and re-delivery are agreed upon in advance. The charterer is commercially responsible for the use of the vessel, and unlike a voyage charter the charterer assumes all risk for delays at sea and voyage-related costs. The charterer usually chooses a time charter if they want a dedicated vessel, and the duration of the contract can be up to several years.

7.11.4 Bareboat charters

A bareboat charter is essentially a lease. Similar to a time charter, the charterer is provided a vessel by the owner for a fixed period at a specified daily rate. However, the customer is responsible for crewing and all required services to operate the vessel, in addition to voyage-related costs. In reality, the customer acts as a shipowner without holding ownership rights to the ship. Over the charter period, a charterer must pay hire regardless of whether or not the vessel is in service, and operational risk is allocated to the charterer.

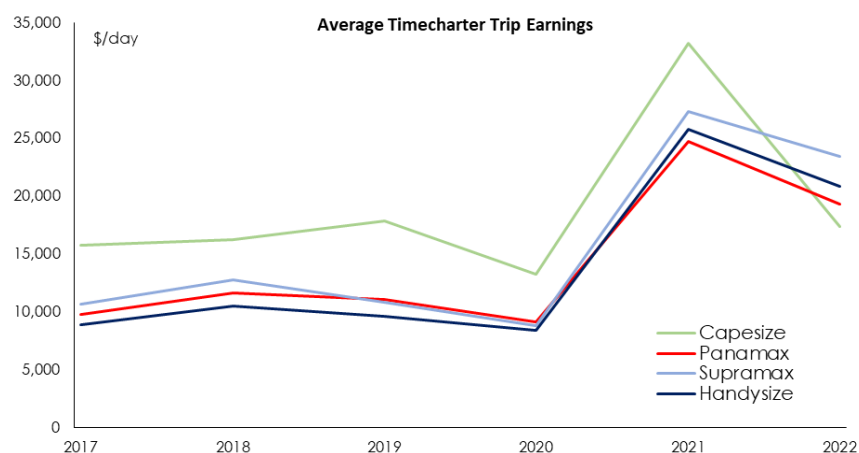
7.11.5 Charter rates

The balance, or imbalance, of supply and demand determines the freight rates for charter contracts. This balance can be split roughly into two parts: first, the global demand and supply balance that governs global market conditions; and second, the short-term regional balance that can cause rates to temporarily fluctuate.

Clarksons Research's average Capesize spot earnings series for a scrubber-fitted, 'eco' vessel averaged c.US\$24,666/day in 2022, down from c.US\$35,000/day seen in 2021, though representing a premium on non-scrubber-fitted, non-'eco' vessels which averaged just c.US\$12,000/day last year. The Capesize market has started 2023 on a weak note, in part reflecting typical seasonal trends as well as continued demand headwinds and lower levels of port congestion, but looking ahead, earnings could benefit from both a seasonal improvement in demand through the year as well as an improvement in economic trends in China as Covid pressures potentially start to ease, also against a backdrop of a gradual easing of macroeconomic headwinds globally.

The chart below shows average timecharter trip earnings for Handysize, Supramax, Panamax, and Capesize vessels from 2017 to 2022:

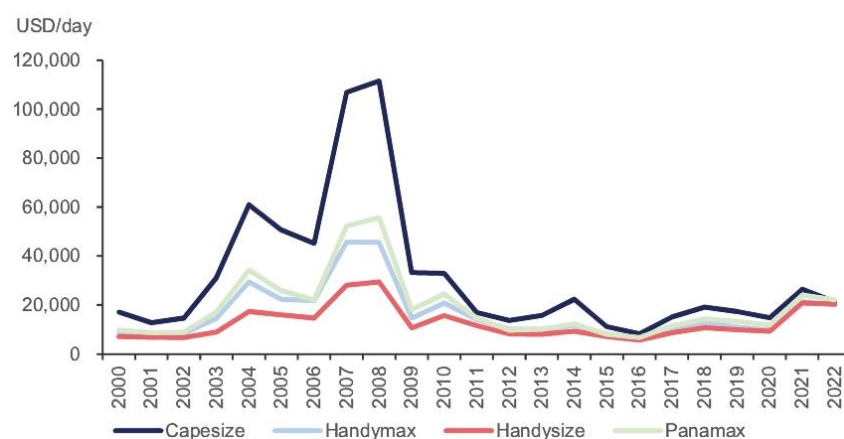
Figure 1.22: Average time charter trip earnings for Handysize, Supramax, Panamax, and Capesize vessels (2017-2022)



Source: Clarksons Research, basis non-eco vessels – eco and scrubber vessels would earn a premium to the above.

The dry bulk market can also be illustrated by showing 12-month time charter rates, which are typically less volatile than voyage rates, and also convey some information about forwards market sentiment amongst market participants.

Figure 1.23: 12-month time charter rates (2000-2022)



Source: Clarksons Research

7.12 Asset values

The shipping market differs from other markets in that the market for buying and selling the production assets (vessels) is highly liquid and often seen as an important part of most shipowners' business plans.

The price of newbuildings is determined by the balance of supply and demand for newbuildings, in addition to changes in production costs, currency exchange rates, and interest rates. Price differences between shipyards are often a result of the quality of their vessels in terms of design and workmanship.

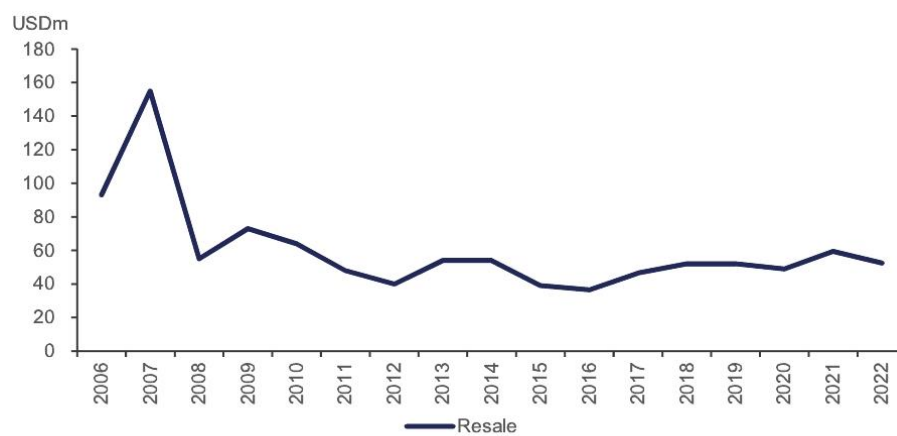
The value of second-hand vessels is influenced by several factors. When shipowners think about ordering new vessels, they often consider modern second-hand vessels (usually less than five years old). Their decision is affected by pricing and short-term market trends. For instance, if the resale price of a newbuilding (a vessel ready for delivery from the shipyard within a few months) is considerably higher than a newbuilding contract and short-term expectations in the freight market are poor, shipowners could opt for a newbuilding contract. If short-term freight expectations are positive, owners could still consider it worthwhile to pay a premium for a resale/modern vessel to have an operational ship sooner.

The value of a vessel older than about five years is more likely to be affected by trends in the freight market. Prices tend to rise when the spot market is expected to be strong, and vice versa. The older a vessel, the more its value will be affected (in percentage terms) by fluctuating freight conditions, though pricing is also generally much lower and can also be influenced by demolition value.

To summarize, second-hand values are mainly influenced by actual and expected earnings, the replacement cost of newbuildings (in relation to modern second-hand vessels) and demolition value for old vessels. For a single transaction, class position (when the next special survey is due) and technical conditions play an essential role in determining the value.

The figure below shows resale values for Capesize vessels of 180k dwt from 2006 to 2022:

Figure 1.24: Capesize resale values (2006-2022)



Source: Clarksons Research, please note historically the assumed vessel size was slightly smaller.

8 BUSINESS OVERVIEW

8.1 Introduction

The Company is an exempted company limited by shares organized and existing under the laws of Bermuda pursuant to Bermuda law in general and to the Companies Act 1981 of Bermuda in particular. The Company's registered commercial and legal name is Himalaya Shipping Ltd. The Company was incorporated in Bermuda on 17 March 2021, and has its registered office and principal place of business located at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda where the main telephone number is +1 (441) 542-4577. The Company is registered with the Registrar of Companies in Bermuda, with registration number 56490. The Company has been provided LEI number 984500D86FFE5EYE7988.

The New Shares will be issued under the Bermuda Companies Act.

The New Shares will be registered in book-entry form in the DTC. Please refer to section 14.4.2 for a detailed description of the dematerialized registration of the beneficial rights to the Company's common shares.

The Group is an international operator of dry bulk carriers, two of which have been delivered and ten of which are still under construction. The Company is the ultimate parent company in the Group. The operations of the Group are and will continue to be carried out by individual companies within the Group.

The Group currently has ten Newcastlemax dry bulk vessels under construction at New Times Shipyard in China, scheduled for delivery between April 2023 and July 2024. Each of the Vessels is being built pursuant to a shipbuilding contract between New Times and one of the Subsidiaries, each whose purpose is to charter and operate such vessel only following the delivery from the yard and the completion of the intended sale and leaseback arrangements described in section 8.5.4.

Two such Vessels (Mount Norefjell and Mount Ita) were delivered to the Company on 2 March 2023 and 9 March 2023 respectively, following which the relevant Subsidiaries completed the sale and leaseback transactions, see section 8.5.3.

8.2 Legal structure of the Group

8.2.1 Overview

At the date of this Prospectus, the Company's wholly-owned Liberian subsidiaries (the "**Subsidiaries**") have agreements with New Times for the construction of twelve vessels, of which two vessels have been delivered.

The Subsidiaries are incorporated in Liberia. Mount Norefjell Inc., Mount Ita Inc., Mount Etna Inc. and Mount Blanc Inc., were incorporated on 12 March 2021, Mount Matterhorn Inc., Mount Neblina Inc., Mount Bandeira Inc. and Mount Hua Inc., were incorporated on 8 June 2021 and Mount Elbrus Inc., Mount Denali Inc., Mount Aconcagua Inc. and Mount Emai Inc., were incorporated on 1 September 2021.

Further, the Company has recently incorporated Himalaya Shipping Management (UK) Limited, a wholly-owned limited liability company incorporated under the laws of England and Wales. The intended purpose of this company is to employ certain management functions and provide certain accounting functions to the Group. However, the Group has, as of the date of this Prospectus, neither employed any employees in this subsidiary, nor entered into any intra-group agreements with it. It is intended that the subsidiary enters into an intra-group management agreement with the Company and the Subsidiaries for the provision of such services, on general arms' length terms.

The structure of the Group is set out below:

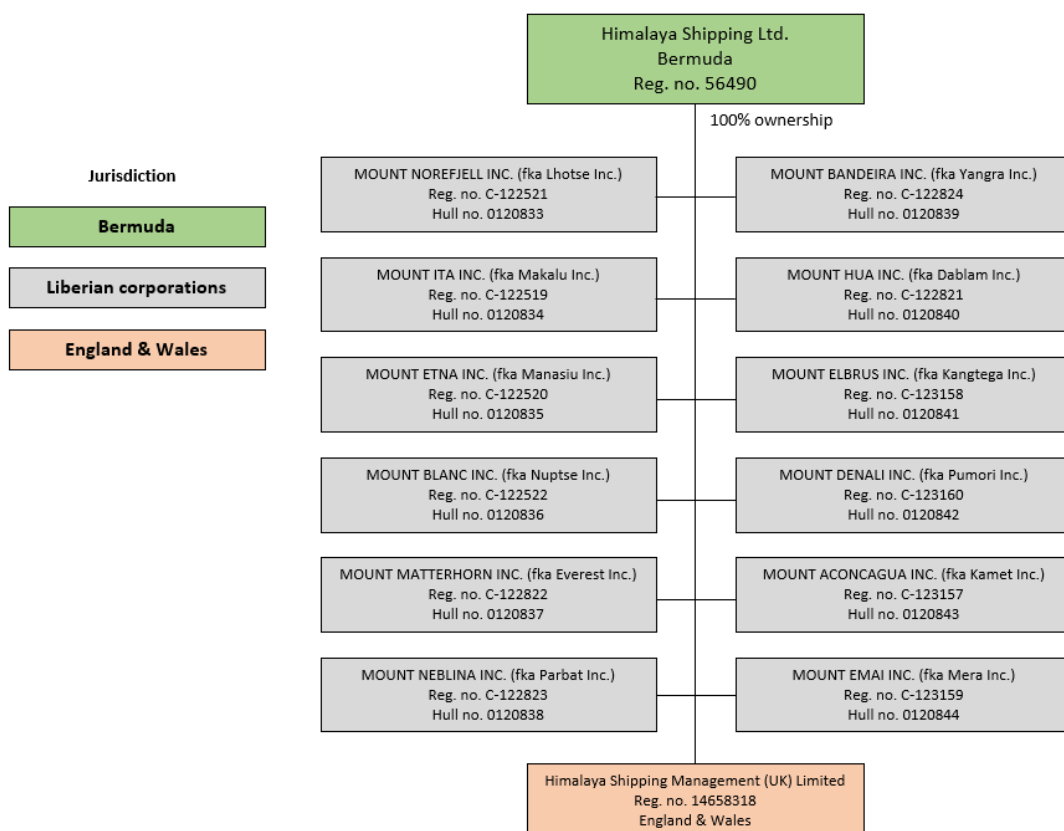


Figure 1: Legal structure of the Group.

8.3 History and important events

Himalaya Shipping Ltd. was incorporated on 17 March 2021.

The table below provides an overview of key events in the history of Himalaya's activities. From and including establishment, all main events within the relevant legal entities have been addressed:

Month/year	Event
March 2021	<ul style="list-style-type: none"> The Company was incorporated.
March 2021	<ul style="list-style-type: none"> The Company incorporated Lhotse Inc., Nuptse Inc., Makalu Inc. and Manasiu Inc.
March 2021	<ul style="list-style-type: none"> The 1-4 Building Contracts were executed.
March 2021	<ul style="list-style-type: none"> The Company entered into an option agreement for 4+4 optional vessels.
May 2021	<ul style="list-style-type: none"> The Group paid the first instalments for the vessels under the 1-4 Building Contracts.
May 2021	<ul style="list-style-type: none"> Himalaya entered into a building supervision agreement with SeaQuest Marine Project Management Ltd. for their supervision of the building process at New Times.
June 2021	<ul style="list-style-type: none"> The Company completed a first equity offer issuing 15 million Shares with par value US\$ 1.00 for a subscription price per share in the same amount.

- June 2021 • The Company enters into a management agreement with 2020 Bulkera Management AS, pursuant to which 2020 Bulkera Management AS shall take care of the daily management of the Group.
- June 2021 • The Company incorporated Everest Inc., Yangra Inc., Dablam Inc. and Parbat Inc.
- June 2021 • The 5-8 Building Contracts were executed.
- July 2021 • The Company successfully completed an equity offer issuing 10 million Shares with par value of US\$ 1.00 for a subscription price of US\$ 3 per share, in total raising US\$ 30 million.
- July 2021 • The Company's Shares were registered in the VPS and on Euronext NOTC.
- September 2021 • The Company incorporated Kamet Inc., Mera Inc., Pumori Inc. and Kangtega Inc.
- September 2021 • The board subjects for the 9-12 Building Contracts were lifted and the 9-12 Building Contracts became effective and were novated to Kamet Inc., Mera Inc., Pumori Inc. and Kangtega Inc.
- October 2021 • The Company raised US\$ 50 million in a private placement.
- December 2021 • The Company's Shares were admitted to trading on Euronext Growth Oslo
- February 2022 • The Company concluded definitive agreements for pre-delivery and leasing financing for the 1-4 Building Contracts with Avic.
- March 2022 • The Company applied for the Listing
- March 2022 • The Company entered into the Magni Facility.
- April 2022 • The Company concluded definitive agreements for pre-delivery and leasing financing for the 5-8 and 9-12 Building Contracts with CCBFL.
- August 2022 • The Company entered into agreements with New Times to install exhaust gas cleaning systems on the Vessels for a total cost of US\$28.8 million payable at delivery of the Vessels.
- December 2022 • The Company entered into the Drew Holdings RCF and the Magni Facility was cancelled.
- December 2022 • The Company signed an agreement to transfer the sale leaseback arrangement for newbuildings "Mount Bandeira" and "Mount Hua" from CCBFL to Jiangsu. The transfer became effective in March, 2023.
- February 2023 • The Company entered into a revised a management agreement with 2020 Bulkera Management AS.
- February 2023 • The Company amended its AVIC Leasing to include financing of 90% of the costs related to instalment of exhaust gas cleaning systems on the first four Vessels.
- March 2023 • The Company signed the Bridge Facility with DNB Bank ASA.
- March 2023 • The Company took delivery of Mount Norefjell and Mount Ita and these vessels commenced their respective time charters.
- March 2023 • The Company filed a registration statement on Form F-1 with SEC for its proposed initial public offering in the United States and the listing thereof on the New York Stock Exchange.
- March 2023 • The Company completed the US Offering, as described in section 5.1.

8.4 Corporate strategy

The objective for Himalaya is to maximize shareholder returns from the twelve Newcastlemax vessels once the vessels are complete and delivered by the yard. The Group will look to charter the vessels to counterparties deemed by the

Company to be strong. The Group has taken delivery of two vessels which have been delivered to charterers. Further, the Group has secured charters for five of its ten newbuilding vessels remaining under construction. The Company plans to return capital to the shareholders in the form of monthly dividends, subject to available cash and capital requirements and availability and other considerations. The Company may consider growth and acquisition opportunities if it believes it is in the best interest of the Company's shareholders, however the Company's primary focus is to maximize shareholder returns for the 12 newbuilding vessels the Group will operate.

8.5 Business description

8.5.1 General

The Group currently has ten Newcastlemax 210,000 DWT DF Bulk Carriers under construction at New Times Shipbuilding Co. Ltd. in China ("**New Times**"). Two Vessels have been delivered.

In March 2021, Mount Norefjell Inc., Mount Ita Inc., Mount Etna Inc. and Mount Blanc Inc. entered into shipbuilding contracts with New Times for vessels with hull numbers 0120833, 0120834, 0120835 and 0120836 respectively (the "**1-4 Building Contracts**"). In addition, the Company entered into an option agreement with New Times for additional 4+4 identical vessels. The Vessels with hull numbers 0120833 and 0120834 have been delivered to Mount Norefjell Inc. and Mount Ita Inc. respectively.

In June 2021, the Company declared the first set of options. As such Mount Matterhorn Inc., Mount Neblina Inc., Mount Bandeira Inc. and Mount Hua Inc. entered into four new shipbuilding contracts dated 22 June 2021 for vessels with hull numbers 0120837, 0120838, 0120839 and 0120840 respectively (the "**5-8 Building Contracts**").

Anticipating that the Company would incorporate four additional Liberian corporations and declare the option for the last four option vessels as well, Himalaya entered, subject to board consents to be lifted within 6 September 2021, into four additional shipbuilding contracts with New Times dated 22 June 2021, with an option for Himalaya to assign the contracts to its guaranteed nominees. These contracts relate to the building of similar vessels with hull numbers 0120841, 0120842, 0120843 and 0120844. On 1 September 2021, the last four of the Subsidiaries were incorporated and on 3 September 2021, Himalaya lifted the board subjects. On 6 September 2021, Himalaya, New Times and each of Mount Elbrus Inc., Mount Denali Inc., Mount Aconcagua Inc. and Mount Emai Inc. entered into nomination agreements governing the assignments to these corporations of the buyer's rights and obligations under Himalaya's shipbuilding contracts for hull numbers 0120841, 0120842, 0120843 and 0120844 respectively (the "**9-12 Building Contracts**").

Following this development, each of the Subsidiaries is party to a shipbuilding contract with New Times (each a "**Shipbuilding Contract**" and together the "**Shipbuilding Contracts**") relating to the building of a vessel of the above-mentioned kind (each a "**Vessel**" and together the "**Vessels**").

The two first Vessels have been flagged with Liberia flag through LISCR, and the remaining ten Vessels are currently being built for Liberia flag.

The average initial purchase price for each Vessel is US\$ 69,245,000 including variation orders and address commission. In November 2022, the Group entered into amendments to its Shipbuilding Contracts to install scrubbers on all of its Vessels, with an extra cost of US\$2.4 million per vessel, which constitutes the sixth installment of the contract price for each Vessel, payable upon delivery.

The following table summarizes key information about the 12 Vessels.

Vessel Name	Hull No.	Estimated Delivery Date	Type of employment	Initial Contractual Purchase Price	Adjusted Purchase Price ¹⁾²⁾
Mount Norefjell	0120833	2 March 2023 ³	Fixed time charter	US\$ 67,917,000	US\$ 70,317,000
Mount Ita	0120834	9 March 2023 ³	Index-linked time charter	US\$ 67,917,000	US\$ 70,317,000
Mount Etna	0120835	13 April 2023	Index-linked time charter	US\$ 67,917,000	US\$ 70,317,000
Mount Blanc	0120836	29 May 2023	Index-linked time charter	US\$ 67,917,000	US\$ 70,317,000
Mount Matterhorn	0120837	14 July 2023	Index-linked time charter	US\$ 69,767,000	US\$ 72,167,000
Mount Neblina	0120838	28 August 2023	Index-linked time charter	US\$ 69,767,000	US\$ 72,167,000
Mount Bandeira	0120839	3 January 2024	Index-linked time charter	US\$ 69,767,000	US\$ 72,167,000
Mount Hua	0120840	10 January 2024	N/A	US\$ 69,767,000	US\$ 72,167,000

Mount Elbrus	0120841	31 January 2024	N/A	US\$ 70,267,000	US\$ 72,667,000
Mount Denali	0120842	29 May 2024	N/A	US\$ 70,267,000	US\$ 72,667,000
Mount Aconcagua	0120843	12 July 2024	N/A	US\$ 70,267,000	US\$ 72,667,000
Mount Emai	0120844	23 July 2024	N/A	US\$ 70,267,000	US\$ 72,667,000

1) Includes scrubber costs of US\$ 2.4 million per Vessel.
2) Does not reflect the variation orders and the deduction of the Address Commission to be deducted from the purchase price. The average Address Commission for the vessels is US\$679,000; whereas the currently anticipated variation orders US\$606,950 per vessel as further described below.
3) Actual delivery dates.

The purchase price for the Vessels not delivered shall be settled in four pre-delivery instalments for each Vessel, in the amount equal to approximately 5, 5, 10 and 10 per cent of the purchase price of such Vessel. The remaining 70 per cent shall be payable on delivery of the Vessel. Each delivery instalment is also expected to be increased as a consequence of variation orders under the Shipbuilding Contracts, currently expected to be approximately US\$ 606,950 per Vessel. This additional cost primarily relates to an increase of the size of the LSFO/MGO tanks on each Vessel to 4,750 cbm, in order to offer maximum flexibility in trading of the ships.

As per separate agreement, New Times has agreed with each subsidiary that an address commission may be deducted from each of the final delivery instalments, thus decreasing each purchase price payable by each Subsidiary by the following figures (the “**Address Commissions**”):

Hull No.	Address Commission
0120833-1020836	US\$ 674,000 per Vessel
0120837-0120840	US\$ 679,000 per Vessel
0120841-0120844	US\$ 684,000 per Vessel

To date, the Group has paid the purchase price for the two delivered Vessels (hull number 0120833 and 0120834 in its entirety). Further, the group has paid several instalments on the Shipbuilding Contracts, in total US\$ 123.1 million. The two first instalments on each Vessel have been financed with equity raised by the Company in 2021. The third and fourth instalments and delivery instalments paid have been financed by the pre-delivery financing available to the Group under the Leasing Arrangements.

The following table provides an overview of the instalments, how they have been financed and how they, for a substantial part, are expected to be financed going forward.

Hull no.	1 st Instalment ¹	2 nd Instalment ¹	3 rd Instalment	4 th Instalment	5 th Instalment*	Sixth Instalment (Scrubbers)	Purchase Price ²
0120833	US\$ 3,395,850	US\$ 3,395,850	US\$ 6,791,700	US\$ 6,791,700	US\$ 47,541,900	US\$ 2,400,000	US\$ 70,317,000
0120834	US\$ 3,395,850	US\$ 3,395,850	US\$ 6,791,700	US\$ 6,791,700	US\$ 47,541,900	US\$ 2,400,000	US\$ 70,317,000
0120835	US\$ 3,395,850	US\$ 3,395,850	US\$ 6,791,700	US\$ 6,791,700	US\$ 47,541,900	US\$ 2,400,000	US\$ 70,317,000
0120836	US\$ 3,395,850	US\$ 3,395,850	US\$ 6,791,700	US\$ 6,791,700	US\$ 47,541,900	US\$ 2,400,000	US\$ 70,317,000
0120837	US\$ 3,420,850	US\$ 3,420,850	US\$ 6,841,700	US\$ 6,841,700	US\$ 49,241,900	US\$ 2,400,000	US\$ 72,167,000
0120838	US\$ 3,420,850	US\$ 3,420,850	US\$ 6,841,700	US\$ 6,841,700	US\$ 49,241,900	US\$ 2,400,000	US\$ 72,167,000
0120839	US\$ 3,420,850	US\$ 3,420,850	US\$ 6,841,700	US\$ 6,841,700	US\$ 49,241,900	US\$ 2,400,000	US\$ 72,167,000
0120840	US\$ 3,420,850	US\$ 3,420,850	US\$ 6,841,700	US\$ 6,841,700	US\$ 49,241,900	US\$ 2,400,000	US\$ 72,167,000
0120841	US\$ 3,445,850	US\$ 3,445,850	US\$ 6,891,700	US\$ 6,891,700	US\$ 49,591,900	US\$ 2,400,000	US\$ 72,667,000
0120842	US\$ 3,445,850	US\$ 3,445,850	US\$ 6,891,700	US\$ 6,891,700	US\$ 49,591,900	US\$ 2,400,000	US\$ 72,667,000
0120843	US\$ 3,445,850	US\$ 3,445,850	US\$ 6,891,700	US\$ 6,891,700	US\$ 49,591,900	US\$ 2,400,000	US\$ 72,667,000
0120844	US\$ 3,445,850	US\$ 3,445,850	US\$ 6,891,700	US\$ 6,891,700	US\$ 49,591,900	US\$ 2,400,000	US\$ 72,667,000
Total aggregate purchase price for all vessels:							US\$ 860,604,000 ³

¹Instalments which have been paid and financed with equity.

²Does not reflect the variation orders and deductions of the Address Commission to be deducted from the purchase price. The average Address Commission for the vessels is \$679,000; whereas the currently anticipated variation orders are US\$606,950 per Vessel.

Orange: Instalments paid substantially with proceeds from the leasing financing available pursuant to the Avic Leasing.

Red: Instalments to be paid substantially with proceeds from the leasing financing available pursuant to the Avic Leasing.

Light blue: Instalments paid with proceeds from the leasing financing available pursuant to the CCBFL Leasing.

Dark blue: Instalments to be paid with proceeds from the leasing financing available pursuant to the CCBFL Leasing.

Dark green: Instalments paid with proceeds from the leasing financing available pursuant to the Jiangsu Leasing.

Light green: Instalments to be paid with proceeds from the leasing financing available pursuant to the Jiangsu Leasing.

Yellow: The Company intends to seek financing for these instalments from CCBFL and Jiangsu (as applicable), or will otherwise have to settle these obligations with the net proceeds from the US Offering and results of operations, as well as available financing under the Drew Holdings RCF and the Bridge Facility.

The following table shows the maturing instalments in each quarter following 12 months from the Listing, including scrubber financing, but excluding variation orders, stores of spare parts and consumables and reduction for Address Commission on the delivery instalments.

Hull no.	Q2 2023	Q3 2023	Q4 2023	Q1 2024
0120835	49,941,900			
0120836	49,941,900			
0120837		51,641,900		
0120838		51,641,900		
0120839	6 841 700			51,641,900
0120840	6 841 700			51,641,900
0120841		6 891 700		51,991,900
0120842	6 891 700		6 891 700	
0120843		6 891 700		6 891 700
0120844		6 891 700		6 891 700
Amounts to be adjusted for Address Commission and final variation order amount.				

As security for the pre-delivery instalments under the Shipbuilding Contracts, New Times has furnished bank guarantees securing the Group's pre-delivery instalments (the "**Refund Guarantees**"). Such Refund Guarantees have been provided for the vessels under each of the Shipbuilding Contracts by reputable Chinese finance institutions.

As security for each of the Subsidiaries' performance of its obligation to pay the second to fourth instalment under each Shipbuilding Contract, Himalaya has provided parent company guarantees securing such payments (the "**Parent Company Guarantees**").

Since in incorporation of the Company, and currently pursuant to a management agreement between Himalaya and 2020 Bulkera Management AS entered into in February 2023, 2020 Bulkera Management AS has agreed to provide the current day-to-day commercial management of the Group, including supervising SeaQuest and technical managers, assisting the Group with the newbuilding programme at New Times (the "**Management Agreement**"), its listing on Euronext Expand and NYSE, securing employment for the Vessels, providing treasury and accounting functions and other commercial services as described in the Management Agreement.

Building supervision, plan approval and technical negotiations for the Vessels have been subcontracted to SeaQuest Marine Project Management Ltd ("**SeaQuest**") pursuant to a supervision agreement entered into in May 2021. SeaQuest has, since its inception in 2001, been involved in more than 300 newbuilding projects, predominantly in Korea, China and Japan, for a wide range of ship owning companies. SeaQuest is, inter alia, responsible for supervising the construction of the vessels through the vessel construction period and will also control the vessel documentation, certifications, coordinating and supervising the ship's crew phase-in plan as well as organizing hand-over and assisting the Company with documentation. Pursuant to the supervision agreement the services provided by SeaQuest shall cover all activities required for plan approval, maker selection and partial alteration drawing approval during the construction phase, as well as supervision during the construction period including reporting on activity from an on-site team. For these services the Company shall pay a fee of US\$ 100,000, in addition to a monthly fee of US\$ 121,000.

Himalaya aims to charter out its vessels on index-linked time charters¹, fixed rate time charters², or voyage charters³. The counterparties will typically be large dry bulk operators, commodity traders and end users. Himalaya's fleet may be trading worldwide, however, the key trades for Newcastlemax carriers are Brazil to China and Australia to China (see also clause 7.1 above).

8.5.2 The fleet

The fleet will, when delivered, consist of the twelve Newcastlemax 210,000 dwt dry bulk vessels, operated by subsidiaries wholly owned by the Company. The vessels are built at New Times Shipyard in China, scheduled to be delivered between March 2023 and July 2024. The average contract price is, at the date hereof US\$ 71,645,533 per Vessel, inclusive of adjustments for the ordering of scrubbers and other variation orders and Address Commission. The vessels are built to

¹ Index-linked time charters mean employment contracts for vessels where the daily time charter equivalent earnings are linked to the Baltic 5TC Capesize index

² Fixed rate time charters mean employment contracts for vessels with fixed daily time charter equivalent earnings

³ A voyage charter means that the vessel is chartered to transport a specific agreed upon cargo for a single voyage and the consideration is determined on the basis of a freight rate per metric ton of cargo carried or occasionally on a lump sum basis.

comply with the International Maritime Solid Bulk Cargoes Code⁴ (the “**IMSBC Code**”). The company has entered into the Leasing Arrangements for the purpose of financing the substantial part of the pre-delivery instalments not already paid with equity, see Section 8.5.3 for more details. Pursuant to such leasing arrangements, the Group intends to sell the Vessels to the Leasing Provider (as applicable) upon delivery from New Times and lease the Vessels back to the Group for onwards chartering to its prospective customers.

Fleet overview:

<p>HULL NO. 0120833 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 4/2023 <u>Actual delivery date:</u> 3/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Norefjell Inc. <u>Owner under leasing arrangement:</u> Great Lhotse Limited</p>	<p>HULL NO. 0120834 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 5/2023 <u>Actual delivery date:</u> 3/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Ita Inc. <u>Owner under leasing arrangement:</u> Great Makalu Limited</p>
<p>HULL NO. 0120835 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 7/2023 <u>Target delivery date:</u> 4/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Etna Inc.</p>	<p>HULL NO. 0120836 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 9/2023 <u>Target delivery date:</u> 5/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Blanc Inc.</p>
<p>HULL NO. 0120837 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 9/2023 <u>Target delivery date:</u> 7/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Matterhorn Inc.</p>	<p>HULL NO. 0120838 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 10/2023 <u>Target delivery date:</u> 8/2023 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Neblina Inc.</p>
<p>HULL NO. 0120839 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 2/2024 <u>Target delivery date:</u> 1/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Bandeira Inc.</p>	<p>HULL NO. 0120840 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 2/2024 <u>Target delivery date:</u> 1/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Hua Inc.</p>
<p>HULL NO. 0120841 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 4/2024 <u>Target delivery date:</u> 1/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Elbrus Inc.</p>	<p>HULL NO. 0120842 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 7/2024 <u>Target delivery date:</u> 5/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Denali Inc.</p>
<p>HULL NO. 0120843 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 8/2024 <u>Target delivery date:</u> 7/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Aconcagua Inc.</p>	<p>HULL NO. 0120844 <u>Type:</u> Newcastlemax dry bulk carrier <u>Yard:</u> New Times Shipyard Jingjiang <u>Contractual delivery date:</u> 9/2024 <u>Target delivery date:</u> 7/2024 <u>DWT:</u> 210,000 <u>LOA:</u> 299.95m <u>Beam:</u> 50.00 m <u>Intended place of registration:</u> Monrovia, Liberia <u>Party to shipbuilding contract:</u> Mount Emai Inc.</p>

⁴ Maritime Solid Bulk Cargoes Code is the IMO code with aim to facilitate the safe stowage and shipment of solid bulk cargoes

In terms of valuations, the Group has received valuation reports relating to Mount Norefjell from Arrow Valuations, a division of Arrow Research Limited (“**Arrow**”) dated 16 December 2022 (the “**Vessel Valuation**”). The Vessel valuation is attached to this Prospectus as Appendix C. Given that each of the Group’s Vessels so far are built identical, the Company deems the Vessel Valuation to be relevant to the entire fleet as of the dates of the Vessel Valuation (adjusted for the remaining building process for the undelivered vessels).

Arrow is an independent and specialized ship brokerage and valuation firm with no material interests in the Company. Arrow has given its consent to the inclusion of the Vessel Valuation in this Prospectus.

As per 16 December 2022 (basis delivered/completed ship), Arrow estimated the value of Mount Norefjell (and thus the type of the Vessels as of the date thereof, on a completed basis) to US\$ 81 million.

Arrow has not conducted any physical inspection, as the Vessels have been under construction in the period in which the Prospectus was prepared and the Vessel Valuation sourced, and two vessels have just recently been delivered to the Group and accepted under the Shipbuilding Contracts.

The Vessel Valuation represents the broker’s opinions as to the fair and reasonable market value of the Vessels as specified. The Vessel Valuation is based on several assumptions. A breach of these assumptions may have consequences for the valuation. The Vessel Valuation is further based on the assumption of a “willing seller and willing buyer” at arm’s length basis and assuming that no party is in a forced situation. No assurance can be given that the values can be sustained or are realisable in actual transactions. The Vessel Valuation is a statement of opinion and is not to be taken as representations of facts. Accordingly, the Vessel Valuation relates solely to the broker’s opinion of the market value as of the date given and should not be taken to apply any other date.

The Company confirms that there are no changes since the date of the Vessel Valuation that indicate that the carrying amount of the instalments under the Shipbuilding Contracts are not recoverable. Further, the Company confirms that no material changes to the vessel values has occurred since the date of the Vessel Valuation, and that there has not been events after delivery of the two first Vessels on 2 and 9 March 2023 having an effect on the vessel values.

8.5.3 The Charterparties

Two of the Group’s Vessels were delivered in March 2023, and the Group’s un-delivered Vessels are estimated to be delivered between April 2023 and July 2024. In October 2022, the Group entered into charter agreements for six of the Vessels on index-linked time charters for periods of between 24 to 38 months, plus certain extension options, to commence upon their delivery. In addition, in December 2022, the Group entered into a fixed-rate time charter on a seventh vessel for a two-year charter. The Group intends to employ the rest of its Vessels, or any other of such Vessels upon the expiration of their respective time charters, primarily on index-linked time charter, fixed rate time charter or voyage charter.

The key charter terms can be summarized as follows:

Vessel	Estimated Delivery	Rate US\$ ³	Charter Period
Mount Norefjell	Delivered on 2 March 2023	30,000	24 months
Mount Ita	Delivered on 9 March 2023	BCI 5TC plus premium, scrubber benefit	32-38 months ¹
Mount Etna	April 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Blanc	May 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Matterhorn	July 2023	BCI 5TC plus premium, scrubber benefit	32-38 months ²
Mount Neblina	August 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Bandeira	January 2024	BCI 5TC plus premium, scrubber benefit	24 months

¹ Option for 11-13 months.
² Option for 11-13 months.
³ The Company will earn revenues based on the Capesize Index published by the Baltic Exchange plus a premium which will vary depending on contract terms. In addition, the Company will earn a scrubber benefit based on the spread between high sulphur fuel oil and very low sulphur fuel oil or the spread between liquified natural gas and very low sulphur fuel oil.

8.5.4 The Financing Arrangements

Pursuant to the Shipbuilding Contracts, the Group agreed to acquire 12 vessels for an average purchase price of US\$69.3 million per vessel to be paid in four pre-delivery installments for each vessel, in the amount equal to approximately 5%, 5%, 10% and 10% of the initial purchase price of each vessel, respectively, with the remaining delivery installments, in the amount of approximately 70% of the initial purchase price payable upon the delivery of each vessel. The total average purchase price, including estimated variation orders, Address Commissions and the cost of scrubbers the Group is installing on each of its vessels is US\$71.6 million.

The Group has paid the two first instalments on each Vessel with the net proceeds from its equity offerings completed in 2021. For the substantial financing required for instalments under the newbuilding programme, the Group has entered into sale and leaseback arrangements as described below, which in addition to delivery financing, also includes pre-delivery financing of the third and fourth instalment under each Building Contract (the “**Leasing Arrangements**”, which together with the Drew Holdings RCF (as defined below) are hereinafter referred to as the “**Financing Arrangements**”).

The Group has entered into the Leasing Arrangements with AVIC International Leasing Co. Ltd. (“**Avic**”), CCB Financial Leasing Company Limited (“**CCBFL**”) and Jiangsu Financial Leasing Co. Ltd. (“**Jiangsu**” and together the “**Leasing Providers**”). Pursuant to the Leasing Arrangements, the Leasing Providers shall provide pre-delivery financing to each Subsidiary (the “**Pre-Delivery Financing**”), to meet its obligations to pay the third and fourth instalments for each Vessel to New Times. Together with the capital raised by the Group in the US Offering and that available under the Bridge Facility and the Drew Holding RCF (as defined below), the Group expects to be able to meet its working capital requirements for the twelve months following the Listing, and its pre-delivery and delivery obligations under each Shipbuilding Contract. Reference is made to the table in section 8.5.1, which provides an overview of the instalments, how they have been financed and how they are to be financed going forward.

On delivery of the Vessels, the Leasing Providers (or a designated SPV for each Vessel incorporated and administrated by the Leasing Providers (as applicable), but hereinafter just referred to as the Leasing Providers for ease) shall purchase a Vessel from each Subsidiary. The purchase price of each Vessel payable by the Leasing Providers to each Subsidiary shall be 90% of the contract price for each Vessel pursuant to the Shipbuilding Contracts and is capped at US\$ 64,500,000 per Vessel including scrubbers on the Avic Leasing and US\$ 63,000,000 per Vessel on the other Leasing Arrangements (such purchase price being the “**Delivery Financing**”). Under the Leasing Arrangements, the Leasing Providers shall pay the Delivery Financing to New Times (as required under each Shipbuilding Contract) upon closing of the delivery of the Vessels to the Subsidiaries against the immediate delivery of the Vessels from each of the Subsidiaries to the Leasing Providers’ designated SPVs.

Each Subsidiary shall charter its Vessel back from the respective Leasing Provider on hell and high-water terms, for an agreed daily charter hire, with a duration of seven years. On the last day of the charter period, each Subsidiary has an option to re-purchase the Vessel at a specific price and the Leasing Arrangements also include customary early re-purchase options whereby each Subsidiary can re-purchase the Vessel at specific prices following 3, 4, 5 and 6 years after delivery of each Vessel.

To arrange the financing, the Leasing Providers shall receive a non-refundable fee of 1% of the purchase price payable to the Subsidiaries by the Leasing Providers. In addition, the broker of the leasing financing, Compass Advisory Services Pte Ltd (“**Compass**”) shall receive a 1% commission based on the purchase price agreed with the Leasing Provider for such Vessel.

Avic Leasing

For Mount Norefjell, Mount Ita, Mount Etna and Mount Blanc, the Group has entered into definitive agreements with AVIC International Leasing Co. Ltd. (“**Avic**”) for pre-delivery financing and sale and leaseback financing for a substantial part of the payment obligations on delivery of these vessels, including financing of 90% of the scrubber cost for each of these vessels (the “**Avic Leasing**”). Pursuant to the Avic Leasing, the Group shall receive financing for the third and fourth pre-delivery instalments under the first four Building Contracts. In addition, upon delivery of the relevant vessels from New Times, each buyer shall sell its vessel to an SPV owned and designated by Avic, and charter the vessel back on hell and high water terms.

The Group shall provide market terms security for the available pre-delivery financing from Avic, including assignment of the first four Building Contracts and the related Refund Guarantees, as well as a parent company guarantee from the Company, share pledges over the related Subsidiaries, account pledges over the related Subsidiaries’ bank accounts and a share pledge over the shares in each related Subsidiary. On delivery of the Vessels from New Times and sale of the related Vessels to Avic’s designated SPVs, the Group will also enter into a first priority assignment of insurances, requisition compensation and, to some extent, charter earnings. In addition, the Subsidiaries shall arrange for a manager’s undertaking and subordination (which shall include an assignment of all the ship managers’ interests in the Vessel insurances) from the Manager and each of the technical managers of the respective Vessels.

The Avic Leasing contains customary covenants for this type of arrangements, including (i) covenants relating to the vessels, class, flag, compliance with the ISM Code and ISPS Code, including restrictions on sales of the vessels, (ii) general compliance requirements relating to laws and regulations, and environmental protection, (iii) customary information covenants and financial reporting covenants, including requirements to provide the Company’s financial

statements for each financial year and half year to Avic and to provide a valuation report of each of the vessels at Avic's request, (iv) restrictions on change of control of subsidiaries, (v) restrictions on entering into any corporate restructuring, without the prior written consent of Avic, and (vi) certain financial covenants, as well as limitations to incur in any financial indebtedness or grant any loan without the prior written consent of Avic. In addition, a dividend or other distribution to the Company is only allowed if immediately following such payment or distribution there will be maintained in the relevant Subsidiary's account a total amount no less than the higher of (a) US\$3.6 million, and (b) the aggregate of the charter hire payable every consecutive three months and the operating expenses for the relevant vessel that are payable within the next six months on a pro forma basis after such distribution.

CCBFL Leasing

In addition to the Avic Leasing, the Company has entered into a similar sale & leaseback arrangement (the "**CCBFL Leasing**") with CCB Financial Leasing Company Limited ("**CCBFL**"). The CCBFL Leasing is a similar sale and leaseback arrangement as the Avic Leasing and will cover a substantial part of the remaining payment obligations for the eight vessels under the 5-8 and 9-12 Building Contracts. Pursuant to the CCBFL Leasing, the Group shall provide a similar security package for the CCBFL as to Avic under the Avic Leasing.

As of December 31, 2022, an aggregate amount of US\$20.5 million was paid by CCBFL to New Times for the respective vessels and Subsidiaries under such Shipbuilding Contracts. The CCBFL Leasing also contains customary covenants for this type of arrangements, including (i) covenants relating to the vessels, class, flag, compliance with the ISM Code and ISPS Code, including restrictions on sales of the vessels, (ii) general compliance requirements relating to laws and regulations, environmental protection, (iii) customary information covenants and financial reporting covenants, including requirements to provide the Company's financial statements for each financial year and half year to CCBFL and to provide a valuation report of each of the vessels at CCBFL's request, (iv) restrictions on change of control of Subsidiaries, (v) restrictions on entering into any corporate restructuring without the prior written consent of CCBFL, and (vi) certain financial covenants, including limitations to incur in any financial indebtedness or grant any loan without the prior written consent of CCBFL, and minimum cash requirements. On the latter, each relevant Subsidiary is, beginning six months from the delivery date of its vessel and throughout the remaining lease period, required to maintain a minimum cash balance in its account equivalent to three months' charter hire under each applicable CCBFL Leasing, which amounts to approximately US\$1.5 million.

Jiangsu Leasing

Further, CCBFL, Jiangsu and the Company have entered into novation and assignment agreements, in relation to the vessels with hull numbers 0120839 and 0120840, pursuant to which CCBFL transferred and assigned all of its rights and obligations to Jiangsu, on the same terms and conditions as contemplated in the corresponding CCBFL Leasing for such two vessels (the "**Jiangsu Leasing**"). The novation became effective in March 2023.

Bridge Facility

On March 1, 2023, the Company entered into a US\$15 million unsecured bridge facility with DNB Markets as arranger and DNB Bank ASA as lender and agent (the "**Bridge Facility**"), which is available to the Company for general corporate purposes.

The Bridge Facility has a maturity date on September 1, 2023 and bears interest with a three month interest period at a rate which is the aggregate of (A) the "Margin", being equal to (i) 6% per annum ("p.a.") in respect of the period from March 1, 2023 to the date falling one month after the applicable utilization date, (ii) 7% p.a. in respect of the period from date the date falling one month after the applicable utilization date to the date falling three months after such utilization date; (iii) 8% p.a. in respect of the period from the date falling three months after the applicable utilization date to the date falling five months after the applicable utilization date; (iv) 9% p.a. in respect of the period from the date falling five months after the applicable utilization date to September 1, 2023; and (B) SOFR. The company is also required to pay a fee computed at the rate of 40% of the applicable Margin for any unutilized amounts until August 1, 2023, among other fees.

As of March 6, 2023, the Bridge Facility had been utilized in the amount of US\$7.5 million, which shall be repaid in full no later than September 1, 2023, and US\$7.5 million remained unutilized. Any additional amounts unutilized under the Bridge Facility, and currently available thereunder, will be available only until August 1, 2023, and the Company may only submit two additional utilization requests. The Bridge Facility contains certain financial covenants, including a requirement that the Company maintains: (i) minimum liquidity of no less than US\$1 million at all times from April 1, 2023, (ii) a positive working capital from April 1, 2023, and (iii) an aggregate market value of the Vessels of at least

105% of the amount of the outstanding debt under the facility. In addition, the Bridge Facility contains a “most favored nation” clause which provides that the financial covenants in this facility shall be amended to reflect any more lender favorable covenants that the Company agrees in any other loan agreement.

The agreement contains various covenants, including, among others, restrictions on incurring additional indebtedness and on making acquisitions or incurring capital expenditures, a prohibition against entering into any merger or corporate reorganization, prohibitions against making or paying any dividend or other distribution on or in respect of the Company’s share capital; a prohibition against disposal of any of the Group’s vessels or other material assets; and restrictions on the repurchase of the Company’s shares and restrictions on changing the general nature of the Group’s business.

The agreement also contains customary events of default which include non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the Company’s business and ability to perform its obligations under the Bridge Facility.

Furthermore, a change of control event occurs if (i) Drew Holdings and/or other entities owned by Mr. Tor Olav Trøim ceases to own, directly or indirectly, 33.33% of the shares of the Company or (ii) any person or group of persons (other than those owned by Mr. Tor Olav Trøim owns, directly or indirectly, more than 33.33% of the shares of the Company.

The Bridge Facility agreement provides that if the Company raises capital in the equity or debt capital markets, then the Company shall cancel the commitments under the facility, and if utilized, prepay the outstanding debt, on the date of receipt by it of the proceeds of the corresponding transaction.

Drew Holdings RCF

Drew Holdings Ltd. (“**Drew Holdings**”) has provided the Company with an unsecured revolving credit facility of US\$15.0 million, which is available to the Company in tranches if it has no other liquid funds available to meet its working capital requirements (the “**Drew Holdings RCF**”). The Drew Holdings RCF is an unsecured revolving credit facility, bearing an interest rate of LIBOR for the applicable interest period under the facility, plus a margin of 8% p.a. The Company may select an interest period for each tranche of one, three or six months as specified in each relevant drawdown notice.

As of December 31, 2022, there was US\$1.0 million outstanding under the Drew Holdings RCF, and the Company drew another US\$1.02 million in 2023. Outstanding amount under the Drew Holdings RCF shall be repaid in full no later than December 31, 2024, or upon the sale or purchase of a major asset not already contracted for. Any additional amounts not drawn down under the Drew Holdings RCF, and currently available thereunder, will be allowed only until December 31, 2023. All drawn amounts under the Drew Holdings RCF have currently been repaid, and there are no outstanding amounts under the Drew Holdings RCF due from the Company as of the date of this Prospectus.

Based on the latest guidance from the applicable LIBOR administrator, the reference rates currently in use are expected to be available until June 30, 2023 and the Company expects to agree alternative reference rates with Drew Holdings before the applicable discontinuation date. In addition, the Company has determined that reference rate reforms will potentially impact any outstanding amount under the Drew Holdings RCF.

As of December 31, 2022, we were in compliance with all of our covenants in each of our Financing Arrangements to the extent applicable.

8.5.5 Material contracts

The Group’s material contracts are the Shipbuilding Contracts, the Financing Arrangements, the Charterparties, the Refund Guarantees, the Parent Company Guarantees and the management agreements with SeaQuest and the Manager, as described in section 8.5.1, and the Corporate Support Agreement, as described in section 13.

8.5.6 Competitors

The dry bulk market is competitive and consists of many vessel size classes (the main being Capesize, Panamax, Handysize, among others) for the transportation of different commodities (iron ore, coal, grain, among others). The dry bulk carrier fleet consists of approximately 13,126 vessels, with a total capacity of 972 dwtm. Relevant competitors to the Group are owners of Capesize vessels, which currently count around 2,063 vessels. The Capesize orderbook-to-fleet ratio stands at an historically low ~6.2% (year end 2022), and with the new emission regulations commencing in 2023, the assumed advantage of offering dual fuel LNG propelled Newcastlemaxes, giving a significant benefit to the calculated CO2 emission per ton mile, is assumed to give the Group further competitive advantage over the average Capesize fleet.

The ownership of Capesize vessels is widely distributed among numerous owners, and like the dry bulk shipping segment in general, is perceived to be more fragmented than the other shipping segments. The table below shows the ten largest Capesize owners as of February 2023.

Owner	Number of vessels on water	Number of vessels in orderbook	Total dwt million	% of existing global fleet (dwt 2022)	Average age (yrs)
China COSCO Shipping	97		23.8	5.8%	8.7
Nippon Yusen Kaisha	67	5	15.0	3.7%	10.3
Fredriksen Group	58		10.8	2.6%	7.8
Berge Bulk	55		12.1	3.0%	10.3
Angelicooussis Group	46	6	9.4	2.3%	10.4
H-Line Shipping	41	5	9.4	2.3%	7.3
Oldendorff Carriers	37	5	6.9	1.7%	8.2
Star Bulk Carriers	41		7.7	1.9%	10.2
K-Line	39	1	7.9	1.9%	10.3
CMB	20	20	7.9	1.9%	11.0

8.5.7 Management Services

The Group does not have any employees. To cover its administrative and commercial management functions, Himalaya and the Subsidiaries have entered into the Management Agreement with 2020 Bulkers Management AS. Pursuant to the Management Agreement, 2020 Bulkers Management AS has agreed to provide administrative and commercial management services to the Group, including, i.a., supervising SeaQuest and assisting the Group with the newbuilding program, securing employment for the Vessels, reporting and complying as required in connection with the Company's listings on NYSE and Euronext Expand, and assisting the Group with entering into agreements for technical and operational management services for the vessels. See section 12.3 "Management" for further details.

The following technical managers have been engaged by the Company to perform technical management services for the Group's Vessels as they are delivered from New Times:

Hull no.	Vessel Name	Technical Manager
0120833	Mount Norefjell	OSM Bergen Dry AS
0120834	Mount Ita	OSM Bergen Dry AS
0120835	Mount Etna	Wilhelmsen Ship Management (Norway) AS
0120836	Mount Blanc	Wilhelmsen Ship Management (Norway) AS
0120837	Mount Matterhorn	OSM Bergen Dry AS
0120838	Mount Neblina	Wilhelmsen Ship Management (Norway) AS
0120839	Mount Bandeira	OSM Bergen Dry AS
0120840	Mount Hua	Wilhelmsen Ship Management (Norway) AS
0120841	Mount Elbrus	OSM Bergen Dry AS
0120842	Mount Denali	OSM Bergen Dry AS
0120843	Mount Aconcagua	Wilhelmsen Ship Management (Norway) AS
0120844	Mount Emai	Wilhelmsen Ship Management (Norway) AS

The technical managers have been engaged on standard ship management terms, based on Bimco's standard contract forms. The annual management fee for each vessel is US\$ 150,000, with costs incurred by the technical managers on behalf of the Subsidiaries to be reimbursed by the respective Subsidiaries. The termination periods for the management agreements differ between two to six months.

8.6 Health and safety matters

The Group currently has no employees directly involved in the day-to-day operations, but the health and safety of the personnel employed on board its ships are of top priority since the ship crew is employed and directed by the appointed ship manager as agent for the Group according to the relevant BIMCO Shipman contracts described in section 8.5.7.

The Group will work actively to make personnel aware of this goal and personnel are at all times obligated to follow the highest industry standards. The Group has appointed OSM Bergen Dry AS and Wilhelmsen Ship Management (Norway) AS as ship managers for the Group, to be responsible for the day-to-day ship management and operation of the Vessels.

The appointed ship managers are well reputed companies holding an IMO certified Document of Compliance and robust ship management systems. It will be the external ship managers' responsibility to ensure health and safety standards on-board the Vessels. The Group has only considered reputable and recognized ship managers and safety and health standards have been key factors in the screening, selection and award for its ship managers.

Port restrictions, including immigration restrictions and quarantine measures related to Covid-19, are creating challenges for crew changes on regular intervals. Therefore, crews are having to stay onboard longer than planned and some off-hire may be incurred in conjunction with crew changes. We will be working closely with our technical managers to protect the safety and wellbeing of our crews while minimizing potential off-hire related to crew changes.

Further, in connection with the supervision of the construction of the Vessels still under construction at New Times, maintaining the health and safety of the personnel involved in the construction is of key importance to the Group. The Group has appointed SeaQuest as the on-site supervisor of the construction of the Vessels. SeaQuest is responsible for following up New Times' compliance with HSEQ management.

8.7 Insurance

8.7.1 Vessels under construction

For the Vessels still under construction at New Times, and pursuant to the Shipbuilding Contracts, New Times shall, at its own cost and expense, keep the vessels and all machinery, materials, equipment, appurtenances and outfit fully insured.

8.7.2 Delivered Vessels

For the delivered Vessels, the Group has placed insurances of the type and in the amounts that it believes to be customary in the industry with reputable and customary insurance providers. This includes Protection and Indemnity, Hull and Machinery (marine risk and war risk) and Loss of Hire insurances for each respective Vessel.

For the Hull and Machinery insurance, the Group will also maintain hull disbursements and increased value insurance policies covering each of its Vessels, which will provide additional coverage in the event of the total or constructive loss of a Vessel. The Group expects that its marine risks insurance policies will contain deductible amounts between US\$200,000 and US\$250,000 for which it will be responsible. However, the Group does not expect to have deductible amounts under the war risk policies or its total loss policies. The Group expects that each of its Vessels will be covered up to at least fair market value.

In terms of P&I insurance, the Group's P&I insurance is subject to customary limits in the range of US\$3 billion per ship per event in respect of liability to passengers and seamen and US\$1 billion per ship per event in respect of liability for oil pollution.

The Group plans to carry a loss of hire insurance for its fleet totaling between US\$30,000 and US\$35,000, with a deductible of 14 days, and, depending on a particular situation, the Group may decide to arrange loss of hire insurance covering certain Vessels.

8.8 Legal proceedings

The Group is not, nor has it been during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or has had in the recent past, significant effects on the Group's financial position or profitability. The Group is not aware of any other such aforementioned proceedings which are pending or threatened.

8.9 Dependency on contracts, patents, licenses etc.

As set out in note 2 of the 2021 Financial Statements, the Company is dependent on certain agreements:

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.

As set out in note 2 of the 2022 Financial Statements, the Company is, although now contemplating an equity raise, depending on certain agreements:

Going concern

The financial statements have been prepared on a going concern basis. The Group is dependent on debt financing and equity financing to finance the scrubber installation 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. As of December 31, 2022, the Company has not commenced operations, has cash and cash equivalents of US\$0.3 million and a working capital deficit of US\$24.3 million. The Consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is planning to raise financing through a public offering of the Company's shares. Given management expects completion of the planned debt financing for scrubber installation 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 consolidated financial statements. There is no assurance that the Himalaya Shipping group will be able to execute this financing.

Following the date of the Financial Statements, the Company has entered into additional agreements with Avic for the financing of 90% of the scrubber costs related to Mount Norefjell, Mount Ita, Mount Etna and Mount Blanc. Further, the Company has entered into the Bridge Facility. The Company is of the view that with the Financing Arrangements and the net proceeds from the US Offering, the Company has secured financing for its substantial payment obligations towards New Times, and at least financing for the twelve-month period from the date of the Listing. Reference is also made to section 11.8, with further descriptions on events subsequent to the period of the Financial Statements.

At the time of delivery of newbuildings, each Vessel must have a "license to trade" consisting of a number of international (IMO) certificates. The shipyard is responsible for building the Vessels in accordance with all applicable international regulation, in addition to any known future rules and regulations. An IAPP (International Air Pollution Prevention) certificate is one of the certificates needed to operate the Vessels. This certificate regulates emissions of greenhouse gases such as CO₂ and NO_x. The Energy Efficiency Existing Ship Index (EEXI) is to be included in this certificate.

The Vessels are currently being built under the assumption that they will be flagged with Liberia flag through LISCR. LISCR is responsible for confirming that vessels have all necessary certificates at any given point in time, and that these certificates are valid and complied with. In order to maintain valid certificates, vessels must undergo an annual inspection. For international ships, issued certificates are valid for 5 years before they must be renewed.

Other than as set out above, the Shipbuilding Contracts described in section 8.5.1 and future charter agreements for the Vessels when they are delivered to the Group, it is the Company's opinion that the Group's existing and future profitability is not materially dependent on contracts, patents or licenses, industrial, commercial or financial contracts.

8.10 Regulations**8.10.1 Introduction**

The Company is an international company registered under the laws of Bermuda with its registered office there. The Group's vessels are built in China, registered in Liberia and the Group's potential customers and service providers operate globally. As a result of this organizational structure and the scope of its operations, the Group is subject to a variety of laws in different countries, including those related to the shipping industry in general and dry bulk carriers in particular; personal privacy; data protection; content restrictions; telecommunications; intellectual property; advertising and marketing; labor; foreign exchange; competition; anti-bribery, environment and taxation. These laws and regulations are constantly evolving and may be interpreted, implemented or amended in a manner which affects the Group's business negatively as well as positively, as described in section 2 "Risk Factors" in particular sections 2.2 "Risks related

to applicable laws regulations” and 2.3 “Risks related to financing”. Upon delivery and start of trade of the vessels, the Group will become subject to laws and regulations in additional jurisdictions. This section sets forth the summary of material laws and regulations relevant to the Group’s business operations.

8.10.2 *Regulations in the dry bulk industry*

The Group’s operations are subject to numerous laws and regulations in the form of international treaties and maritime regimes, flag state requirements, national environmental laws and regulations, navigation and operating permits requirements, local content requirements, and other national, state and local laws and regulations in force in the jurisdictions in which its vessels will operate or will be registered, which can significantly affect the chartering and operation of the vessels. The Group is also subject to complex environmental laws and regulations that can adversely affect the cost, manner or feasibility of doing business.

8.10.3 *Flag state requirements*

All Group vessels will be subject to regulatory requirements of the flag state where the vessels are registered. The flag state requirements are international maritime requirements, in some cases further interpolated by the flag state itself. These include engineering, safety and other requirements related to the maritime industry. In addition, each of Group’s vessels must be “classed” by a classification society. The classification society certifies that the vessel is “in-class,” signifying that such vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the flag state and the international conventions of which that country is a member. Maintenance of class certification requires expenditure of substantial sums 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 American Bureau of Shipping and the Liberian Ship Register.

8.10.4 *International Maritime Regimes*

Applicable international maritime regime requirements include, but are not limited to, the International Convention for the Prevention of Pollution from Ships (the “**MARPOL**”), the International Convention on Civil Liability for Oil Pollution Damage of 1969 (the “**CLC**”), the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001 (ratified in 2008), or the Bunker Convention, the International Convention for the Safety of Life at Sea of 1974, the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, and the International Convention for the Control and Management of Ships’ Ballast Water and Sediments in February 2004 (the “**BWM Convention**”). These various conventions regulate air emissions and other discharges to the environment which will apply to the Group’s vessels when trading worldwide. The Group may incur costs to comply with these regimes and continue to comply with these regimes, including having to address any new requirements in the future. In addition, these conventions impose liability for certain discharges, including strict liability in some cases.

Annex VI to MARPOL sets limits on carbon dioxide, sulphur dioxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances. Annex VI applies to all ships and, among other things, imposes a global cap on the sulphur content of fuel oil and allows for specialized areas to be established internationally with even more stringent controls on sulfur emissions.

The Energy Efficiency Index (the “EEXI”) statutory for all merchant ships by the end of 2023 and the subsequent Carbon Intensity Indicator (the “CII”) will limit the allowed emission of carbon dioxide from merchant ships in g-CO₂/ton*nm every year until 2030. As the Vessels are considered efficient in terms of fuel and cargo capacity and may run on LNG fuel, a less carbon intensive fuel, the Group is expected to comply with the applicable IMO regulations until 2030 and beyond. Further, the Vessels will be designed and built to facilitate a subsequent and more cost-effective conversion to ammonia fuel. Upon delivery the Vessels will have the ABS class notation Ammonia Fuel Ready 1C.

For vessels 400 gross tons and greater, platforms and drilling rigs, Annex VI imposes various survey and certification requirements. Moreover, recent amendments to Annex VI require the imposition of progressively stricter limitations on sulphur emissions from ships. Since 1 January 2015, these limitations have required that fuels of vessels in covered ECAs contain no more than 0.1% sulphur, including the Baltic Sea, North Sea, North America and United States Sea ECAs. For non-ECA areas, the sulphur limit in marine fuel is currently capped at 0.5% effective from 1 January 2020, unless a ship is outfitted with EGCS approved by flag administration limiting exhaust gas emission sulphur content to be equal to or less than 0.5%.

The amendments also establish new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The terms of the Group’s construction contracts require all of its vessels to be in compliance with these requirements when delivered to the Group.

The BWM Convention calls for a phased introduction of mandatory ballast water exchange requirements with effect from 2009 to be replaced in time with a requirement for mandatory ballast water treatment. The BWM Convention entered into force on 8 September 2017.

8.10.5 *Environmental Laws and Regulations*

Applicable environmental laws and regulations include the U.S. Oil Pollution Act of 1990, (the “**OPA**”), the Comprehensive Environmental Response, Compensation and Liability Act, (the “**CERCLA**”), the U.S. Clean Water Act, (the “**CWA**”), the U.S. Clean Air Act, (the “**CAA**”), the U.S. Ocean Dumping Act (the “**ODA**”), the U.S. Act to Prevent Pollution from Ships (the “**APPS**”), the U.S. Maritime Transportation Security Act of 2002 (the “**MTSA**”), the requirements of the U.S. Coast Guard (the “**USCG**”), the requirements of the U.S. Environmental Protection Agency (the “**EPA**”), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (the “**Basel Convention**”), the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the “**Hong Kong Convention**”), European Union regulations, including the E.U. Regulation (EC) No 1013/2006 on Shipments of Waste (the “**Waste Shipment Regulation**”) and Regulation (EU) No 1257/2013 on Ship Recycling (the “**Ship Recycling Regulation**”).

These laws govern the discharge of materials into the environment, recycling of waste and other matters relating to environmental protection. In certain circumstances, these laws and requirements may impose strict liability, rendering the Group liable for environmental and natural resource damages without regard to negligence or fault on the Group’s part. Implementation of new environmental laws or regulations applicable to dry bulk vessels may subject the Group to fines, penalties and/or increased costs; may limit the operational capabilities of its vessels; and could materially and adversely affect its operations and financial condition. Reference is also made to clause 2.2.1 above.

8.10.6 *The Group is subject to international safety regulations, and the failure to comply with these regulations may subject the Group to increased liability, may adversely affect its insurance coverage and may result in a denial of access to, or detention in, certain ports.*

The operation of the Group’s vessels is subject to the requirements set forth in IMO’s ISM Code. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation of vessels and describing procedures for dealing with emergencies. In addition, vessel classification societies impose significant safety and other requirements on the Group’s vessels.

The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each vessel owned by the Group is expected to achieve ISM certification on delivery. However, if the Group is found not to be in compliance with ISM Code requirements, the Group may have to incur material direct and indirect costs to obtain or resume compliance and its insurance coverage could be adversely impacted as a result of non-compliance. The Group’s vessels may also be delayed or denied port access if they are found to be in non-compliance, which could result in charter claims and increased inspection and operational costs even after resuming compliance. Any failure to comply with the ISM Code could negatively affect the Group’s business, financial condition, cash flows and results of operations. Reference is made to clause 2.2.1 above.

9 CAPITALISATION AND INDEBTEDNESS

9.1 Introduction

The financial information presented below has been extracted from the Company's Financial Statements and should be read in connection with the other parts of this Prospectus, in particular Section 10 "Selected Financial and Other Information", as well as the Financial Statements, attached to this Prospectus as Appendix B.

The financial information presented below provides information about the Group's capitalisation and net financial indebtedness on an actual basis as of 31 December 2022 and on an adjusted basis as of the date of this Prospectus.

Save for the drawing of the first two delivery instalments (incl. the scrubber costs, variation orders and other extras) for the first two vessels, and the drawing of pre-delivery financing as mentioned in footnote 2 in the table in section 9.2, the drawdown of US\$ 7.5 million under the Bridge Facility and the US Offering, there has been no material change to the Group's capitalisation and net financial indebtedness since 31 December 2022.

9.2 Capitalisation

The following table sets forth information about the Group's capitalisation as of 31 December 2022.

<i>In US\$ millions</i>	As of 31 December 2022	Adjustments	As adjusted
<i>Total current debt:</i>			
Guaranteed.....			
Secured ⁶	7.0	-	7.0
Unguaranteed and unsecured.....	2.7	7.5 ¹	10.2
Total current debt:.....	9.7	7.5	17.2
<i>Total non-current debt:</i>			
Guaranteed.....			
Secured.....	60.5	127.6 ²	188.1
Unguaranteed and unsecured.....	1.0	(1.0) ³	-
Total non-current debt:.....	61.5	126.6	188.1
Total indebtedness.....	71.2	134.1	205.3
Shareholders' equity			
Share capital.....	32.2	7.7 ⁴	39.9
Additional paid-in capital.....	61.1	32.8 ⁵	93.9
Accumulated other comprehensive income.....			
Retained deficit.....	(3.0)	-	(3.0)
Non-controlling interests.....			
Total shareholders' equity.....	90.3	40.5	130.8

Total capitalisation.....	161.5	174.6	336.1
<p>¹Includes a drawdown of US\$7.5 million the Bridge Facility with DNB.</p> <p>²Reflects drawdowns under our Sale and Leaseback Agreements which our Leasing Providers are paying directly to New Times on our behalf. Specifically, in connection with (i) the delivery installments for Vessels No. 0120833 and 0120834 for an aggregate amount of \$100.2 million under the Avic Leasing, (ii) the third pre-delivery installments in connection with vessels 0120839, No. 0120840 and No. 0120841 for an aggregate amount of \$20.6 million under the Jiangsu Leasing, and (iii) the fourth pre-delivery installment in connection with vessel No. 0120838 for an amount of \$6.8 million under the CCBFL Leasing.</p> <p>³The Company drew US\$1.02 million during January and February 2023 on the RCF with Drew Holdings Ltd. before repaying the total drawn amount of US\$2.02 million plus interest on March 17, 2023.</p> <p>⁴ Reflects the issuance of 7,720,000 New Shares of par value US\$ 1.00 in the US Offering.</p> <p>⁵ Reflects the approximate net proceeds of the US Offering less the amount of the new share capital.</p> <p>⁶ Reflecting the current portion of the non-current debt to the Leasing Providers.</p>			

9.3 Indebtedness

The following table set forth information about the Group's net financial indebtedness as of 31 December 2022, and the figures for the column "As of 31 December 2022" are derived from the audited consolidated financial statements.

	As of 31 December 2022	Adjustments	As adjusted
<i>In US\$ millions</i>			
(A) Cash	0.3	47.1 ¹	47.4
(B) Cash equivalents	-	-	-
(C) Other current financial assets	-	-	-
(D) Liquidity (A)+(B)+(C)	0.3	47.1	47.4
(E) Current financial debt (including debt instruments but excluding current portion of non-current financial debt)	2.7	7.5 ²	10.2
(F) Current portion of non-current financial debt	7.0	-	7.0
(G) Current Financial Indebtedness (E + F)	9.7	7.5	17.2
(H) Net Current Financial Indebtedness (G – D)	9.4	(39.6)	(30.2)
(I) Non-current financial debt (excluding current portion and debt instruments)	60.5	127.6 ³	188.1
(J) Debt instruments	-	-	-
(K) Non-current trade and other payables	1.0	(1.0) ⁴	-
(L) Non-current financial indebtedness (I + J + K)	61.5	126.6	188.1
(M) Net financial indebtedness (H)+(L)	70.9	87.0	157.9
<p>¹Reflects (i) the \$1.02 million previously drawn under the Drew RCF in January and February 2023 before the Company repaid the total amount drawn of \$2.02 million plus interest in March, 2023, (ii) the \$7.5 million previously drawn under the DNB Facility on March 1, 2023, and (iii) the receipt of approximately \$40.6 million in estimated net proceeds from the US Offering.</p>			

²Includes a drawdown of US\$7.5 million under the Bridge Facility with DNB.

³Reflects drawdowns under our Sale and Leaseback Agreements which our Leasing Providers are paying directly to New Times on our behalf. Specifically, in connection with (i) the delivery installments for Vessels No. 0120833 and 0120834 for an aggregate amount of \$100.2 million under the Avic Leasing, (ii) the third pre-delivery installments in connection with vessels 0120839, No. 0120840 and No. 0120841 for an aggregate amount of \$20.6 million under the Jiangsu Leasing, and (iii) the fourth pre-delivery installment in connection with vessel No. 0120838 for an amount of \$6.8 million under the CCBFL Leasing.

⁴Reflects the \$1.02 million previously drawn under the Drew RCF in January and February 2023 before the Company repaid the total amount drawn of \$2.02 million plus interest in March 2023.

9.4 Working capital statement

The Company is of the opinion that the Group has sufficient working capital for a period of at least 12 months from the date of this Prospectus.

9.5 Contingent and indirect indebtedness

The obligations under the Group's Shipbuilding Contracts are described in sections 8.5.1, 8.5.2 and 8.5.4. As of December 31, 2022, the outstanding commitments under the twelve newbuilding contracts, including the installation of the scrubber systems, were US\$ 377.8 million for 2023 and US\$ 324.1 for 2024, in total US\$ 701.9 million. These commitments are contingent on the performance of New Times' performance under the Shipbuilding Contracts. The break-down of the instalments under the Shipbuilding Contracts, financing expected to meet these and the delivery and payment dates are set out in section 8.5.1. The Company has provided a guarantee for each of the Subsidiaries under the Shipbuilding Contracts, securing each buyer's payment of the 2nd, 3rd and 4th instalment under its respective Shipbuilding Contract.

In addition, the Company is required to pay certain fees to the leasing houses in connection with drawdown on the pre-delivery financing available under the Leasing Arrangements. In connection with the Leasing Arrangements, the Company has also provided guarantees to the SPV shipowners designated by the leasing houses for the Himalaya subsidiaries' obligations towards such SPV owners under the Leasing Arrangements.

In addition, as described in section 13, the Company has an obligation to pay a fee to Magni pursuant to the Corporate Support Agreement, which is contingent on the delivery of the Vessels under the 1-4 Building Contracts. Further, the Company has an obligation to pay a fee to Compass which is contingent on drawdown of Delivery Financing under the leasing arrangements brokered by Compass, as described in section 8.5.3.

As at the date of this Prospectus, the Group has no other significant contingent or indirect indebtedness.

10 SELECTED FINANCIAL AND OTHER INFORMATION

10.1 Introduction and basis for preparation

The following summary of consolidated financial data has been derived from the Group's Financial Statements. The Group's Financial Statements have been prepared in accordance with US GAAP.

The selected consolidated financial data set forth in this section should be read in conjunction with the Financial Statements. The Group's Financial Statements may also be inspected at the Company's website www.himalaya-shipping.com or be obtained, free of charge, at the registered office of the Company at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda. Please see Sections 10.2 ("Summary of accounting policies and principles") of this Prospectus.

10.2 Summary of accounting policies and principles

The Group's Financial Statements, including the accounting principles and notes as set forth thereof, are attached to this Prospectus as Appendix B.

10.3 Historical financial information

10.3.1 Consolidated Statements of Operations

The table below sets out selected data from the Financial Statements for the period from 17 March 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022.

Himalaya Shipping Ltd. and subsidiaries		
Consolidated Statements of Operations		
	January 1, 2022 -	March 17, 2021 -
	December 31,	December 31,
(In millions of US\$ except per share data)	2022	2021
Operating expenses		
General and administrative expenses	(2.0)	(1.0)
Total operating expenses	(2.0)	(1.0)
Operating profit (loss)	(2.0)	(1.0)
Financial expenses, net		
Interest expense, net of capitalized interest	-	-
Total financial expenses, net	-	-
Net income before income taxes	(2.0)	(1.0)
Income tax	-	-
Net loss	(2.0)	(1.0)
Per share information:		
Basic earnings per share	(0.06)	(0.06)
Diluted earnings per share	(0.06)	(0.06)

10.3.2 Consolidated Balance Sheets

The table below sets out selected data from the Group's Financial Statements as of 31 December 2021 and 2022.

Himalaya Shipping Ltd. and subsidiaries		
Consolidated Balance Sheets		
	As of December 31,	As of December 31,
(In millions of US\$)	2022	2021

ASSETS		
Current assets		
Cash and cash equivalents	0.3	11.3
Other current assets	1.4	-
Total current assets	1.7	11.3
Long term assets		
Newbuildings	176.1	83.5
Other long-term assets	-	0.4
Total long-term assets	176.1	83.9
Total assets	177.8	95.2
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	7.0	
Accounts payable	14.9	0.8
Amounts due to related parties	2.7	
Accrued expenses	1.1	
Other current liabilities	0.3	
Total current liabilities	26.0	0.8
Long term liabilities		
Long-term debt	60.5	-
Other long-term liabilities	1.0	2.5
Total long-term liabilities	61.5	2.5
Total liabilities	87.5	3.3
Commitments and contingencies		-
Equity		
Common shares of par value US\$1.0 per share: authorized at December 31, 2022 and 2021: 140,010,000 shares issued and outstanding at December 31, 2022 and 2021: 32,152,857 shares	32.2	32.2
Additional paid-in capital	61.1	60.7
Retained earnings (deficit)	(3.0)	(1.0)
Total shareholders' equity	90.3	91.9
Total liabilities and shareholders' equity	177.8	95.2

10.3.3 Consolidated Statements of Cash Flows

The table sets out selected data from the Group's Financial Statements for the period from 17 March to 31 December 2021 and from 1 January 2022 to 31 December 2022.

Himalaya Shipping Ltd. and subsidiaries		
Consolidated Statements of Cash Flows		
	January 1, 2022 –	March 17, 2021 –
	December 31,	December 31,
(In millions of US\$)	2022	2021
Cash flows from operating activities		
Net loss for the period	(2.0)	(1.0)
Share based compensation	0.4	-

Changes in assets and liabilities:		
Other current assets	(0.5)	
Accounts payable	0.4	0.4
Other current liabilities	0.3	0.1
Net cash used in operating activities	(1.4)	(0.5)
Cash flows from investing activities		
Additions to newbuildings	(78.3)	(68.8)
Net cash used in investing activities	(78.3)	(68.8)
Cash flows from financing activities		
Proceeds, net of deferred loan costs paid to lender, from issuance of long-term debt	69.6	
Other deferred loan costs paid	(1.4)	
Proceeds from issuance of long-term debt from related parties	1.0	
Net proceeds from issuance of common stocks	(0.5)	80.6
Net cash provided by (used in) financing activities	68.7	80.6
Net increase (decrease) in cash and cash equivalents and restricted cash	(11.0)	11.3
Cash and cash equivalents and restricted cash at beginning of period	11.3	-
Cash and cash equivalents and restricted cash at end of period	0.3	11.3
Supplemental disclosure of cash flow information		
Non-cash settlement of debt	-	(13.6)
Non-cash share issuance	-	13.6
Non-cash additions in respect of newbuildings	(13.7)	(13.6)
Issuance of debt as non-cash settlement for newbuild delivery instalment	13.7	13.6
Interest paid, net of capitalised interest	(0.4)	-

10.3.4 Consolidated Statements of Changes in Shareholders' Equity

The table below sets out selected data from the Group's Financial Statements for the period from 17 March 2021 to 31 December 2022.

	Number of shares	Share capital	Additional paid-in capital	Retained Earnings (deficit)	Total
(In millions of US\$), except number of shares)					
Incorporation March 17, 2021	10,000	-	-	-	-
Issue of common shares	32,142,857	32.2	62.8	-	95.0
Equity issuance costs			(2.1)		(2.1)
Total loss for the period	-	-	-	(1.0)	(1.0)
Balance as of December 31, 2021	32,152,857	32.2	60.7	(1.0)	91.9
Share based compensation	-	-	0.4	-	0.4
Total loss for the period	-	-	-	(2.0)	(2.0)
Balance as of December 31, 2022	32,152,857	32.2	61.1	(3.0)	90.3

10.4 Independent auditor

The Company's independent auditor is PricewaterhouseCoopers AS ("**PwC**"), with business registration number 987 009 713, and registered address at Dronning Eufemias gate 71, 0194 Oslo, Norway. PwC is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). PwC has acted as the Company's appointed auditor

since the Company's incorporation. PwC has not audited or reviewed any other information except the Financial Statements.

The Financial Statements of the Group which is prepared in accordance with US GAAP for the period from the date of incorporation to 31 December 2021 and from 1 January 2022 to 31 December 2022, has been audited by PwC, independent auditors, as stated in their reports appearing herein.

11 OPERATING AND FINANCIAL REVIEW

11.1 Overview

The Company is an independent dry bulk company focused on building, owning and operating large dry bulk carriers. The Company has two Vessels in operation and ten Vessels under construction. The objective for the Company is to maximize shareholder returns from its Vessels by, subject to delivery of the un-delivered Vessels, chartering the Vessels to strong counterparties and focuses on returning the maximum capital to the shareholders in the form of a dividend. The Company's counterparties will typically be large dry bulk operators, commodity traders and end users.

11.2 Factors affecting the Group's results of operations

The Group's results of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. The key factors that the Board believes have had a material effect on the Group's results of operations during the period under review, as well as those considered likely to have a material effect on its results of operations in the future, are described below.

11.2.1 Macroeconomic conditions

Changes in national and international economic conditions, including for example interest rate levels, inflation and employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments, none of which will be within the control of the Company, may negatively impact the Company's investment activities, realization opportunities and overall investor returns.

11.2.2 Shipping market conditions

The demand for, and the pricing of the underlying assets are outside of the Company's control and depend, among other things, on the global economy, global trade growth, as well as oil and gas prices. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. The actual residual value of the vessels in the underlying investments, and/or their earnings after expiration of the fixed contract terms, may be lower than the Company estimates.

Market risks in the shipping markets relate primarily to changes in freight rates, fuel prices and vessel values. 1 January 2020 was the implementation date for a significant reduction in the sulphur content of the fuel oil used by ships. See section 8.1 "Introduction" for further details on how the Company's fleet meets these requirements.

The later years, the Company's management has experienced that it has become harder to engage qualified crew members, and that wage levels for qualified personnel have increased.

11.2.3 Seasonal fluctuations

The Company intends to operate its dry bulk vessels in markets that have historically exhibited seasonal variations in demand, particularly in the Capesize segment given its share of the iron ore trade, and, as a result, in charter hire rates. As China is the most significant market for dry bulk shipping, the public holidays in relation to the Chinese New Year during the first quarter usually results in a decrease in market activity during this period. In addition, unpredictable and adverse weather conditions and patterns in the Southern Hemisphere, which often occur during the first quarter, have had a negative impact on iron ore exports from Australia and from Brazil. Further, certain of the largest iron ore producers in Brazil usually schedule maintenance works on their plants in the first quarter which also results in a decrease in iron ore export from Brazil. This seasonality may affect the Company's results of operations.

11.2.4 Vessel construction and other technical factors

The construction and subsequent technical operation of a vessel has a significant impact on the vessels' economic life. Technical risks will always be present. There can be no guarantee that the parties tasked with operating a vessel or overseeing such operation perform their duties according to agreement or satisfaction. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses of the portfolio investment and accordingly the potential realization values that can be obtained.

11.2.5 The Yard and other counterparties

The Group will depend heavily on the New Times yard's ability to perform its obligations under the construction contracts. Upon delivery, the Group will depend on its suppliers, service providers and counterparties under the charter contracts. Default or non-performance by a counterparty of its obligations may have material adverse consequences. The

counterparty's financial strength will thus be very important, and in case of the New Times yard, the strength of the Refund Guarantees provided will be important.

The Group recognizes a claim to the extent the Group has legal right to insurance coverage. As such, default by an insurance institution may have material financial consequences.

11.2.6 Operations in foreign countries

The Group's vessels will, once delivered, operate in a variety of geographic regions. Consequently, the Group may, indirectly through its underlying investments, be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, amongst others. The business, financial condition and results of operations of the Group, indirectly, and its underlying investments directly, may accordingly be negatively affected if such events do occur.

11.3 Income statement

Period from 1 January 2022 to 31 December 2022

During 2022 and 2021, the Group had no vessel operating costs and the majority of its general and administrative costs relate to legal and advisory fees, expenses relating to the Company's listing on Euronext Expand and management fees.

Total operating expenses were US\$2.0 million for the period. Total operating expenses consists of general and administrative expenses.

When the vessels start being delivered to the Group, it will incur operating costs such as vessel operating expenses, chartering related expenses, technical and commercial management fees, voyage expenses and commissions and depreciation.

11.4 Statement of financial conditions

As of 31 December 2022

The Company had total assets of US\$177.8 million as of 31 December 2022. The assets of the Company are primarily the capitalized costs of the Vessels under construction of US\$176.1 million and cash and cash equivalents of US\$0.3 million.

As of 31 December 2022, equity was US\$ 90.3 million and liabilities were US\$ 87.5 million, consisting of current portion of long-term debt, accounts payable, amounts due to related parties, accrued expenses, other current liabilities and long-term debt, which corresponds to an equity ratio of 50.8%.

11.5 Liquidity and capital resources

11.5.1 Liquidity and funding

Aside from the US Offering, the Group's primary sources of liquidity are the Leasing Arrangements and the Drew Holdings RCF.

The Group's liquidity requirements consist primarily of funding the instalments of the Group's newbuilding program, see Section 8.5.1 "General", in addition to building supervision and Management Services. The last of the newbuildings are expected to be delivered in Q3 2024.

As of 31 December 2022, the Company's cash and cash equivalents amounted to US\$0.3 million.

11.5.2 Cash flows

Period ended 31 December 2022

The Group did not generate cash from vessel operating activities in 2022. The Group has, in the period ended 31 December 2022, received net cash from financing activities of US\$68.7 million.

Net cash used in investing activities was US\$78.3 million as the Group paid construction instalments on its vessels under construction.

11.5.3 Financing Arrangements

Please refer to section 8.5.4 “The Financing Arrangements”.

11.6 Investments and divestments

11.6.1 Historical investments

The table below is a summary of the Group’s principal investments.

Hull number	Estimated delivery date	Delivery cost, excluding variation orders and Address Commission
0120833	2 March 2023 ¹	US\$ 70,317,000
0120834	9 March 2023 ¹	US\$ 70,317,000
0120835	13 April 2023	US\$ 70,317,000
0120836	29 May 2023	US\$ 70,317,000
0120837	14 July 2023	US\$ 72,167,000
0120838	28 August 2023	US\$ 72,167,000
0120839	3 January 2024	US\$ 72,167,000
0120840	10 January 2024	US\$ 72,167,000
0120841	31 January 2024	US\$ 72,667,000
0120842	29 May 2024	US\$ 72,667,000
0120843	12 July 2024	US\$ 72,667,000
0120844	23 July 2024	US\$ 72,667,000
Total investment		US\$ 860,604,000
¹ Actual delivery dates		

To date, the Group has paid the full price of Mount Norefjell and Mount Ita, in total US\$ 140,506,900, adjusted for Address Commission and variation orders but excluding bunkers, lub oils, spares and other consumables. Further, the Group has paid the first, second, third and fourth instalments for Mount Etna and Mount Blanc, in total US\$ 40,750,200, and the first, second, third and fourth instalments for Mount Matterhorn and Mount Neblina, in total US\$ 41,050,200. The Group has also paid the first two instalments for Mount Denali, Mount Aconcagua and Mount Emai, in total US\$ 20,675,100, and the first three instalments for Mount Bandeira, Mount Hua, Mount Elbrus in the amount of 41,150,200.

The two first instalments on each Vessel have been financed with equity raised by the Company in 2021. For the other paid instalments, these have been financed as follows:

- The instalments paid for Mount Norefjell, Mount Ita, Mount Etna and Mount Blanc have been financed by the Avic Leasing.
- The instalments paid for Mount Matterhorn and Mount Neblina have been financed by the CCBFL Leasing.

Reference is made to the table in section 8.5.1, which provides an overview of the instalments, how they have been financed and how they are expected to be financed going forward. In addition, the Group has incurred approximately US\$1,9 million in supervision costs. As of the date of this Prospectus, the Company has entered into the Financing Arrangements setting out the terms for leasing facilities for the Group, whereby the Group, together with the net

proceeds from the US Offering, expects to have sufficient funding to meet its instalment obligations under its newbuilding program at New Times.

11.6.2 Investments in progress and future principal investments

The Company's principal investments in progress are the ten vessels still under construction. For an overview of the remaining instalments, reference is made to the table of section 8.5.1.

After delivery, the fleet will be surveyed periodically every fifth year (Special Periodic Survey) in line with vessel classification requirements and other applicable rules and regulations. The estimated cost of such survey is approximately US\$ 1,200,000 per vessel. The Company will use its working capital in order to perform these regulatory surveys. The Company has no other investments in progress or in the next 12 months.

The vessels are delivered from the building yard with statutory & class certificates valid for a period of 5 years. The first ship was delivered on 2 March 2023 and will thus be required to renew her certificates latest by 2 March 2028, see table below.

The ships will dry-dock for bottom/hull inspection every 5th year coinciding with class renewal until reaching 15-years of age. Thereafter the docking will be performed every 2.5 years.

Ship statutory and class certificates are only valid subject to;

1. Completion of an Annual Survey including a review and endorsement of statutory and class certificates. No docking or other activity which require to take the ship off-hire. Will be completed during a normal port call for loading or discharging.
2. Intermediate survey which is either survey 2nd or 3rd year is an extended scope of survey. Certificates to be reviewed and endorsed. No activity which requires docking or inspection which requires any off-hire.

Hull number	Estimated delivery date (on or before)	Certificate renewal / 1 st Docking
0120833	2 March 2023 ¹	2 March 2028 ¹
0120834	9 March 2023 ¹	9 March 2028 ¹
0120835	13 April 2023	13 April 2028
0120836	29 May 2023	29 May 2028
0120837	14 July 2023	14 July 2028
0120838	28 August 2023	28 August 2028
0120839	3 January 2024	3 January 2029
0120840	10 January 2024	10 January 2029
0120841	31 January 2024	31 January 2029
0120842	29 May 2024	29 May 2029
0120843	12 July 2024	12 July 2029
0120844	23 July 2024	23 July 2029

¹Actual delivery dates and deadlines for 1st docking.

The timing of the first docking may be affected by earlier or later delivery dates from New Times.

11.7 Critical accounting policies and estimates

11.7.1 Critical accounting policies and estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The Manager's management team believes that the following accounting policies are the most critical in fully understanding and evaluating the Company's reported financial results as they require a higher degree of judgment in their application resulting from the need to make estimates about the effect of matters that are inherently uncertain. The Group's significant accounting policies are summarized in note 2 in the Financial Statements.

11.7.2 Impairment of vessels

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, 2022, plus estimated costs to complete the vessels and accordingly, has not recorded an impairment charge.

11.8 Significant changes following the period of the Financial Statements

This section includes information about the significant changes relating to the Company's financial position following the period of the Financial Statements. Other than the events mentioned below, there are no significant changes to the Company's financial performance since the end of such period.

11.8.1 Financing

In December 2022, the Company entered into the Drew Holdings RCF. The Company drew US\$ 2.02 million under the Drew Holdings RCF in order to meet short term liquidity requirements but the Company has later repaid such amount. There are currently no outstanding amounts due under the Drew Holdings RCF.

In February 2023, the Company entered into the scrubber financing agreements with Avic for the financing of the sixth instalment under the 1-4 Shipbuilding Contracts (being 90 % of the US\$ 2.4 million cost relating to the installation of scrubbers on the first four vessels).

In March 2023, the Company entered into the Bridge Facility and utilized US\$ 7.5 million thereunder.

In March 2023, the novation of the leasing arrangements for Mount Bandeira and Mount Hua from CCBFL to Jiangsu became effective.

11.8.2 Deliveries

On 2 March 2023, the Company took delivery of Mount Norefjell, and chartered Mount Norefjell to a charterer for a daily rate of US\$ 30,000 on a two-year charter.

On 9 March 2023, the Company took delivery of Mount Ita, and chartered Mount Ita to a charterer on a 32-38 month index-linked charter.

Please refer to section 8.5.3 for details on the Group's charterparties.

11.8.3 US Offering

On 30 March 2023, the Company completed the US Offering, raising gross proceeds of US\$44,776,000 by the offering of 7,720,000 New Shares, each with par value US\$ 1.00 at a subscription price of US\$ 5.80 each, with an option for issuance of 1,158,000 new shares for an over-allotment issue. The US Offering is expected to be settled, and the New Shares are expected to be issued, on the 4 April 2023.

Save for the agreements and actions mentioned in this section 11.8, there have been no significant changes in the Company's financial or trading position or performance since 31 December 2022.

12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1 Introduction

The Board of Directors of Himalaya Shipping Ltd. is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved for the Company's shareholders by the Bye-laws and Bermuda law.

The Bye-Laws state that the number of Directors shall not be less than two. The shareholders shall, at the Annual General Meeting (the "**Annual General Meeting**"), and may in a general meeting by Resolution, determine the minimum and the maximum number of Directors and may by resolution determine that one or more vacancies in the Board shall be deemed casual vacancies for the purpose of these Bye-laws. The Directors are, unless there is a casual vacancy, elected by the shareholders at the annual general meeting or any special general meeting called for that purpose. If there is a casual vacancy, the Board may appoint a Director to fill the vacancy provided always a quorum of Directors remains in office. The Directors serve until the next annual general meeting following his/her election or until his/her successor is elected.

12.2 The Board of Directors

12.2.1 Overview of the Board of Directors

The Bye-laws provide that the Board of Directors shall consist of a minimum of two. The shareholders have set the maximum number of board members to be six and have appointed four Board Members and one additional Board Member has been appointed to fill vacancies. Mr. Bjørn Isaksen has been appointed as Chair. The names, positions and current term of office of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires
Bjørn Isaksen	Chair/Director	2 June 2021	Annual general meeting 2023
Georgina Sousa	Director	2 June 2021	Annual general meeting 2023
Carl Steen	Director	1 November 2021	Annual general meeting 2023
Mi Hong Yoon	Director and Company Secretary	23 May 2022	Annual general meeting 2023
Jehan Mawjee	Director	19 December 2022	Annual general meeting 2023

The composition of the Board is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the shareholder elected members of the Board of Directors are independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10% of the Shares of the Company), and (iii) no member of the Company's contracted management team serves on the Board of Directors.

In terms of independency, certain of the board members have ties to the Company's main beneficial shareholder. Drew Holdings (as defined in section 8.5.4) is expected to own 32.51% of the shares in the Company following the settlement of the US Offering (subject to exercise of the underwriters' over-allotment option). Drew is wholly owned by Drew Trust, a trust established in Bermuda for the benefit of Mr. Tor Olav Trøim and his immediate family.

Mr. Bjørn Isaksen is an employee of Magni Partners Limited. The ultimate beneficial shareholder of Magni Partners Limited is Tor Olav Trøim. As such, Mr. Isaksen is not considered to be an independent Board Member.

Ms. Jehan Mawjee is the chief accounting officer of Borr Drilling Limited, a company in which Drew Holdings is a shareholder owning approximately 6.8% of the shares. Ms. Mawjee is employed by Borr Drilling Management (UK) Ltd., a wholly-owned subsidiary in the Borr Drilling Limited group. Further, Tor Olav Trøim is a director in Borr Drilling Limited. Given that Drew Holding's ownership in Borr Drilling Limited is below 10%, and that Mawjee does not have other ties to Mr. Trøim, she considers herself to be independent of the Company's main shareholders.

Ms. Mi Hong Yoon is employed by Golar Management (Bermuda) Ltd., a wholly-owned subsidiary of Golar LNG Ltd., in which Drew Holdings is a shareholder holding 4.96% of the shares. Ms. Yoon is the Company Secretary and an officer of Golar LNG Ltd., as well as director and Company Secretary of Borr Drilling Limited, in which Mr. Trøim is also a director and shareholder. Although her formal roles do not render her dependent on the Company's main shareholders by direct interpretation of the Corporate Governance Code, Ms. Yoon currently considers the aggregate of these roles and

relationships sufficient to question her independency in light of the purpose of the relevant provisions of the Corporate Governance Code.

The Company's business address at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda, serves as the c/o address for the Board Members in relation to their directorships of the Company.

The Shares and options to acquire Shares that are held by the Board Members as at the date of this Prospectus are set out in Section 12.4.3 below. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board of Directors.

12.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members who will constitute the Board of Directors subject to, and with effect from Listing, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the five years dating back from the date of this Prospectus.

Bjørn Isaksen

Mr. Bjorn Isaksen has served as a Director on our Board of Directors since 2 June 2021 and was appointed as chairman of the board on 7 March 2023. Mr. Isaksen was employed by ABG Sundal Collier Ltd. as a partner from 2005 until 2014. Mr. Isaksen has been employed by Magni Partners since 2014. Isaksen is a Norwegian citizen and a resident in the UK.

<i>Current directorships and management positions:</i>	<i>None</i>
<i>Previous directorships and management positions last five years:</i>	<i>None</i>

Georgina Sousa

Ms. Georgina Sousa has served as a Director on our Board of Directors since 2 June 2021. Ms. Sousa was employed by Frontline Ltd. as Head of Corporate Administration from February 2007 until December 2018. She previously served as a director of Frontline from April 2013 until December 2018, Ship Finance International Limited from May 2015 until September 2016, North Atlantic Drilling Ltd. from September 2013 until June 2018, Sevan Drilling Limited from August 2016 until June 2018, Northern Drilling Ltd. from March 2017 until December 2018, and FLEX LNG LTD. from June 2017 until December 2018. Ms. Sousa also served as a Director of Seadrill Limited from November 2015 until July 2018, Knightsbridge Shipping Limited (the predecessor of Golden Ocean Group Limited) from 2005 until 2015 and Golar LNG Limited from 2013 until 2015. Ms. Sousa served as Secretary for all of the abovementioned companies at various times during the period between 2005 and 2018. She served as secretary of Archer Limited from 2011 until December 2018 and Seadrill Partners LLC from 2012 until 2017. Ms. Sousa is a U.K. citizen and a resident of Bermuda.

<i>Current directorships and management positions:</i>	<i>Golar LNG Limited (Director)</i>
<i>Previous directorships and management positions last five years:</i>	<i>2020 Bulkera Ltd. (Director & Secretary), Borr Drilling Limited (Director and Secretary), Hygo Energy Transition Ltd. (Secretary & Director), Frontline Ltd. (Director and Secretary), Ship Finance Limited (Director and Secretary), North Atlantic Drilling Ltd. (Director and Secretary), Sevan Drilling Limited (Director and Secretary), Northern Drilling Ltd. (Director and Secretary), FLEX LNG Ltd. (Director and Secretary), Seadrill Limited (Director and Secretary), Golden Ocean Group Limited (Director and Secretary), Golar LNG Partners LP (Director & Secretary).</i>

Carl Steen

Mr. Steen was appointed as board member of the Company on 1 November 2021. Mr. Steen initially graduated in 1975 from ETH Zurich Switzerland with a M.Sc. in Industrial and Management Engineering. After working for a number of high profile companies, Mr. Steen joined Nordea Bank from January 2001 to February 2011 as head of the bank's Shipping, Oil Services & International Division. Currently, Mr. Steen holds directorship positions in various Norwegian and Bermudian companies. Steen is a Norwegian citizen and a resident in Norway.

<i>Current directorships and management positions:</i>	<i>Wilhelm Wilhelmsen Holding ASA (chairman), Golar LNG Limited (Director) and Belships ASA (Director).</i>
<i>Previous directorships and management positions last five years:</i>	<i>Golar MLP (Director), Pareto Bank ASA (Director), Euronav NV (Chairman).</i>

Mi Hong Yoon

Ms. Yoon was appointed as board member and Company Secretary of the Company on 23 May 2022. Ms. Yoon has served as Managing Director of Golar Management (Bermuda) Limited since February 2022. Prior to this role, she was employed by Digicel Bermuda as Chief Legal, Regulatory and Compliance Officer from March 2019 until February 2022 and also served as Senior Legal Counsel of Telstra Corporation Limited's global operations in Hong Kong and London from 2009 to 2019. She has extensive international legal and regulatory experience. Ms. Yoon graduated from the University of New South Wales with a Bachelor of Law degree (LLB) and earned a Masters degree (LLM) in international economic law from the Chinese University of Hong Kong. She is a member of the Institute of Directors. Ms. Yoon is an Australian citizen and a resident of Bermuda.

<i>Current directorships and management positions:</i>	<i>Golar Management (Bermuda) Limited (Managing Director) Borr Drilling Ltd (Director and Company Secretary), Cool Company Ltd. (Director and Company Secretary), 2020 Bulkera Ltd. (Company Secretary)</i>
<i>Previous directorships and management positions last five years:</i>	<i>2020 Bulkera Ltd (Director), Digicel Bermuda (Chief Legal, Regulatory and Compliance Officer), Telstra Corporation Limited (Senior Legal Counsel)</i>

Jehan Mawjee

Ms. Mawjee was appointed as board member of the Company on 19 December 2022. Ms. Mawjee has been employed as Chief Accounting Officer of Borr Drilling Limited since April 2021. She previously served in various accounting roles at Golar LNG Limited from 2015 to 2021 and at KPMG from 2012 to 2015. Ms. Mawjee is a Chartered Accountant and holds a Master of Professional Accounting degree from the University of Saskatchewan. Ms. Mawjee is a Canadian citizen and a resident in the UK.

<i>Current directorships and management positions:</i>	<i>Borr Drilling Ltd (Chief Accounting Officer)</i>
<i>Previous directorships and management positions last five years:</i>	<i>None</i>

12.3 Management

12.3.1 Overview

The ultimate responsibility for the management of the Company is vested in the Board. The Board is responsible for determining the strategic vision and ultimate direction of the Company's business, determining the principles of its business strategy and policies and promoting its long-term interests. The Board possesses and exercises oversight authority over the Company's business and, subject to its governing documents and applicable law, generally delegates day-to-day operational and commercial management of the Company to the senior management team. Viewed from this perspective, the Board generally oversees risk management and the senior management team generally manage the material risks that the Group faces. The Board must, however, be consulted on all matters of material importance and/or of an unusual nature and all commercial chartering decisions, and for such matters, the Board will provide specific authorization to personnel in the Group's senior management to act on the Board's behalf.

The senior management team responsible for the day-to-day operational and commercial management has extensive experience in the dry bulk shipping services. The Board has defined the scope and terms of the services to be provided by the senior management.

The Group does not have any employees. To cover its key management functions, Himalaya and the Subsidiaries have entered into the Management Agreement with 2020 Bulkera Management AS (the "**Manager**"). 2020 Bulkera Management AS was started in August 2018 to take care of the management functions for the dry-bulk ship owner and operator 2020 Bulkera Ltd. of Bermuda. The Manager is incorporated under the laws of Norway and has its principle place of business at its registered address at Tjuvholmen Allé 3, 0252 Oslo, Norway. As such, the Manager and its employees are already performing the management functions for the 2020 Bulkera group, which is very similar to the Group. 2020 Bulkera Ltd. is listed on Oslo Stock Exchange and the Group considers the Manager to be well suited for taking care of the Group's management functions and reporting while listed on Euronext Expand Oslo.

Pursuant to the Management Agreement, 2020 Bulkera Management AS shall, in accordance with instructions from the Board of Directors of each of the Company and the Subsidiaries, perform the management services set out in the Management Agreement.

The management services consist of the following, high-level tasks:

- Newbuilding supervision and assistance with delivery of Vessels, supervising SeaQuest, liaising with flag state and classification society etc.
- Securing employment for the Group's bareboat chartered Vessels.
- Finding technical and operational management services for the vessels.
- General purchasing of services for the Group.
- Assisting the Group with procuring insurances for its vessels and operations, including guidelines for cover, choice of insurers, etc.
- Provide corporate governance services, including liaising with the corporate secretary, prepare board meetings, keep the directors informed of ongoing matters, develop corporate governance guidelines and ensure that the Group organizes and conducts its corporate governance in accordance with applicable laws and regulations (see however section 12.13 for a description of where the corporate governance of the Company currently deviates from the Code).
- Responsibility for the Group's budgeting, accounting, financial reporting and audit, including preparing such budgets as the boards of the Group may require, taking care of the day-to-day accounting for the Group, preparing periodic and annual accounts and reports as required by the boards of the Group and preparing and filing all tax returns on behalf of the Group companies. In addition, the Manager shall facilitate the annual and periodic audits of the Group's accounts and otherwise ensure that the Group complies with relevant laws and regulations in relation to such financial accounting and reporting requirements.
- Taking care of the Group's treasury functions, operating, within certain limits, the Group's bank accounts, making payments and collecting amounts payable to the Group.
- Observe and ensure that the Group's business is conducted in line with applicable laws and regulations from time to time.
- On request by the boards of the Group, prepare internal guidelines and policies, for example related to safety, environmental protection, ethical conduct, data protection etc.

- Responsibility for the reporting of required information to Euronext Expand Oslo, NYSE, keeping of insider lists etc.

Management Agreement	2020 Bulkera Management AS
Contract Terms	Tailored management agreement
Management Fee	The Manager's costs of human resources allocated to the Group and certain shared administrative costs and infrastructure costs to be agreed on a yearly basis, plus a margin on the aforementioned human resources, administrative and infrastructure costs of 13%.
Duration of Agreement	Until terminated.
Termination	1 month written notice

The Manager team consists of two key individuals, the Chief Executive Officer and the Chief Financial Officer of 2020 Bulkera Management AS. Their individual services are integrated in the Manager's services to the Company and the Group, provided under to the Management Agreement.

The Shares and options to acquire Shares that are held by members of the Manager at the date of this Prospectus are set out in Section 12.4.3 below. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board of Directors.

The names of the members of Manager as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within 2020 Bulkera Management AS	Employed with 2020 Bulkera Management AS
Herman Billung	Chief Executive Officer of 2020 Bulkera Management AS	1 February 2022
Vidar Hasund	Chief Financial Officer of 2020 Bulkera Management AS	1 January 2019

The Company's registered business address at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda serves as c/o address for the members of the Manager's management team in relation to their employment with the Group.

12.3.2 Brief biographies of the members of the Manager's management team

Set out below are brief biographies of the members of the Manager's management team, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Manager's management team is or has been a member of the administrative, management or supervisory bodies or partner during the previous five years.

Herman Billung, contracted CEO pursuant to the Management Agreement

Mr. Herman Billung assumed the responsibilities of a CEO of the Group as of 1 February 2022, at the same time as he assumed the role of chief executive officer of 2020 Bulkera Management AS. Mr. Billung has an extensive shipping experience. He was the CEO of Golden Ocean, from 2005 until 2016, Managing Director of Maritime Services, responsible for the Commercial management of the Torvald Klaveness Group's dry bulk pools, Bulkhandling and Baumarine, from 1998 until 2005, Managing Director of the dry bulk operating company, Frapaco Shipping Ltd, from 1994 until 1998, held various positions within chartering in the Torvald Klaveness Group from 1989 until 1994 and was with the Royal Norwegian Navy from 1978 until 1989. Mr Billung is a Norwegian citizen and resides in Oslo, Norway.

<i>Current directorships and management positions:</i>	<i>Himalaya Shipping Ltd. (Contracted CEO). 2020 Bulkera Ltd. (CEO). Director of Star Bulk Norway AS. Director of Billung Bulk AS. Director of Billung Eiendom AS. Director of Lyn 1896 AS.</i>
<i>Previous directorships and management positions last five years:</i>	<i>Senior Vice President of Star Bulk Carriers. Songa Bulk Management ASA, CEO. Golden Ocean Management AS, CEO.</i>

Vidar Hasund, contracted CFO pursuant to the Management Agreement

Mr. Vidar Hasund assumed the responsibilities of a CFO of the Group as of the date of the Management Agreement. Mr. Hasund assumed the role of chief financial officer of 2020 Bulk Management AS on 1 January 2019. Mr. Hasund was previously the Chief Accounting Officer of Borr Drilling during 2017-2018; other positions he held previously include being Financial Officer and International Tax Accounting Manager at PGS during 2008-2017, financial controller at BW Gas ASA during 2005-2007 and Auditor at KPMG during 2002-2004. He is a Norwegian state authorized public accountant and holds a Master of Accounting and Auditing degree from Norwegian School of Economics. Mr. Hasund is a Norwegian citizen and resides in Norway. Mr. Hasund has the primary responsibility for the Manager's services to the Group relating to accounting, financial reporting and audit, corporate support, treasury and daily, general management functions.

<i>Current directorships and management positions:</i>	<i>Himalaya Shipping Ltd. (Contracted CFO). 2020 Bulk Management AS (Chief Financial Officer and Director of subsidiaries of 2020 Bulk Ltd.)</i>
<i>Previous directorships and management positions last five years:</i>	<i>Borr Drilling Ltd. (Chief Accounting Officer and Director of subsidiaries), Petroleum Geo-Services (Financial Officer).</i>

12.4 Remuneration and benefits

12.4.1 Remuneration of the Board of Directors

In 2021, US\$ 30,833 was paid by the Company as remuneration to the board members. No remuneration has been paid to the board members in 2022, but US\$ 95,000 has been accrued.

12.4.2 Remuneration of the Manager

Pursuant to the Management Agreement, the Group shall pay to the Manager a total, annual management fee being based on the Manager's costs of human resources allocated to the Group and certain shared administrative costs and infrastructure costs to be agreed on a yearly basis, plus a margin on the aforementioned human resources, administrative and infrastructure costs of 13%.

12.4.3 Shareholdings of Board Members and the Manager's management team in the Company

The members of the Manager's management team and Board Members that hold Shares and options of the Company are set out below.

Name	Position	No # of Shares	No # of options
Bjørn Isaksen	Chair/Director	320,000 ¹ 30,000 ²	150,000
Georgina Sousa	Director	-	50,000
Carl Erik Steen	Director	95,238 ⁵	75,000
Mi Hong Yoon	Director and Company Secretary	-	-
Jehan Mawjee	Director	-	-
Vidar Hasund	CFO ³	10,000	100,000
Herman Billung	CEO ³	20,000 17,241 ⁴	100,000

¹20,000 shares held through Mr. Isaksen's wholly-owned private limited company, Freng Invest AS, and 300,000 shares held by Mr. Isaksen privately.

² Subscribed by Mr. Isaksen privately in the US Offer.

³ Functioning as the Group's CFO and CEO in accordance with the Management Agreement, and as employees of the Manager.

⁴ Subscribed in the US Offer.

⁵ Owned by Capreca AS in which Mr. Steen has a controlling interest.

12.5 Bonus programme and share incentive scheme

The Board has established a long-term incentive plan for the Group’s directors and key management resources (the “**LTI Plan**”) and has approved a set of general rules for the LTI Plan. Furthermore, the Board has allocated 800,000 of the Company’s authorised but unissued share capital as settlement of the exercised options granted under the LTI Plan. The LTI Plan is based on the granting of options to subscribe to new Shares. Such options will, typically, be granted with a term of five years. The Board has the authority to set the subscription price, vesting periods and the terms of the options. No consideration will be paid by the recipients for the options. Options will only be granted to employees, directors or certain key service providers (or employees of such service providers) of the Group. If such relationships with the Group are terminated, unvested options will lapse. Vested options must, in the same situation, be exercised within a certain period after the termination date.

In December 2021, the Board granted 500,000 share options under the LTI Plan to members of the Board and to contracted management team, including to members of the Manager’s team performing services for the Group but who are not considered to be performing executive management functions, and the Board. The share options will have a five-year term and all cliff vest after three years from date of grant. The exercise price is US\$ 8 per share, which shall be adjusted proportionally by any dividends paid by the Company.

In March 2022, the Board granted 120,000 share options under the LTI Plan under the same terms as the grant in December 2021, described in the preceding paragraph.

12.6 Benefits upon termination

The Group has no employees and no employment agreements entitling any benefits for employees upon termination.

12.7 Pension and retirement benefits

The Group has no employees and does currently not offer anyone any pension or retirement benefits.

12.8 Loans and guarantees

The Company has on the date hereof not granted any loans or guarantees to any members of the Board or the Manager’s management team.

12.9 Employees

As at the date of this Prospectus, the Group has no employees.

12.10 Nomination committee

The Company is not required to have a nomination committee under Bermuda law.

The Company has established a nominating and corporate governance committee, which consists of Carl Steen, Bjørn Isaksen and Mi Hong Yoon. This committee develops and recommends to the Board a set of corporate governance principles applicable to the Company, oversee the evaluation of the Board and identify and nominate candidates for election to the Board. Carl Steen is chairperson of the Company’s nominating and corporate governance committee.

12.11 Audit committee

The Company is not, pursuant to Bermuda law, required to have an audit committee. The Company has established a committee comprised of three directors, Ms. Jehan Mawjee, Mr. Carl E. Steen and Ms. Georgina Sousa. Mr. Steen and Ms. Sousa are considered as independent of the Company’s main shareholders and management and have extensive experience from similar work for listed companies, cf. section 12.2.2. Ms. Mawjee is Chairperson of the audit committee and is considered to be a financial expert. The audit committee supervises the Company’s internal control systems, ensures that the auditor is independent and ascertains that the annual and quarterly reporting gives a fair view of the Company’s financial results and financial condition in accordance with generally accepted accounting principles.

12.12 Remuneration committee

The Company does not have a remuneration committee. Please refer to section 12.13 below regarding such deviation from the Code.

12.13 Nomination and corporate governance committee

The nomination and corporate governance committee, which consists of Mr. Carl Steen, Mr. Bjørn Isaksen and Ms. Mi Hong Yoon, develops and recommends to the Board of Directors a set of corporate governance principles applicable to

the Company, oversees the evaluation of the Company's Board of Directors and identify and nominate candidates for election to the Board of Directors. Mr. Carl Steen has been appointed to act as chairperson of the nomination and corporate governance committee.

12.14 Corporate governance

As a company incorporated in Bermuda, the Company is subject to Bermuda laws and regulations with respect to corporate governance. In addition, as a listed company the Company is subject to certain aspects of Norwegian securities law, which include an obligation to report on the Company's compliance with the Norwegian Code of Practice for Corporate Governance as of 17 October 2018 (the "Code") in its annual report on a comply or explain basis.

The Company is committed to ensuring that high standards of corporate governance are maintained and supports the principles set out in the Code.

It is the opinion of the Board that the Company, subject to the following exceptions, complies with the Code at the date hereof:

1. The Board's authority to increase the Company's issued share capital is limited to the extent of its authorized but not issued share capital at any time and is not restricted to specific purposes.
2. The appointment of an audit committee, a nomination committee and a remuneration committee is not required under Bermuda law. The Company has so far not seen sufficient reason to appoint a remuneration committee but will consider this continuously going forward and will appoint such committees should it deem it reasonably required.
3. The Bye-laws permit the Board to grant share options to employees without requiring that the general meeting be presented with the volume or other terms and conditions of such scheme.
4. The Bye-laws permit general meetings being summoned with seven days' notice (the notice period being exclusive of the day on which the notice is served and the day on which the meeting to which it relates is to be held). The effective notice period from the date a notice is announced until it is deemed to be received by a shareholder is, however, 11 days.
5. Pursuant to the Memorandum of Association the objects for which the Company was formed and incorporated are unrestricted.
6. The Board will consider and determine, on a case by case basis, whether independent third party evaluations are required when entering into agreements with close associates.
7. The chair of the Board is elected by the Board and not by the shareholders as recommended in the Code. This is in compliance with normal procedures under Bermuda law.
8. There is no requirement in Bermuda law for the Board to prepare guidelines for its own work or management and the Board has so far not seen sufficient reason to do so.

12.15 Conflict of interests

During the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company, or
- been declared bankrupt or been associated with any bankruptcy, receivership, liquidation or companies put into administration in his or her capacity as a founder, director or senior manager of a company.

Other than as described in section 12.2.1 and with the risk factors described in sections 2.4.4, 2.4.5 and 2.4.6, there are, to the Company's knowledge, currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Manager's key management team or the Board of Directors, including any family relationships between such persons.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any of the current Board members or members of the Management was selected as a member of the Board of Directors or Management of the Company.

The Group has implemented a related person transaction policy and a corporate code of business ethics and conduct. These guidelines and policies have been implemented to ensure that the Board's decisions are consistent with the best

interests of the Company and its shareholders. It is the Company's policy to enter into related person transactions only when the Board reviews and approves or ratifies such transaction in accordance with the procedures set forth in the related party policy, the Company's Bye-Laws and the Company's code of business conduct and ethics, with additional review and oversight from the Audit Committee.

13 RELATED PARTY TRANSACTIONS

Below is a summary of the Company's related party transactions for the periods covered by the historical financial information included in this Prospectus and up to the date of this Prospectus. For further information on related party transactions of the Company, see note 7 of the Financial Statements. Please refer to section 12.15 for a description of the policies in place to ensure proper considerations and procedures in connection with the Company's related party transactions.

13.1 Payment of initial instalments by Magni

In connection with the payment of the first instalments under the 1-4 Building Contracts on 5 May 2021, Magni paid US\$ 13,583,400 in total to New Times on behalf of Lhotse Inc., Manasiu Inc., Makalu Inc. and Nuptse Inc., thereby creating a receivable against these Subsidiaries. On 15 June 2021, these receivables were assigned to the Company pursuant to an assignment of a promissory note issued by each of the Subsidiaries to Magni. The assignment of these receivables from Magni to the Company was considered as payment for 13,583,400 of the 15,000,000 Common Shares issued to Magni on 15 June 2021 (the remaining 1,416,600 Common Shares were paid in cash to the Company).

13.2 Corporate support by Magni

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. Tor Olav Trøim is the beneficial owner of Magni Partners (Bermuda) Ltd. Trøim is, following the settlement of the US Offering (excluding any exercise of the underwriters' over-allotment option), expected to own 32.51% of the shares and voting rights of the Company directly and through Drew Holdings Ltd. Drew Holdings Ltd. is wholly owned by Drew Trust, a trust established in Bermuda for the benefit of Mr. Trøim and his immediate family.

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 under applicable US GAAP standards. 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 business 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 Vessels to be delivered from New Times, 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 New Times 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 upwards adjustments 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 equity offering completed by the Company in July 2021.

13.3 Drew Holdings RCF

In January 2023, the Company signed the Drew Holdings RCF. Given Drew Holdings' ownership in the Company, this agreement is also deemed to be a related party transaction. For further details on the Drew Holdings Facility, please refer to section 8.5.4.

13.4 Registration Rights Agreement

In connection with the closing of the US Offering, the Company intends to enter into a registration rights agreement with Drew Holdings, pursuant to which the Company will grant certain rights to Drew Holdings and certain of its transferees, including the right, under certain circumstances and subject to certain restrictions, to require the Company to register under the Securities Act its common shares held by Drew Holdings. Drew Holdings will have certain demand registration rights, including the right to require the Company to file a shelf registration statement registering secondary sales of the Shares held by Drew Holdings if such form is available to the Company, as well as certain piggyback registration rights in respect of Shares held by Drew Holdings in connection with registered offerings requested by other registration rights holders, if any, or initiated by the Company.

In the Company's view, the related party transactions mentioned herein are at arms' length terms.

14 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Memorandum of Association and Bye-laws applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Memorandum of Association, included in Appendix A to this Prospectus, and applicable law.

14.1 Company corporate information

The Company was incorporated on 17 March 2021, by the incorporator and initial sole shareholder, Magni Partners (Bermuda) Ltd. and is a company limited by shares incorporated under the laws of Bermuda. The Company's registered name is Himalaya Shipping Ltd. The Company is subject to Bermuda law in general and the Companies Act 1981 of Bermuda in particular. Michelle Wolfe and Erling Lind were appointed Directors of the Company on incorporation date. The current Directors are Mr. Bjørn Isaksen (chair), Ms. Georgina Sousa, Ms. Mi Hong Yoon, Ms. Jehan Mawjee, and Mr. Carl Steen.

The Company's Bermuda registration number is 56490. The Company's registered office and principal place of business is located at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda where the main telephone number is +1 (441) 542-4577. The Company's website can be found at www.himalaya-shipping.com. The content of www.himalaya-shipping.com is not incorporated by reference into or otherwise form part of this Prospectus.

The Shares, incl. the New Shares, which are in the currency of US\$, have been created and issued by the Company under the Bermuda Companies Act. The New Shares are registered in the Company's sub-register of shareholders in electronic form in the DTC under CUSIP G4660A 103 and ISIN BMG 4660A1036. The Existing Shares are registered in the CSD Link (see section 14.4.2) with the same ISIN as the New Shares. The New Shares can, subject to processing described in section 14.4.2, be transferred to the VPS through the CSD Link. The Company's sub-register of shareholders in the VPS is administrated by the Registrar.

14.2 Legal structure

The Company is the ultimate parent company in the Group. The Company is a holding company. The operations of the Group are and will continue to be carried out by individual companies within the Group.

All twelve vessels under construction are owned by subsidiaries wholly owned by the Company whose purpose is to hold and operate such asset only, see the chart below.

The following table sets out information about the Company's significant subsidiaries:

Company	Registration number	Country of incorporation	% holding
Mount Norefjell Inc.	C-122521	Liberia	100
Mount Ita Inc.	C-122519	Liberia	100
Mount Etna Inc.	C-122520	Liberia	100
Mount Blanc Inc.	C-122522	Liberia	100
Mount Matterhorn Inc.	C-122822	Liberia	100
Mount Neblina Inc.	C-122823	Liberia	100
Mount Bandeira Inc.	C-122824	Liberia	100
Mount Hua Inc.	C-122821	Liberia	100
Mount Elbrus Inc.	C-123158	Liberia	100
Mount Denali Inc.	C-123160	Liberia	100
Mount Aconcagua Inc.	C-123157	Liberia	100
Mount Emai Inc.	C-123159	Liberia	100

As at the date of this Prospectus, the Group is of the opinion that its holdings in the entities specified above are likely to have a significant effect on the assessment of its own assets and liabilities, financial condition or profits and losses.

14.3 Share capital and share capital history

As at the date of this Prospectus, the Company's issued share capital is US\$32,152,857 divided by 32,152,857 Shares, with a par value of US\$ 1.00 per Share. Following the settlement of the US Offering, the Company's new share capital will, subject to adjustments for the exercise of the over-allotment option for the underwriters in the US Offering, if any, be US\$39,872,857 divided by 39,872,857 Shares, with a par value of US\$ 1.00 per Share. The Company's authorised share capital is US\$ 140,010,000 divided into 140,010,000 Shares, with a nominal value of US\$ 1.00 per Share. All Shares have been (and for the New Shares, will be) created and issued in accordance with the requirements of the Bermuda Companies Act and the Bye-Laws, and are (and will be) validly issued and fully paid.

The Company has one class of Shares. As at the date of this Prospectus, there are no share options or other rights to subscribe or acquire Shares issued by the Company as described in Section 14.9 "Other financial instruments" below, other than those granted pursuant to the Company's incentive scheme, which is described in section 12.4.3 and which includes an overview of members of the Manager's management team and Board Members that hold Shares and options of the Company.

Neither the Company nor any of its subsidiaries directly or indirectly own Shares in the Company. See Section 14.8 "Authorisation to acquire treasury Shares" for a description of the authority granted to the Board of Directors to acquire treasury Shares.

The table below shows the development in the Company's share capital from inception up to the date of this Prospectus.

Date of registration	Type of change	Change in share capital (US\$)	Subscription price per share (US\$)	Nominal value (US\$)	New number of Shares	New share capital (US\$)
17 March 2021	Incorporation	10,000	1.00	1.00	10,000	10,000
15 June 2021	Contribution of receivables	15,000,000	1.00	1.00	15,010,000	15,010,000
16 July 2021	Private placement	10,000,000	3.00	1.00	25,010,000	25,010,000
11 October 2021	Private placement	7,142,857	7.00	1.00	32,152,857	32,152,857
Anticipated on 4 April 2023	US Offering ¹	7,720,000	5.80	1.00	39,872,857	39,872,857

¹The figures included for the US Offering are subject to adjustment for the exercise of the over-allotment option, if any, for 1,158,000 New Shares by the underwriters in the US Offering.

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares of the Company from the start of the period covered by the historical financial information up to the date of this Prospectus.

14.4 Description of the Shares and the CSD registration thereof

14.4.1 Introduction

The Existing Shares are primarily registered in the DTC, and secondarily registered in the VPS, as described in section 14.4.2. The Existing Shares are listed and traded on the Euronext Expand in the form of shares in Himalaya Shipping Ltd., in NOK. If the New Shares are transferred from NYSE to Euronext Expand (or vice versa), the New Shares will be recorded similarly in the VPS. The ownership of a "share" in the VPS represents a beneficial ownership interest in one common share in the Company.

14.4.2 The CSD registration form and the CSD Link

The Company's Shares are registered in dematerialized form in two central securities registers (each a "CSD"). The New Shares are registered in the DTC. The Existing Shares have, until 29 March 2023, been registered in the VPS (please refer to section 15.4 for further details regarding the VPS) as shares in the Company, such register functioning as a branch register of the Company's RoM under Bermuda corporate law. In connection with the listing on NYSE and the Listing, the Company's board resolved that the Company should change its method of shareholder registration in the Company's register of members, thus also changing registration form in the VPS from a branch register to a "CSD Link" registration. Such change was implemented on 29 March 2023.

As such, as per the date of the Listing, the Company's common shares are held through the DTC which acts as the clearing system for securities traded on major US stock exchanges. DTC holds the Company's common shares in the Company's register of members in Bermuda through its nominee shareholder Cede & Co, which is registered as the nominal owner of all the Company's common shares.

Pursuant to the CSD Link structure, the beneficial ownership rights to the company's underlying common shares are registered on a one-for-one basis in DTC under the name of a "share". As such, whenever the term "Share" is used in this Prospectus, investors must keep in mind that each "share" in the Company registered in the VPS and/or DTC from time to time represents a beneficial ownership right to a common share in the Company, either that represented by a New Share or an Existing Share, and Norwegian investors will hold such "shares" in the VPS.

DNB Bank ASA (Registrar's Department) (the "**Registrar**") is acting as the Company's registrar for the Company's registration of the Existing Shares in VPS. Pursuant to the registrar agreement between the Company and the Registrar (the "**Registrar Agreement**"), the Registrar's custodian department is holding beneficial ownership rights to common shares in the Company, through a series of custodian accounts for the benefit of the direct holders of Shares in the VPS. At the outset of the Listing, the Registrar is holding beneficial ownership rights to a number of common shares equal to the number of Existing Shares.

Pursuant to the CSD Link structure, when US investors trade the Shares between NYSE and the Oslo Euronext Expand, the Shares will be transferred from the DTC to the VPS. If US investors trade and sell their Shares from NYSE to the Euronext Expand, a corresponding amount of beneficial rights to common shares in the Company will be added to the deposit of beneficial share ownership rights the Registrar keeps in custody, through a series of custodian accounts in the DTC, and the Registrar will register and make the Shares tradeable in the VPS, whereas the selling US investor's corresponding account in the DTC will be debited (the "**VPS Transfer Option**"). As such, following the listing on NYSE and the Listing, the number of Shares traded in the VPS and listed on Euronext Expand can vary from time to time.

Reference is also made to section 14.11, setting out further information on the registration and trading of Shares in the VPS.

14.4.3 Issuance

The New Shares will be issued to the shareholders in the DTC, in accordance with the Companies Act with respect to Bermuda law. All the New Shares will be issued and registered in the DTC system. If the shareholders declare the VPS Transfer Option, the New Shares will be registered in book-entry form in the VPS and the shareholders may obtain statements, showing the number of Shares held, online or through the VPS account operator who maintains the shareholders' VPS account.

14.4.4 Record dates

The Company may fix a record date for the determination of the shareholders who will be entitled to receive any dividend or other distribution on or in respect of the Shares, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such shareholders at such record date will be so entitled or obligated.

14.4.5 Voting rights

Each common share in the Company carries one vote. Shareholders may instruct the Registrar to vote for the Shares in the underlying common shares, subject to any applicable provisions of Bermuda law. The Company will furnish voting materials to the Registrar and the Registrar will notify the shareholders of the upcoming vote and arrange to deliver the Company's voting materials to the shareholder. Otherwise, shareholders will not be able to exercise their voting rights unless the steps outlined in Section 14.12 ("Registration of the securities") are followed. The Registrar's notice will describe the information in the voting materials and explain how shareholders may instruct the Registrar to vote the underlying common shares. The Registrar will only vote or attempt to vote as the shareholders instruct. The Registrar itself will not exercise any voting rights.

14.4.6 Reclassification, recapitalization and mergers

If the Company reclassifies, splits up or cancels any of the securities; distributes securities on the shares that are not distributed to shareholders; or recapitalizes, reorganizes, amalgamates, merges, consolidates, liquidates, sells all or substantially all of its assets, or goes into liquidation, receivership or bankruptcy; then the Registrar may choose to either (i) amend the form of the Shares, (ii) distribute additional or amended Shares, (iii) distribute the cash, securities or other property received in connection with such actions or (iv) sell any securities or property received and distribute the net proceeds as cash. If the Registrar does not choose any of the above, the cash, securities or other property it

receives will constitute deposited securities and each Share will automatically represent its equal share of the new deposited cash, securities or other property, or a combination thereof, as the case may be.

14.4.7 Mandatory provisions of Bermuda law relating to the Shares

14.4.7.1 Foreign exchange

The Company has been designated as a non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority. The Company's Existing Shares and the New Shares are listed on appointed stock exchanges. For so long as the Company's Shares remain listed on an appointed stock exchange, the transfer of Shares between persons regarded as resident outside Bermuda for exchange control purposes and the issuance of Shares to or by such persons may be effected without specific consent under the Bermuda Exchange Control Act of 1972 and regulations made thereunder. Issues and transfers of Shares between any person regarded as resident in Bermuda and any person regarded as non-resident for exchange control purposes require specific prior approval under the Bermuda Exchange Control Act 1972 unless such Shares are listed on an appointed stock exchange. Subject to the foregoing, there are no limitations on the rights of owners of Shares in the Company to hold or vote their shares. Because the Company has been designated as non-resident for Bermuda exchange control purposes, there are no restrictions on its ability to transfer funds in and out of Bermuda or to pay dividends to non-Bermuda residents who are holders of Shares, other than in respect of local Bermuda currency.

14.4.7.2 Taxes

See Section 16.1 "Bermuda taxation applicable to the Company" and Section 16.3 "The shareholders" for a description of certain Bermuda taxation consequences of holding the Shares.

14.4.7.3 Information

The Registrar shall provide the Company with the information on the data and withdrawal of Shares, the number of Shares in circulation, and also information on the transactions on Shares, including at least price (if and when made available by the VPS) and units traded, as available to the Registrar in the VPS system.

14.5 Ownership structure

As of 29 March 2023, the Company had 761 holders of Shares in the Company which are listed on Euronext Expand. There is only one class of Shares.

With effect from listing of the Shares on Euronext Expand, shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.7 "Disclosure obligations" for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act.

An overview of shareholders holding 5% or more of the Shares of the Company as of 29 March 2023 is set out below:

Shareholder	Shareholding
Drew Holdings Ltd. ¹	38.7% ²
Affinity Shipholdings I LLP	10.03% ³
J.P. Morgan Securities LLC	6.51% ⁴
Citibank N.A.	6.07% ⁴
¹ Drew Holdings Ltd. is wholly owned by Drew Trust, a trust established in Bermuda for the benefit of Mr. Trøim and his immediate family. ² Expected to change to 32.51% after the Listing. ³ Expected to change to 8.31% after the Listing. ⁴ Nominee structures which may change after the Listing.	

Following the Listing, DNB Asset Management AS is expected to receive shares in excess of 5% of the shares and votes in the Company. The percentages in the table above are expected to change.

Following the Listing, the Company is not aware of any persons or entities that directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

14.6 Authorisations to increase the share capital

As of the date of this Prospectus, the Company's authorized share capital is US\$ 140,010,000 represented by 140,010,000 shares with a par value of US\$ 1.00. The Board has been authorised by Bye-law 4 to issue further shares up to the number of shares representing the authorized share capital.

14.7 Authorisation to acquire treasury shares

The Company has, pursuant to Bye-law 9, the ability to acquire and own shares. As of the date hereof, the Company holds no shares in treasury.

14.8 Other financial instruments

Other than through the Company's LTI Plan described in section 12.5, neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company or, in the case of joint venture companies, by it and its partners.

14.9 Shareholder rights

The Company has one class of Shares in issue, and all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 14.11 "Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws".

14.10 Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws

14.10.1 Objects pursuant to the Memorandum of Association and Bye-laws

Pursuant to clause 6 of the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. The Bye-laws do not include a regulation of the Company's purpose.

14.10.2 Special shareholder meetings

Bye-law 61 provides that the Board may, whenever it thinks fit, and shall, when required by the Bermuda Companies Act, convene a special general meeting of the shareholders. Under the Bermuda Companies Act, a special general meeting of shareholders must be convened by the board of directors of a company on the requisition of shareholders holding not less than one-tenth of the paid-up capital of the company as at the date the request is made.

14.10.3 Shareholder action by written consent

The Bermuda Companies Act provides that, except in the case of the removal of an auditor or director and subject to a company's bye-laws, anything which may be done by resolution of a company in a general meeting or by resolution of a meeting of any class of the members of a company may be done by resolution in writing. Bye-law 62 provides that such resolution must be signed by a simple majority of all of the shareholders (or such greater majority as may be required by the Bermuda Companies Act or the Bye-laws).

14.10.4 Shareholder meeting quorum; voting requirement; voting rights

Bye-law 70 provides that, save as otherwise provided, the quorum at any general meeting shall be two or more Shareholders, either present in person or represented by proxy, holding shares carrying voting rights entitled to be exercised at such meeting. Except where a greater majority is required by the Bermuda Companies Act or the Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast provided that any resolution to approve an amalgamation or merger shall be decided on by a simple majority of votes cast and the quorum necessary for such meeting shall be two persons holding, or representing by proxy, at least 33 1/3% of the issued shares of the Company (or the class, where applicable). There is no cumulative voting. Every shareholder of the Company who is present in person or by proxy has one vote for every Share of which he or she is the holder. The Company has not, pursuant to its Bye-laws, applicable laws or regulations made pursuant to law, been given a discretionary right to bar the exercise of voting rights, except pursuant to Bye-law 173 where a registered holder of Shares is in default of its obligations under Bye-law 172 to provide the Company with information about any interests in such shares held by any person (including, without limitation, the ownership of beneficial interests in such Shares).

14.10.5 Notice of shareholder meetings

The Bermuda Companies Act requires that all companies hold a general meeting at least once in each calendar year (which meeting shall be referred to as the Annual General Meeting) and that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings of the meeting. Bye-law 67 provides that an annual and special shareholder meeting shall be called by not less than 7 days' notice in writing, and that the notice period shall be exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting to which it relates is to be held. A notice sent by post is deemed to be received two days after the date on which it is sent.

If a general meeting is called on shorter notice, it will be deemed to have been properly called if it is so agreed (i) in the case of a meeting called as an annual general meeting by all the shareholders entitled to attend and vote thereat; and (ii) in the case of any other special general meeting by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right. No shareholder is entitled to attend any general meeting by proxy unless a proxy signed by or on behalf of the shareholder addressed to the company secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the Company's registered office at least 48 hours prior to the time appointed for holding the general meeting.

14.10.6 Notice of shareholder proposals

Under the Bermuda Companies Act, shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the meeting to which the requisition relates, or not less than 100 shareholders, may, at their own expense (unless the company otherwise resolves), require a company to give notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting and/or to circulate a statement (of not more than 1000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at the annual general meeting.

14.10.7 Board meeting quorum; voting requirement

Bye-law 121 provides that the quorum necessary for the transaction of the business of the Board may, subject to the requirements of the Bermuda Companies Act, be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Directors present in person or by proxy. Questions arising at any meeting of the Board shall be determined by a majority of votes cast. In the event of an equality of votes, the motion shall be deemed to have been lost.

14.10.8 Number of Directors

Under the Bermuda Companies Act, the minimum number of directors on the board of directors of a company is one. The minimum number of directors may be set higher in the bye-laws of a company (and is set at two by Bye-law 97 of the Company). The maximum number of directors may be set by the shareholders at a general meeting or in accordance with the bye-laws of the relevant company. The maximum number of directors is usually fixed by the shareholders in a general meeting. Only the shareholders may increase or decrease the number of directors last approved by the shareholders. The Company has currently fixed the maximum number of Directors to six Directors.

14.10.9 Removal of Directors

Bye-law 99 and the Bermuda Companies Act provide that the shareholders of the Company may, at a special general meeting called for that purpose, remove any Director. Any Director whose removal is to be considered at such a special general meeting is entitled to receive not less than 14 days' notice and shall be entitled to be heard at the meeting.

14.10.10 Newly created directorships and vacancies on the Board

Under the Bermuda Companies Act, the directors shall be elected at each annual general meeting of the company or elected or appointed by the shareholders in such other manner and for such term as may be provided in the bye-laws for the relevant company. Additionally, a vacancy created by the removal of a director at a special general meeting may be filled at that meeting by the election of another director or in the absence of such election, by the other directors. Unless the bye-laws of a company provide otherwise (which the Bye-laws do not) and provided there remains a quorum of directors in office, the remaining directors may fill a casual vacancy on the board. Under Bye-law 99, any vacancy in the Board may be filled by the election or appointment by the shareholders at a general meeting, and the Board may also fill any vacancy in the number left unfilled. A Director so appointed will hold office until the next annual general meeting of the Company.

14.10.11 Interested Directors

Under Bye-law 106, any Director may hold any other office or place of profit with the Company (except that of auditor) for such period and on such terms as the Board may determine and shall be entitled to remuneration as if such Director were not a Director. So long as a Director declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Board as required by the Bermuda Companies Act, a Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any office or employment to which the Bye-laws allow him to be appointed or from any transaction or arrangement in which the Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit, and such Director shall count in the quorum and be able to vote at any meeting of the Board at which the matters in question are to be considered.

14.10.12 Duties of the Directors

The Bermuda Companies Act also imposes a duty on directors and officers of a Bermuda company to: (i) act honestly and in good faith with a view to the best interests of the company they serve; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Bye-law 111 provides that the Company's business is to be managed and conducted by the Board. At common law, members of a board of directors owe a fiduciary duty to the company they serve to act in good faith in their dealings with or on behalf of such company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements:

- (iii) a duty not to make a personal profit from opportunities that arise from the office of director;
- (ii) a duty to avoid conflicts of interest; and
- (iii) a duty to exercise powers for the purpose for which such powers were intended.

The Bermuda Companies Act provides that, if a director or officer has an interest in a material contract or proposed material contract with a company or any of its subsidiaries or has a material interest in any person that is a party to such a contract, such director or officer must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the board of directors. In addition, the Bermuda Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of such company.

14.10.13 Director liability

Bye-law 161 provides that no Director or alternate director or officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the96realizaon of his duties, or supposed duties, to the Company or otherwise in relation thereto.

The Bermuda Companies Act permits a company to exempt or indemnify any director, officer or auditor from loss or liability in circumstances where it is permissible for the company to indemnify such director, officer or auditor, as indicated in "Indemnification of Directors and Officers" below. Such restriction on liability shall not extend to any matter which would render it void pursuant to the Bermuda Companies Act.

14.10.14 Indemnification of Directors and Officers

The Bermuda Companies Act permits a company to indemnify its directors, officers and auditor with respect to any loss arising or liability attaching to such person by virtue of any rule of law concerning any negligence, default, breach of duty, or breach of trust of which the director, officer or auditor may be guilty in relation to the company they serve or any of its subsidiaries; provided that the company may not indemnify a director, officer or auditor against any liability arising out of his or her fraud or dishonesty. The Bermuda Companies Act also permits a company to indemnify a director, officer or auditor against liability incurred in defending any civil or criminal proceedings in which judgment is given in his or her favour or in which he or she is acquitted, or when the Supreme Court of Bermuda grants relief to such director, officer or auditor. The Bermuda Companies Act permits a company to advance moneys to a director, officer or auditor to defend civil or criminal proceedings against them on condition that these moneys are repaid if the allegation of fraud or dishonesty is proved against them. The Supreme Court of Bermuda may relieve a director, officer or auditor from

liability for negligence, default, breach of duty or breach of trust if it appears to the court that such director, officer or auditor has acted honestly and reasonably and, having regard to all the circumstances of the case, ought fairly to be excused.

Bye-laws 161-162 provide that every Director, alternate director, officer, person or member of a duly authorized committee of the Company, resident representative of the Company and their respective heirs, executors or any administrator of the Company, shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him or her as such Director, alternate director, officer, person or member of a duly authorised committee of the Company or resident representative, and the indemnity contained in the Bye-law shall extend to any person acting as such Director, alternate director, officer, person or committee member or resident representative in the reasonable belief that he or she has been so appointed or elected notwithstanding any defect in such appointment or election. Such indemnity shall not extend to any matter which would render it void pursuant to the Bermuda Companies Act.

14.10.15 Variation of shareholders rights

As previously stated, the Company currently has one class of Shares. Bye-law 14 provides that, subject to the Bermuda Companies Act, all or any of the rights for the time being attached to any class of Shares (the Shares included) for the time being issued may, from time to time, be altered or abrogated with the consent in writing of the holders of not less than 75% in nominal value of the Shares or with the sanction of a resolution passed at a separate general meeting of the holders of the Shares voting in person or by proxy. Bye-law 15 specifies that the rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such Shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

14.10.16 Amendment of the Memorandum of Association

The Bermuda Companies Act provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. Except in the case of an amendment that alters or reduces a company's share capital, the holders of an aggregate of not less than 20% in par value of a company's issued share capital or any class thereof, or the holders of not less than 20% of a company's debentures entitled to object to amendments to the memorandum of association, have the right to apply to the Bermuda Supreme Court for an annulment of any amendment to the memorandum of association adopted by shareholders at any general meeting. Upon such application, the alteration will not have effect until it is confirmed by the Bermuda Supreme Court. An application for an annulment of an amendment to the memorandum of association passed in accordance with the Bermuda Companies Act may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favour of the amendment.

14.10.17 Amendment of the Bye-laws

Under Bermuda law, the adoption of a company's bye-laws and any rescission, alteration, or other amendment thereof must be approved by a resolution of the board of directors and by a resolution of the shareholders, provided that any such amendment shall only become operative to the extent that it has been confirmed by a resolution of the shareholders. Bye-law 171 provides a resolution of the shareholders to approve the adoption or amendment of the Bye-Laws shall be decided on by a simple majority of votes cast.

14.10.18 Inspection of books and records; shareholder lists

The Bermuda Companies Act provides the general public with a right of inspection of a Bermuda company's public documents at the office of the Registrar of Companies in Bermuda. These documents include the Company's Memorandum of Association and all amendments thereto. The Bermuda Companies Act also provides shareholders of a Bermuda company with a right of inspection of a company's bye-laws, minutes of general (shareholder) meetings and the audited financial statements. The Bermuda register of shareholders is also open to inspection by the members of the public free of charge. A Bermuda company is required to maintain its share register at its registered office in Bermuda or upon giving notice to the Registrar of Companies at such other place in Bermuda notified to the Registrar of Companies. A company may, in certain circumstances, establish one or more branch registers outside of Bermuda. A Bermuda company is required to keep at its registered office a register of its directors and officers that is open for inspection by members of the public without charge. The Bermuda Companies Act does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

14.10.19 Amalgamations, mergers and business combinations

The Bermuda Companies Act is silent on whether a company's shareholders are required to approve a sale, lease or exchange of all or substantially all of a company's property and assets. The Bermuda Companies Act does require, however, that shareholders approve amalgamations and mergers. Pursuant to the Bermuda Companies Act, an amalgamation or merger of two or more non-affiliated companies requires approval of the board of directors and the approval of the shareholders of each Bermuda company by a three-fourths majority and the quorum for such a meeting must be two persons holding or representing by proxy more than one-third of the issued shares of the company, unless the bye-laws otherwise provide (which the Bye-laws do, as set out below). For purposes of approval of an amalgamation or merger, all shares whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of shares is required if the rights of such class would be altered by virtue of the amalgamation or merger. The Bye-laws provide that the Board may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders with the necessary quorum for such meeting of two persons at least holding or representing 33 1/3% of the issued shares of the Company (or the class, where applicable) amalgamate or merge the Company with another company. Pursuant to the Bermuda Companies Act, a company may be acquired by another company pursuant to a scheme of arrangement effected by obtaining the agreement of such company and of the holders of its shares, representing in the aggregate a majority in number and at least 75% in value of the shareholders (excluding shares owned by the acquirer, who would act as a separate class) present and voting at a court-ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Bermuda Registrar of Companies, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

14.10.20 Appraisal rights

Under the Bermuda Companies Act, a shareholder who did not vote in favour of an amalgamation or merger between non-affiliated companies and who is not satisfied that he or she has been offered fair value for his or her shares may, within one month of the giving of the notice of the shareholders' meeting to consider the amalgamation, apply to the Bermuda Supreme Court to appraise the fair value of his or her shares. If the court appraised value is greater than the value received or to be received in the amalgamation or merger, the acquiring company must pay the Court appraised value to the dissenting shareholder within one month of the appraisal, unless it decides to terminate the amalgamation or merger. Under another provision of the Bermuda Companies Act, the holders (the purchasers) of 95% or more of the shares of a company may give notice to the remaining shareholders requiring them to sell their shares on the terms described in the notice. Within one month of receiving the notice, any remaining shareholder may apply to the Bermuda Supreme Court for an appraisal of its shares. Within one month of the court's appraisal, the purchasers are entitled to either acquire all shares involved at the price fixed by the court or cancel the notice given to the remaining shareholders. Where shares had been acquired under the notice at a price less than the court's appraisal, the purchasers must either pay the difference in price or cancel the notice and return to each shareholder concerned the shares acquired and each shareholder must repay the purchaser the purchase price.

14.10.21 Dissenter's rights

The Bermuda Companies Act also provides that, where an offer is made for shares or a class of shares in a company by another company not already owned by, or by a nominee for, the offeror or any of its subsidiaries and, within four months of the offer, the holders of not less than 90% in value of the shares which are the subject of the offer approve the offer, the offeror may by notice, given within two months from the date such approval is obtained, require the dissenting shareholders to transfer their shares on the same terms of the offer. Dissenting shareholders will be compelled to sell their shares to the offeror unless the Bermuda Supreme Court, on application within a one month period from the date of such offeror's notice, orders otherwise.

14.10.22 Shareholder suits

Class actions and derivative actions are generally not available to shareholders under Bermuda law. Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it. However, generally a derivative action will not be permitted where there is an alternative action available that would provide an adequate remedy. Any property or damages recovered by derivative action go to the company, not to the plaintiff shareholders. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the court, which may make such order as it sees fit, including an order regulating the conduct of the

company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company or that the company be wound up. A statutory right of action is conferred on subscribers to shares of a Bermuda company against persons (including directors and officers) responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement contained in the Prospectus, but this confers no right of action against the Bermuda company itself. In addition, an action can be brought by a shareholder on behalf of the company to enforce a right of the company (as opposed to a right of its shareholders) against its officers (including directors) for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

14.10.23 Pre-emptive rights

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for additional issues of a company's shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of a company or under any contract between the shareholder and the company.

The Bye-laws do not provide for pre-emptive rights.

14.10.24 Form and transfer of Shares

Subject to the Bermuda Companies Act, the Bye-laws and any applicable securities laws, there are no restrictions on trading in the Shares.

14.10.25 Issuance of common Shares

The Board's mandate to increase the Company's issued share capital is limited to the extent of the authorised share capital of the Company in accordance with its Memorandum of Association and Byelaws, which are in accordance with Bermuda law. The authorised share capital of the Company may be increased by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders.

14.10.26 Capital reduction

The Company may, by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, cancel Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

14.10.27 Redeemable preference Shares

The Bye-law 58 provides that, subject to the Companies Act and to any confirmation or consent required by law or the Bye-laws, the Company may resolve from time to time to convert any preference shares into redeemable preference shares. The Company has neither issued any preference shares, nor any redeemable preference shares, as at the date of this Prospectus.

14.10.28 Annual accounts

The Board is required to cause to be kept accounting records sufficient to give a fair presentation in all material respects of the state of the Company's affairs. The accounting records are kept at the Company's registered office or at such other place(s) as the Board thinks fit. No shareholder has any right to inspect any accounting records of the Company except as required by law, a stock exchange or quotation system upon which the Shares are listed or as authorized by the Board or by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders. A copy of every balance sheet and statement of income, which is to be presented before the Company in a general meeting, together with a copy of the auditor's report is to be sent to each the Company's shareholders in accordance with the requirements of Bye-law 151 and the Bermuda Companies Act.

14.10.29 Dividends

The Company shareholders have a right to share in the Company's profit through dividends. The Board may from time to time declare cash dividends (including interim dividends) or distributions out of contributed surplus to be paid to the Company's shareholders according to their rights and interests as appear to the Board to be justified by the position of the Company. The Board is prohibited by the Bermuda Companies Act from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. The Board may deduct from a dividend or distribution payable to any shareholder all monies due from such shareholder to the Company on account of calls or otherwise. The Bye-laws provide that any dividend or distribution out of contributed surplus unclaimed for a period of six years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company, and that the

payment by the Board of any unclaimed dividend or distribution into a separate account shall not constitute the Company a trustee in respect thereof. There are no dividend restrictions or specific procedures for non-Bermudian resident shareholders under Bermuda law or the Bye-laws and/or the Memorandum of Association.

14.10.30 Winding up

In the event of the winding up and liquidation of the Company, the liquidator may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, and any other sanction required by the Bermuda Companies Act, divide among the shareholders in specie or kind all or any part of the assets of the Company and may for such purposes set such values as he deems fair upon any property to be divided and may determine how such division is to be carried out between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest all or part of the Company's assets in trustees upon such trust for the benefit of the shareholders, however, no shareholder will be compelled to accept any shares or other assets in respect of which there is any liability.

14.10.31 Rights of redemption and conversion of Shares

The Bye-Laws do not provide for any shareholder rights of conversion or redemption of the common shares in the Company.

14.10.32 Share repurchase

Pursuant to the Bye-Laws, the Company may purchase its own shares for cancellation or acquire them as treasury shares. The Board of Directors may exercise all of the powers of the Company to purchase or acquire shares, whether for cancellation or to be held as treasury shares in accordance with the Bermuda Companies Act.

14.11 Registration and trading of the Shares

14.11.1 Introduction

The Company's register of members is maintained and kept in Bermuda by the Company, at the Company's registered office at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda.

All Shares admitted to trading on Oslo Euronext Expand must be registered in the VPS, which is Norway's paperless centralized securities registry. To achieve compatibility of the requirements of Bermuda company law as to the registration and transfer of shares with Norwegian requirements, the Company has, for the purpose of Bermuda company law and for enabling trading in the Shares on NYSE and Euronext Expand, established the CSD Link as described in section 14.4.2. The arrangements for the registration in the VPS are set out in the Registrar Agreement.

All transactions related to Shares registered in the VPS must be recorded in the VPS and the transactions are recorded through computerized book-entries. No physical share certificates are or can be issued for Shares registered with VPS. VPS confirms each entry by sending a notification of the transaction to the relevant investor, regardless of beneficial ownership. The evidence of ownership through the VPS is the only formality required in order to acquire and sell Shares on Euronext Expand. To effect these entries, the investor must establish a securities account with a Norwegian account operator unless the shareholder's Shares are registered in the name of a nominee. Norwegian banks, licensed investment firms in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account operators. Subject to the qualifications set out above, the entry of a transaction in VPS is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

14.11.2 The Registrar Agreement

Pursuant to the Registrar Agreement, the Registrar has registered the Shares in the VPS register through the CSD Link.

The Company will distribute dividends and other declared distributions to the shareholders in the VPS system. For further information on future payments of dividends on the Shares (if any), please refer to Section 6.2 "Manner of dividend payments" for further information.

The Company may terminate the Registrar Agreement with three (3) months' prior written notice. The Registrar may terminate the Registrar Agreement with justifiable cause with three (3) months' prior written notice. Either the Company or the Registrar may terminate the Registrar Agreement immediately upon written notice of any material breach of the Registrar Agreement by the other party, unless such breach is rectified within 10 business days. The Company's failure to fulfil payment obligations shall always be considered a material breach of the Registrar Agreement. In the event the

Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for the purposes of permitting the uninterrupted listing of the Shares on Euronext Expand.

There can be no assurance however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, adversely affect the keeping of the CSD Link and the Listing of the Shares on Euronext Expand, as the Shares would otherwise be registered in the Company's primary register of members in Bermuda, whereafter they would not be tradeable in VPS.

The Registrar's liability for loss has been restricted under the Registrar Agreement. The Registrar has also disclaimed liability for any losses suffered as a result of VPS' errors or negligence. VPS is liable for any direct economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of VPS and which VPS could not reasonably be expected to avoid or of which VPS could not reasonably be expected to overcome the consequences. The courts may reduce or set aside VPS' liability if the person who has suffered the loss has contributed to the loss wilfully or negligently.

The Existing Shares are, and the New Shares will be, registered in the DTC and the VPS under the CUSIP G4660A 103 and ISIN BMG 4660A1036.

14.12 Requirement to Provide Information to the Company

As a company listed on an appointed stock exchange, the Company is exempted from the duty imposed on companies generally by the Companies Amendment Act 2018 to establish and maintain a beneficial ownership register. However, Bye-laws 172 to 174 provide that it is a term of issue of the Company's Shares that the Company may by notice in writing require any registered shareholder to give the Company particulars of such shareholder's past or present interest of any kind in such Shares, and where applicable, require such registered shareholder to provide particulars with respect to the interests of any other person in the shares. By virtue of these provisions, the Company may require any person holding Shares in a nominee or similar capacity to provide the Company with details of the identity of the persons holding beneficial interests in the Company's Shares.

14.13 Shareholder agreements

At the time of the Listing, there will be no shareholders' agreements related to the Shares of which the Company is aware.

15 SECURITIES TRADING IN NORWAY

15.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway.

The Oslo Stock Exchange has three separate listing alternatives for companies; Oslo Stock Exchange (the “main board” suitable for larger companies with operating history and existing shareholder base), Euronext Expand (for companies with less than three years operating history) and Euronext Growth Oslo (newly established or small growth companies). Euronext Growth Oslo is a multilateral trading facility, while Oslo Stock Exchange and Euronext Expand are regulated exchanges.

The Euronext, through the Oslo Stock Exchange, also owns Nord Pool ASA (75 %) (the next-day and intra-day physical electricity market), Fish Pool (90%) (an international commodity exchange trading salmon futures contracts) and Euronext NOTC (100%) (marketplace for unlisted shares).

15.2 Trading and settlement

Trading of equities on Euronext Expand is carried out in the electronic trading system Optic. This trading system is in use by all markets operated by the Euronext Group.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours Central European Time (“**CET**”) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Stock Exchange and Euronext Expand is two trading days (T+2). This means that securities will be settled on the investor’s account in VPS two days after the transaction, and that the seller will receive payment after two days.

Securities traded on Euronext Expand are cleared through a central counterparty (CCP). The three central counterparts currently authorized to clear trades in shares on OSE are Euro CCP, LCH Limited and Six x-clear. Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers’ trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

15.3 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or from the time a company has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that

the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

15.4 The VPS and transfer of shares

The Company's sub-register of shares in the VPS (as arranged through the CSD Link) is operated by the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Euronext Nordics Holding AS.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Memorandum of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.5 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the Company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

15.6 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Stock Exchange and Euronext Expand through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

15.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.8 Insider trading

According to Norwegian law, subscription for, purchase, sale, exchange or other acquisitions or disposals of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information and thereby uses that information, as

defined in Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and as implemented in Norway in accordance with Section 3-1 of the Norwegian Securities Trading Act.

The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value or price either depends on or has an effect on the price or value of such financial instruments or incitement to such dispositions.

15.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (or provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorised to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

15.10 Compulsory acquisition

Under Bermuda law, an acquiring party is generally able to acquire, compulsorily, the shares of minority holders in a company. This can be achieved by a procedure under the Companies Act known as a “scheme of arrangement” or by a tender offer, as explained below. A scheme of arrangement may be effected by obtaining the agreement of the company and of holders of common shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders (excluding shares owned by the acquirer) present and voting at a meeting ordered by the Bermuda Supreme Court held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court must then sanction the scheme of arrangement. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

In the case of a tender offer, if an offeror has, within four months after the making of an offer for all the shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more in value of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms, including as to the form of consideration, as the original offer. In such circumstances, non-tendering shareholders could be compelled to transfer their shares, unless the Bermuda Supreme Court (on application made within a one-month period from the date of the offeror’s notice of its intention to acquire such shares) orders otherwise.

Where the acquiring party or parties hold not less than 95% of the shares of a company, by acquiring, pursuant to a notice given to the remaining shareholders, the shares of such remaining shareholders – when such notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

15.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

16 TAXATION

Set out below is a summary of certain Bermuda and Norwegian tax matters related to an investment in the Company. The summary regarding Bermuda and Norwegian taxation is based on the laws in force as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and Bermuda should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence. The tax legislation of a shareholder's Member State and of the Company's country of incorporation may have an impact on the income received from the securities. The statements in the summary only apply to shareholders who own Shares.

Please note that for the purpose of the summary below, a reference to a national or non-national shareholder refers to the tax residency rather than the nationality of the shareholder.

16.1 Bermuda taxation applicable to the Company

The Company is incorporated under Bermuda law and must comply with the Economic Substance Act 2018 and the Economic Substance Regulations 2018 which became operative on 31 December 2018. These regulations require compliance with an economic substance test which requires us to (i) carry out activities that are of central importance to the entity from the jurisdiction, (ii) hold an adequate number of board meetings in Bermuda and (iii) have an adequate (a) amount of operating expenditures, (b) physical presence and (c) number of full-time employees in Bermuda.

Under current Bermuda law, there is no income or profit tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company in Bermuda. The Minister of Finance of Bermuda has, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, given the Company an assurance that, in the event any legislation is enacted in Bermuda imposing any tax computed on profits, income, capital asset, gain or appreciation, such tax shall not, until after 31 March 2035, be applicable to the Company or any of its operations or the Shares or any debentures or other obligations of the Company, except insofar as such tax will be payable by the Company in respect of real property owned or leased by the Company in Bermuda. All entities employing individuals in Bermuda are required to pay a payroll tax and there are other sundry taxes payable, directly or indirectly, to the Bermuda government.

Given the limited duration of this assurance, it is not certain that the Company will not be subject to any Bermuda taxation after 31 March 2035.

16.2 Other jurisdictions and general tax issues

The Company is, as of the date hereof, not deemed to be a tax resident in any other jurisdictions than Bermuda. As for the Group, individual Group Companies will, when operating in a jurisdiction, normally be taxed on its income and capital gain generated in such jurisdiction in accordance with local rules. Finally, some jurisdictions may apply withholding taxes on dividends and other payments by an operating entity to the Company.

16.3 The shareholders

16.3.1 Bermuda

The Company's shareholders will not, based on their shareholding in the Company only, be taxable in Bermuda as of the date hereof. The assurance obtained by the Company from the Minister of Finance of Bermuda referred to in 16.1 "Bermuda taxation applicable to the Company" above covers taxation of the Company's shareholders as well. Hence, in the event any legislation is enacted in Bermuda imposing any tax on the Shares or dividends paid on the Shares or in the nature of estate duties or inheritance tax on the transfer of Shares, such tax shall not, until after 31 March 2035, be applicable on the Company's shareholders except insofar as such shareholders may be tax resident in Bermuda.

16.4 Norwegian taxation

16.4.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals residing in Norway for tax purposes (the "Norwegian Personal Shareholders") are taxable in Norway for such shareholders currently (as of 2023) at an effective tax rate of 37.84% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance,

shall be multiplied by 1.72 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 37.84%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasserveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. The risk-free interest rate for 2022 was 1.7%.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share (“excess allowance”) may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

The Shares will not qualify for Norwegian share saving accounts (*Nw: aksjesparekonto*) held by Norwegian Personal Shareholders since the Company is resident outside the EEA for tax purposes.

Norwegian Corporate Shareholders

Dividends distributed to owners of Shares who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes (the “**Norwegian Corporate Shareholders**”), are taxable as ordinary income in Norway for such owners currently (as of 2023) at a flat rate of 22%.

16.4.2 Taxation of capital gains on realization of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently (as of 2023) 37.84%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.72 which are then included in or deducted from the Norwegian Personal Shareholder’s ordinary income in the year of disposal. Ordinary income is currently (as of 2022) taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 37.84%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder’s cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.4.1 “Taxation of dividends” above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains from realization of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis (the FIFO principle).

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

The Shares will not qualify for Norwegian share saving accounts (*Nw: aksjesparekonto*) held by Norwegian Personal Shareholders since the Company is resident outside the EEA for tax purposes.

Norwegian Corporate Shareholders

Since the Company is resident of Bermuda (which for Norwegian tax purposes is deemed a “low-tax jurisdiction” and outside the EEA), any capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of Shares will generally be taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of realization at a rate of 22% (as of 2023).

16.4.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 1.0% of the value assessed exceeding NOK 1.7 million. For net wealth in excess of NOK 20 million, the tax rate is 1.1%. In 2023 the value for assessment purposes for listed shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 80%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

16.4.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

16.4.5 Inheritance tax

As at the date of this Prospectus, transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

17 ADDITIONAL INFORMATION

17.1 Advisors

DNB Markets (a part of DNB Bank ASA) (Dronning Eufemias gate 30, 0191 Oslo, Norway) is acting as the Company's financial advisor for the Listing.

Ro Sommernes advokatfirma DA (P.O. Box 1983 Vika, N-0125, Fridtjof Nansens plass 7, 0160 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Skadden, Arps, Slate, Meagher & Flom (UK) LLP (40 Bank Street, Canary Wharf, London, E14 5DS, United Kingdom) is acting as US legal counsel to the Company.

MJM Limited (P.O. Box HM 1564, Hamilton HM FX, Bermuda) is acting as Bermuda legal counsel to the Company.

17.2 Documents on display

Originals of the following documents are held by the Company at the registered address in Bermuda, and copies will be able for physical inspection at S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus and the documents are also available at www.himalaya-shipping.com:

- the Company's certificate of incorporation, Memorandum of Association and Bye-laws;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus;
- the historical financial information of the Company and its subsidiary undertakings for the period since 17 March 2021 to 31 December 2021;
- the financial information of the Company and its subsidiary undertakings for the period since 1 January 2022 to 31 December 2022; and
- this Prospectus.

17.3 Governing law and jurisdiction

This Prospectus shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus shall be subject to the exclusive jurisdiction of the courts of Norway, with the Oslo District Court as the legal venue.

17.4 Incorporation by reference

No documents are incorporated by reference in this Prospectus.

18 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

1-4 Building Contracts	The building contracts with New Times relating to the Group vessels with hull numbers 0120833-0120836.
5-8 Building Contracts	The building contracts with New Times relating to the Group vessels with hull numbers 0120837-0120840.
9-12 Building Contracts	The building contracts with New Times relating to the Group vessels with hull numbers 0120841-0120844.
Address Commission	An address commission that may be deducted from each of the final delivery instalments under the Shipbuilding Contracts, thus decreasing the purchase price payable by each Subsidiary.
Annual General Meeting	The Company's annual general meeting.
APPS	The U.S. Act to Prevent Pollution from Ships.
Arrow	Arrow Research Limited
ASC 606	Revenue recognition standard issued by Financial Accounting Standards Board on 28 May 2014, known as Revenue from Contracts with Customers.
Avic	AVIC International Leasing Co. Ltd.
Avic Leasing	The leasing arrangement with Avic for the pre-delivery and delivery financing of the vessels under the 1-4 Building Contracts, as described in section 8.5.4.
Basel Convention	The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.
Bermuda Bribery Act	The Bribery Act 2016
Bermuda Companies Act	The Companies Act, 1981, as amended
BMA	Bermuda Monetary Authority.
Board of Directors or Board	The board of directors of the Company.
Board Members	The members of the Board of Directors.
Bridge Facility	The US\$15 million unsecured bridge facility entered into on 1 March 2023 by the Company as borrower, DNB Markets as arranger and DNB Bank ASA as lender and agent.
BWM Convention	The International Convention for the Control and Management of Ships' Ballast Water and Sediments in February 2004.
BWTS	Ballast Water Treatment Systems.
Bye-Laws	Bye-laws of Himalaya Shipping Ltd.
CAA	The U.S. Clean Air Act.
CAGR	Compound annual growth rate.
Capesize	A term used for dry bulk vessels above 100,000 dwt carrying capacity.
CCBFL	CCB Financial Leasing Company Limited
CCBFL Leasing	The leasing arrangement with CCBFL for the pre-delivery and delivery financing of the vessels under the 5-8 and 9-12 Building Contracts, as described in section 8.5.4, however apart from the leasing arrangements novated to Jiangsu.
CERCLA	The Comprehensive Environmental Response, Compensation and Liability Act.
CET	Central European Time.

CFO	Chief Financial Officer.
Clarksons Platou Securities	Clarksons Platou Securities AS.
Clarksons PLC	Ultimate parent company of Clarksons Platou Securities AS.
Clarksons Research Services Limited	A subsidiary of Clarksons PLC.
CLC	The International Convention on Civil Liability for Oil Pollution Damage of 1969.
Code	Norwegian Code of Practice for Corporate Governance, dated 30 October 2014.
Company	Himalaya Shipping Ltd.
Compass	Compass Advisory Services Pre. Ltd.
Corporate Support Agreement	The corporate support agreement with Magni relating to Magni's support to the Group, as described in Section 13.
CSD	Central Securities Depository
CTO	Chief Technical Officer.
CWA	The U.S. Clean Water Act.
Declaration	An annual economic substance declaration that has to be filed with the Registrar as required by the Economic Substance Act.
Delivery Financing	The financing to be provided from the Leasing Providers to pay the delivery instalments under each Shipbuilding Contract, by way of a sale and leaseback arrangement.
Drew Holdings	Drew Holdings Ltd.
Drew Holdings RCF	The revolving credit facility entered into between the Company and Drew Holdings as further described in section 8.5.4.
Drew Related Companies	The companies referred to in section 2.4.6.
DTC	Depository Trust Company
Dwt	Deadweight tonnage.
EEA	The European Economic Area.
ECAs	Emission Control Areas
Economic Substance Act	The Economic Substance Act 2018 of Bermuda.
Economic Substance Regulations	The Economic Substance Regulations 2018 of Bermuda.
EPA	The U.S. Environmental Protection Agency.
EU	The European Union.
EU Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Member State.
EUR	Euro, the lawful currency of the EU
Existing Shares	Means the 32,152,857 shares listed on Euronext Expand prior to the US Offering.
Financial Advisor	DNB Markets (a part of DNB Bank ASA)
Financial Statements	Himalaya Shipping Ltd.'s audited consolidated financial statements for the period from 17 March 2021 to and as of 31 December 2021 and from 1 January 2022 to and as of 31 December 2022, prepared in accordance with US GAAP.
Financing Arrangements	The Leasing Arrangements and the Drew Holdings RCF.

Forward-looking statements	Statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts.
General Meeting	The Company's general meeting of shareholders.
Group	Himalaya Shipping Ltd., together with its consolidated subsidiaries.
HFO	Heavy fuel oil.
Himalaya	Himalaya Shipping Ltd., the Company
Hong Kong Convention	The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009.
IMO	International Maritime Organization
IMO 2020	IMO's new regulation on limiting the sulphur cap for marine fuels globally, which came into effect on 1 January 2020.
IMSBC Code	International Maritime Solid Bulk Cargoes Code.
ISM Code	International Maritime Organization's International Safety Management Code.
Jiangsu	Jiangsu Financial Leasing Co. Ltd.
Jiangsu Leasing	The leasing arrangement with Jiangsu for the pre-delivery and delivery financing of the vessels with hull numbers 0120839 and 0120840, as described in section 8.5.4.
Leasing Arrangements	The Avic Leasing, CCBFL Leasing and Jiangsu Leasing.
Leasing Providers	Avic, CCBFL and Jiangsu.
LNG	Liquefied natural gas
Listing	The listing of the Shares on Euronext Expand, deemed to occur upon the settlement of the US Offering and delivery of the New Shares to investors in the DTC.
LTI Plan	Long-term incentive plan.
Magni	Magni Partners (Bermuda) Ltd.
Management Agreement	The management agreement entered into by and between Himalaya Shipping Ltd. and the Manager, dated 27 February 2023.
Manager	2020 Bulkers Management AS, wholly-owned subsidiary of 2020 Bulkers Ltd., responsible for the management pursuant to the Management Agreement.
MARPOL	The International Convention for the Prevention of Pollution from Ships.
Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.
MDO	Marine Diesel Oil.
MGO	Marine Gas Oil.
Memorandum of Association	The Company's Memorandum of Association.
MTSA	The U.S. Maritime Transportation Security Act of 2002.
New Times	New Times SB Jingjiang shipyard in China.
Newcastlemax	A term used for the largest dry bulk vessels that can enter the port of Newcastle, Australia with a carrying capacity around 210,000 dwt.

New Shares	Means the 7,720,000 new beneficial rights to shares in the company to be offered in the US Offering and delivered to investors in the DTC for listing on NYSE in addition to the 1,158,000 new beneficial rights to shares in the company potentially to be issued under the over-allotment option.
Newsweb	Oslo Stock Exchange's information system.
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Norwegian Financial Supervisory Authority (<i>Nw.: Finanstilsynet</i>).
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (<i>Nw.: allmennaksjeloven</i>).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (<i>Nw.: verdipapirhandelloven</i>).
NYSE	The New York Stock Exchange.
ODA	The U.S. Ocean Dumping Act.
OPA	U.S. Oil Pollution Act of 1990.
Oslo Stock Exchange	Oslo Børs ASA, or, as the context may require, Oslo Børs or Oslo Stock Exchange, Norwegian regulated markets operated by Oslo Børs ASA.
Parent Company Guarantees	The corporate guarantees provided by the Company to New Times guaranteeing each of the Subsidiaries payment obligations under their respective Shipbuilding Contracts.
PFIC	A passive foreign investment company for U.S. federal income tax purposes.
Pre-Delivery Financing	The financing to be provided from the Leasing Providers to pay the third and fourth instalments under each Shipbuilding Contract.
Prospectus	This Prospectus, dated 27 April 2022.
Prospectus Regulation	The Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway.
PwC	PricewaterhouseCoopers AS, the Company's independent auditor.
Refund Guarantees	The bank guarantees furnished by New Times to each Subsidiary as security for instalments paid under its respective Shipbuilding Contract.
Regulation S	Regulation S under the U.S. Securities Act.
Registrar	DNB BANK ASA (Registrar's Department), Dronning Eufemias gate 30,0191 Oslo, Norway
Registrar Agreement	Registrar agreement dated 24 March 2023 between the Registrar and the Company, whereby the Registrar is appointed as account manager for the Company's share register in the VPS.
SeaQuest	SeaQuest Marine Project Management Ltd.
Share or Shares	The shares in the Company.

Shipbuilding Contract or Contracts	The building contracts for all the Vessels under construction at New Times.
Ship Recycling Regulation	E.U. Regulation (EU) No 1257/2013 on Ship Recycling.
SOLAS	Safety of Life at Sea Convention.
Subsidiaries	100% owned Liberian subsidiaries of Himalaya Shipping Ltd; namely Lhotse Inc., Nuptse Inc., Manasiu Inc., Makalu Inc., Everest Inc., Parbat Inc., Yangra Inc., Dablam Inc., Kamet Inc., Mera Inc., Pumori Inc. and Kangtega Inc.
TCE	Time charter equivalent.
UK	The United Kingdom.
UN	United Nations.
US\$	The lawful currency of the United States of America.
U.S. or United States	The United States of America.
U.S. Foreign Corrupt Practices Act	The US Foreign Corrupt Practices Act of 1977, a federal law that addresses accounting transparency requirements under the Securities Exchange Act and other concerning bribery of foreign officials.
US GAAP	General Accepted Accounting Principles in the United States of America
US Offering	The equity offering by the Company in the US, as described in section 5 in this Prospectus.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
USCG	The U.S. Coast Guard.
Waste Shipment Regulation	E.U. Regulation (EC) No 10113/2006 on Shipments of Waste.
Vessel or Vessels	The twelve Newcastlemax Vessels under construction for the Group at New Times pursuant to the Shipbuilding Contracts, of which two have been delivered.
Vessel Valuation	The valuation of the Vessels by Arrow as described in section 8.5.2.
VPS	The Norwegian Central Securities Depository (<i>Nw.: Verdipapirsentralen</i>).
VPS Transfer Option	The option to transfer shares between the DTC and VPS and thereby from NYSE to Euronext Expand.



<p style="text-align: center;">Himalaya Shipping S.E. Pearman Bldg., 2nd floor, 9 Par-la-Ville Road Hamilton HM 11 Bermuda</p>		
<p style="text-align: center;">Financial Advisor</p>		
<p style="text-align: center;">DNB Markets (a part of DNB Bank ASA) Dronning Eufemias gate 30 0191 Oslo Norway</p>		
<p style="text-align: center;">Legal Adviser to the Company <i>(as to Norwegian law)</i></p> <p style="text-align: center;">Ro Sommernes advokatfirma DA Fridtjof Nansens plass 7 0160 Oslo Norway</p>		
		<p style="text-align: center;">Legal Adviser to the Company <i>(as to Bermuda law)</i></p> <p style="text-align: center;">MJM Limited Thistle House, 4 Burnaby Street Hamilton HM11 Bermuda</p>

FORM No. 2

BERMUDA

THE COMPANIES ACT 1981

MEMORANDUM OF ASSOCIATION OF COMPANY LIMITED BY SHARES
 Section (1) and (2)

MEMORANDUM OF ASSOCIATION

OF

(herein referred to as "**Alaya Shipp** Company")

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively by them.

2. We, the undersigned, namely,


Name and Address	Bermudian Status (Yes or No)	Nationality	Number of Shares Subscribed
Deanna Didyk 19 Par-la-Ville Road 1st Floor Hamilton HM 11, Bermuda	No	Canadian	1 Common Share
Barbara Patterson 19 Par-la-Ville Road 1st Floor Hamilton HM 11, Bermuda	No	Canadian	1 Common Share

3. The Company is to be an exempted Company as defined by the Companies Act 1981.
4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding ___ in all, including the following parcels:-
Not Applicable
5. The authorised share capital of the Company is US\$10,000.00 divided into 10,000 shares of US\$1.00 each.
6. The objects for which the Company is formed and incorporated are unrestricted.
7. The following are provisions regarding the powers of the Company.
The Company has the capacity, rights, powers and privileges of a natural person

Signed by each subscriber in the presence of at least one witness attesting the signature thereof:-



Deanna Didyk





Barbara Patterson



(Subscribers)

(Witnesses)

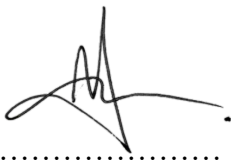
Subscribed this 17 day of March, 2021

AMENDED AND RESTATED BYE-LAWS

OF

HIMALAYA SHIPPING LTD.

I HEREBY CERTIFY that the within-written Bye-laws are a true copy of the Bye-laws of **HIMALAYA SHIPPING LTD.** as amended and re-stated in their entirety with effect from 20 March, 2023.



.....
Mi Hong Yoon

Secretary

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AMENDED AND RESTATED

BYE-LAWS

OF

Himalaya Shipping Ltd.

DEFINITIONS

1.1. In these Bye-laws, and any Schedule, unless the context otherwise requires:

“**Alternate Director**” means such person or persons as shall be appointed from time to time pursuant to Bye-law 103;

“**Annual General Meeting**” means a meeting convened by the Company pursuant to Section 71(1) of the Principal Act;

“**Bermuda**” means the Islands of Bermuda;

“**Board**” means the Board of Directors of the Company or the Directors present at a meeting of Directors at which there is a quorum;

“**Branch Register**” means a branch of the Register for the shares which is maintained by a Registrar pursuant to the terms of an agreement with the Company and pursuant to the Principal Act;

“**Bye-laws**” means these Bye-laws in their present form or as they may be amended and/or restated from time to time;

“**the Companies Acts**” means every Bermuda statute from time to time in force concerning companies insofar as the same applies to the Company including, without limitation, the Principal Act;

“**Company**” means the company incorporated in Bermuda under the name of **Himalaya Shipping Ltd.** on the 17th day of March 2021;

“**Company Website**” means the website of the Company established pursuant to Bye-law 158;

“**Director**” means such person or persons as shall be elected or appointed to the Board from time to time pursuant to these Bye-laws, or the Companies Acts;

“Electronic Record” means a record created, stored, generated, received or communicated by electronic means and includes any electronic code or device necessary to decrypt or interpret such a record;

“Electronic Transactions Act” means the Electronic Transactions Act 1999;

“Finance Officer” means such person or persons other than the Resident Representative appointed from time to time by the Board pursuant to Bye-law 129 and 151 to act as the Finance Officer of the Company;

“General Meeting” means an Annual General Meeting or a Special General Meeting;

“Jurisdiction Policy” means the policy in respect of Director residency restrictions and restrictions on venues for meetings of the Board to be established, maintained and amended by the Board pursuant to Bye-law 100;

“Listing Exchange” means any stock exchange or quotation system upon which the shares are listed from time to time;

“Officer” means such person or persons as shall be appointed from time to time by the Board pursuant to Bye-law 129;

“paid up” means paid up or credited as paid up;

“Principal Act” means the Companies Act 1981, as amended, restated or re-enacted from time to time;

“Register” means the Register of Shareholders of the Company and except in the definitions of “Branch Register” and “Registration Office” in this Bye-law and except in Bye-law 52, includes any Branch Register;

“Registered Office” means the registered office for the time being of the Company;

“Registrar” means such person or body corporate who may from time to time be appointed by the Board as registrar of the Company with responsibility to maintain a Branch Register;

“Registration Office” means the place where the Board may from time to time determine to keep the Register and/or the Branch Register and where (except in cases where the Board otherwise directs) the transfer and documents of title are to be lodged for registration;

“Resident Representative” means any person appointed to act as the resident representative of the Company and includes any deputy or assistant resident representatives;

“**Resolution**” means a resolution of the Shareholders or, where required, of a separate class or separate classes of Shareholders, adopted either in a General Meeting or by written resolution, in accordance with the provisions of these By-laws;

“**Seal**” means the common seal of the Company, if any, and includes any duplicate thereof;

“**Secretary**” means the person appointed to perform any or all of the duties of the secretary of the Company and includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

“**Shareholder**” means a shareholder or member of the Company;

“**Special General Meeting**” means a general meeting, other than the Annual General Meeting;

“**Treasury Shares**” means any share that was acquired and held by the Company, or as treated as having been acquired and held by the Company, which has been held continuously by the Company since it was acquired and which has not been cancelled; and

“**VPS**” means Verdipapirsentralen ASA, a Norwegian corporation maintaining a computerised central share registry in Oslo, Norway, for bodies corporate and shall include any successor registry.

CONSTRUCTION

1.2 In these By-laws, unless the contrary intention appears:

- (a) Words importing only the singular number include the plural number and vice versa;
- (b) Without prejudice to the generality of paragraph (a), during periods when the Company has elected or appointed only one (1) Director as permitted by the Principal Act references to “**the Directors**” shall be construed as if they are references to the sole Director of the Company;
- (c) Words importing only the masculine gender include the feminine and neuter genders respectively;
- (d) Words importing persons include companies or associations or bodies of persons, whether corporate or un-incorporate wherever established;

- (e) For the purposes of these Bye-laws a corporation shall be deemed to be present in person if its representative duly authorised pursuant to the Companies Acts is present;
- (f) References to a meeting will not be taken as requiring more than one person to be present if the relevant quorum requirement can be satisfied by one person;
- (g) References to writing shall include typewriting, printing, lithography, facsimile, photography and other modes of reproducing or reproducing words in a legible and non-transitory form including electronic transfers by way of e-mail or otherwise and shall include any manner permitted or authorized by the Electronic Transactions Act;
- (h) Unless otherwise defined herein, any words or expressions defined in the Principal Act in force on the date when these Bye-Laws or any part thereof are adopted shall bear the same meaning in these Bye-Laws or such part (as the case may be);
- (i) Any reference in these Bye-Laws to any statute or section thereof shall, unless expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time; and
- (j) Headings in these Bye-Laws are inserted for convenience of reference only and shall not affect the construction thereof.

REGISTERED OFFICE

2. The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.

SHARES

3. Not used.
4. Subject to the provisions of these Bye-laws, the unissued shares of the Company (whether forming part of the original capital or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant warrants, options or other securities with rights to convert such securities into shares of the Company over any unissued shares of the Company or otherwise dispose of the Company's unissued shares to such persons at such times and for such consideration and upon such terms and conditions as the Board may determine.
5. The Board may, in connection with the issue of any shares, exercise all powers of paying commission and brokerage conferred or permitted by law.

6. No shares shall be issued until they are fully paid except as may be prescribed by an Resolution.
7. The holders of the Shares shall, subject to the provisions of these Bye-laws:
 - (a) be entitled to one vote per share;
 - (b) be entitled to such dividends or distributions as the Board may from time to time declare;
 - (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company;
 - (d) generally be entitled to enjoy all the rights attaching to shares.

POWER TO PURCHASE OWN SHARES

8. The Company shall have the power to purchase shares for cancellation.
9. The Company shall have the power to acquire shares to be held as Treasury Shares. The Board may exercise all of the powers of the Company to purchase or acquire shares, whether for cancellation or to be held as Treasury Shares in accordance with the Principal Act.
10. The Board may exercise all powers of the Company to (i) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (iii) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (iv) make provision for the issue and allotment of shares which do not carry any voting rights.
11. At any time that the Company holds Treasury Shares, all of the rights attaching to the Treasury Shares shall be suspended and shall not be exercised by the Company. Without limiting the generality of the foregoing, if the Company holds Treasury Shares, the Company shall not have any right to attend and vote at a General Meeting including a meeting under Section 99 of the Principal Act or sign written resolutions and any purported exercise of such a right is void.
12. The Company may not by virtue of any Treasury Shares held by it participate in any offer by the Company to Shareholders or receive any distribution (including in a

winding up) but without prejudice to the right of the Company to sell or dispose of the Treasury Shares for cash or other consideration or to receive an allotment of shares as fully paid bonus shares in respect of the Treasury Shares.

13. Except where required by the Principal Act, Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

MODIFICATION OF RIGHTS

14. Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than seventy five percent of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of such shares voting in person or by proxy. To any such separate general meeting, all the provisions of these Bye-laws as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two or more persons holding or representing by proxy any of the shares of the relevant class, that every holder of shares of the relevant class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the relevant class present in person or by proxy may demand a poll; provided, however, that if the Company or a class of Shareholders shall have only one Shareholder, one Shareholder present in person or by proxy shall constitute the necessary quorum.
15. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

CERTIFICATES

16. Subject to the Companies Acts, no share certificates shall be issued by the Company unless the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holder of such shares may be entitled to share certificates. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.
17. Subject to being entitled to a share certificate under the provisions of Bye-law 16, the Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted. If a share certificate is defaced, lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out of pocket expenses of the Company in investigating such evidence and

preparing such indemnity as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.

18. All certificates for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal or bearing the signature of at least one person who is a Director or Secretary of the Company or a person expressly authorized to sign such certificates on behalf of the Company. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.
19. Notwithstanding any provisions of these Bye-laws:
 - (a) the Board shall, subject always to the Companies Acts and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares by means of the system maintained by VPS or any other relevant system, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and
 - (b) unless otherwise determined by the Board and as permitted by the Companies Acts and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

LIEN

20. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable, at a date fixed by or in accordance with the terms of issue of such share in respect of such share, and the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Shareholder, whether singly or jointly with any other person, for all the debts and liabilities of such Shareholder or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Shareholder, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Shareholder or his estate and any other person, whether a

Shareholder or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Bye-law.

21. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share.
22. The net proceeds of sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale the Board may authorise some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

23. The Board may from time to time make calls upon the Shareholders (for the avoidance of doubt excluding the Company in respect of any nil or partly paid shares held by the Company as treasury shares) in respect of any moneys unpaid on their shares (whether on account of the par value of the shares or by way of premium) and not by the terms of issue thereof made payable at a date fixed by or in accordance with such terms of issue, and each Shareholder shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.
24. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed.
25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
26. If a sum called in respect of the share shall not be paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of actual payment at

such rate as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

27. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Bye-laws be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Bye-laws as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
28. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

FORFEITURE OF SHARES

29. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
30. The notice shall name a further day (not being less than 14 days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call is made or installment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture shall include surrender.
31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
32. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
33. A forfeited share shall be deemed to be the property of the Company and may be sold, re-offered or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such

terms and in such manner as the Board shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Board may think fit.

34. A person whose shares have been forfeited shall thereupon cease to be a Shareholder in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.
35. An affidavit in writing that the deponent is a Director or the Secretary and that a share has been duly forfeited on the date stated in the affidavit shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or disposition thereof and the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

36. Subject to the Companies Acts and to such of the restrictions contained in these Bye-Laws as may be applicable, any Shareholder may transfer all or any of his shares.
37. Except where the Company's shares are listed or admitted to trading on a Listing Exchange, shares shall be transferred by an instrument of transfer in the usual common form or in any other form which the Board may approve. No such instrument shall be required on the redemption of a share or not the purchase by the Company of a share. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, where any share is not fully-paid, the transferee.
38. The Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully-paid share. The Board may also decline to register any transfer unless:
 - (a) the instrument of transfer is duly stamped (if required) and lodged with the Company, accompanied by the certificate (if any) for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,
 - (b) the instrument of transfer is in respect of only one class of share.

39. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-laws 37 and 38.
40. Where the Company's shares are listed or admitted to trading on a Listing Exchange Bye-laws 37 and 38 shall not apply, and shares may be transferred in accordance with the rules and regulations of the Listing Exchange. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of any relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-law 19.
- 40A. To facilitate the registration or de-registration of the Company's shares, or rights to such shares, in dematerialized form in a securities register, the Board may also make such additional regulations, approve such actions or implement such arrangements as it considers appropriate from time to time. This includes, for the avoidance of doubt (and where appropriate, with the permission of the Bermuda Monetary Authority), (a) transfers of legal title to such shares to or from a nominee shareholder of such shares or (b) otherwise to approve and implement arrangements (including transfers of legal title to shares) as required in line with the market standards for dematerialized registration of securities in the markets in which the Company's shares are or are intended to be registered or de-registered.
41. Where the shares are not listed or admitted to trading on a Listing Exchange and are traded over-the-counter, shares may be transferred in accordance with the Companies Acts and where appropriate, with the permission of the Bermuda Monetary Authority. The Board shall decline to register the transfer of any shares unless the permission of the Bermuda Monetary Authority has been obtained.
42. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.
43. **DELETED.**
44. If the Board declines to register a transfer it shall, within three months after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.
45. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register relating to any share.
46. Notwithstanding anything contained in these Bye-laws (save for Bye-law 41) the Directors shall not decline to register any transfer of shares, nor may they suspend registration thereof where such transfer is executed by any bank or other person to whom such shares have been charged by way of security, or by any nominee or agent

of such bank or person, and whether the transfer is effected for the purpose of perfecting any mortgage or charge of such shares or pursuant to the sale of such shares under such mortgage or charge, and a certificate signed by any officer of such bank or by such person that such shares were so mortgaged or charged and the transfer was so executed shall be conclusive evidence of such facts.

TRANSMISSION OF SHARES

47. In the case of the death of a Shareholder, the survivor or survivors, where the deceased was a joint holder, and the estate representative, where he was sole holder, shall be the only person recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether the sole or joint) from any liability in respect of any share held by him solely or jointly with other persons. For the purpose of this Bye-law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, failing any such person, such other person as the Board may in its absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-law.
48. Any person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law may, subject as hereafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Bye-laws relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Shareholder or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Shareholder.
49. A person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Shareholder until he shall have become registered as the holder thereof. The Board may at any time give notice requiring such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the Board may thereafter withhold payment of all dividends and other moneys

payable in respect of the shares until the requirements of the notice have been complied with.

50. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-laws 47, 48 and 49.

REGISTERED HOLDERS AND THIRD PARTY INTERESTS

51. Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided in these Bye-laws or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

REGISTER OF SHAREHOLDERS

52. The Secretary shall establish and maintain the Register in the manner prescribed by the Companies Acts. Unless the Board otherwise determines, the Register and any Branch Register shall be open to inspection in the manner prescribed by the Companies Acts between 10.00 a.m. and 12.00 noon on every working day. Unless the Board otherwise determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register or any Branch Register any indication of any trust or any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any of the provisions of Bye-law 51.

Subject to the provisions of the Companies Acts, the Board may resolve that the Company may keep one or more Branch Registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of such Branch Registers. The Board may authorise any share on the Register to be included in a Branch Register or any share registered on a Branch Register to be registered on another Branch Register, provided that at all times the Register and each Branch Register is maintained in accordance with the Companies Acts.

INCREASE OF CAPITAL

53. The Company may from time to time increase its capital by such sum to be divided into shares of such par value as the Company by Resolution shall prescribe.
54. The Company may, by the Resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders

for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or make any other provision as to the issue of the new shares.

55. The new shares shall be subject to all the provisions of these Bye-laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

ALTERATION OF CAPITAL

56. The Company may from time to time by Resolution:
- (a) cancel shares which, at the date of the passing of the Resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and
 - (b) change the currency denomination of its share capital.
57. Where any difficulty arises in regard to any division, consolidation, or sub-division of shares, the Board may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Shareholders who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
58. Subject to the Companies Acts and to any confirmation or consent required by law or these Bye-laws, the Company may by Resolution from time to time convert any preference shares into redeemable preference shares.

REDUCTION OF CAPITAL

59. Subject to the Companies Acts, its memorandum of association and any confirmation or consent required by law or these Bye-laws, the Company may from time to time by Resolution authorise the reduction of its issued share capital or any capital redemption reserve fund or any share premium or contributed surplus account in any manner.
60. In relation to any such reduction, the Company may by Resolution determine the terms upon which such reduction is to be effected including in the case of a reduction of part only of a class of shares, those shares to be affected.

GENERAL MEETINGS AND WRITTEN RESOLUTIONS

61. The Board shall convene and the Company shall hold General Meetings as Annual General Meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. The Board may, whenever it thinks fit, and shall, when required by the Companies Acts, convene General Meetings other than Annual General Meetings which shall be called Special General Meetings. Any such Annual or Special General Meeting shall be held at the Registered Office of the Company in Bermuda or such other location suitable for such purpose.
62. Except in the case of the removal of auditors and Directors and subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Shareholders of the Company may, without a meeting be done by resolution in writing, signed by a simple majority of all of the Shareholders (or such greater majority as is required by the Companies Acts or these Bye-laws) or their proxies, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts) on behalf of such Shareholder, being all of the Shareholders of the Company who at the date of the resolution in writing represent the majority of votes that would be entitled to attend a meeting and vote on the resolution. Such resolution in writing may be signed by, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts), on behalf of such Shareholder, in as many counterparts as may be necessary.
63. Notice of any resolution to be made under Bye-law 62 shall be given, and a copy of the resolution shall be circulated, to all Shareholders who would be entitled to attend a meeting and vote on the resolution in the same manner as that required for a notice of a meeting of members at which the resolution could have been considered, provided that the length of the period of notice of any resolution to be made under Bye-law 62 shall not apply.
64. A resolution in writing is passed when it is signed by, or, in the case of a member that is a corporation (whether or not a company within the meaning of the Companies Acts) on behalf of, such number of the Shareholders of the Company who at the date of the notice represent a majority of votes as would be required if the resolution had been voted on at a meeting of Shareholders.
65. A resolution in writing made in accordance with Bye-law 62 is as valid as if it had been passed by the Company in general meeting or, if applicable, by a meeting of the relevant class of Shareholders of the Company, as the case may be. A resolution in writing made in accordance with Bye-law 62 shall constitute minutes for the purposes of the Companies Acts and these Bye-laws.
66. The accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive notice of a resolution does not invalidate the passing of a resolution.

NOTICE OF GENERAL MEETINGS

67. An Annual General Meeting shall be called by not less than 7 days' notice in writing and a Special General Meeting shall be called by not less than 7 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of the meeting, and, in the case of a Special General Meeting, the general nature of the business to be considered. Notice of every General Meeting shall be given in any manner permitted by these Bye-laws. Shareholders other than those required to be given notice under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.
68. Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-law, it shall be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as an Annual General Meeting, by all the Shareholders entitled to attend and vote thereat;
 - (b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right;

provided that notwithstanding any provision of these Bye-Laws, no Shareholder shall be entitled to attend any general meeting unless notice in writing of the intention to attend and vote in person or by proxy signed by or on behalf of the Shareholder (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) addressed to the Secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the Registered Office at least 48 hours before the time appointed for holding the general meeting or adjournment thereof. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

69. The Board may convene a Special General Meeting whenever it thinks fit. A Special General Meeting shall also be convened by the Board on the written requisition of Shareholders holding at the date of the deposit of the requisition not less than one tenth in nominal value of the paid-up capital of the Company which as at the date of the deposit carries the right to vote at a general meeting of the Company. The requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more of the requisitionists.

PROCEEDINGS AT GENERAL MEETINGS

70. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Bye-Laws, the quorum at any general meeting shall be constituted by two or more Shareholders, either present in person or represented by proxy, holding shares carrying voting rights entitled to be exercised at such meeting.
71. If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the chairman of the meeting may determine and at such adjourned meeting two Shareholders present in person or by proxy (whatever the number of shares held by them) shall be a quorum provided that if the Company shall have only one Shareholder, one Shareholder present in person or by proxy shall constitute the necessary quorum. The Company shall give not less than 5 days' notice of any meeting adjourned through want of a quorum and such notice shall state that the sole Shareholder or, if more than one, two Shareholders present in person or by proxy (whatever the number of shares held by them) shall be a quorum.
72. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.
73. Each Director shall be entitled to attend and speak at any general meeting of the Company.
74. The Chairman (if any) of the Board or in his absence the Director who has been appointed as the head of the Board shall preside as chairman at every general meeting. If there is no such Chairman or such Director, or if at any meeting neither the Chairman nor such Director is present within five (5) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.
75. The chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the

meeting from which the adjournment took place. When a meeting is adjourned for three months or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

76. Save as expressly provided by these Bye-laws, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING

77. Save where a greater majority is required by the Companies Acts or these Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast, provided that any resolution to approve an amalgamation or merger shall be decided on by a simple majority of votes cast and the quorum necessary for such meeting shall be two persons at least holding or representing by proxy $33 \frac{1}{3}\%$ of the issued shares of the Company (or the class, where applicable).
78. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or by a count of votes received in the form of electronic records unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:
- (a) the chairman of the meeting; or
 - (b) any Shareholder or Shareholders present in person or represented by proxy and holding between them not less than one tenth of the total voting rights of all the Shareholders having the right to vote at such meeting; or
 - (c) a Shareholder or Shareholders present in person or represented by proxy holding shares conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all such shares conferring such right.
79. Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands or on a count of votes received in the form of electronic records, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number of votes recorded for or against such resolution.
80. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
81. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in

- such manner and either forthwith or at such time (being not later than three months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.
82. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
 83. On a poll, votes may be cast either personally or by proxy.
 84. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
 85. In the case of an equality of votes at a general meeting, whether on a show of hands, a count of votes received in the form of electronic records or on a poll, the chairman of such meeting shall not be entitled to a second or casting vote.
 86. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
 87. A Shareholder who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as such Shareholder for the purpose of general meetings.
 88. No Shareholder shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
 89. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

90. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised by him in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
91. Any Shareholder may appoint a standing proxy or (if a corporation) representative by depositing at the Registered Office a proxy or (if a corporation) an authorisation and such proxy or authorisation shall be valid for all general meetings and adjournments thereof or, resolutions in writing, as the case may be, until notice of revocation is received at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record. Where a standing proxy or authorisation exists, its operation shall be deemed to have been suspended at any general meeting or adjournment thereof at which the Shareholder is present or in respect to which the Shareholder has specially appointed a proxy or representative. The Board may from time to time require such evidence as it shall deem necessary as to the due execution and continuing validity of any such standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until such time as the Board determines that it has received the requested evidence or other evidence satisfactory to it.
92. Subject to Bye-law 91, the instrument appointing a proxy together with such other evidence as to its due execution as the Board may from time to time require, shall be delivered at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record (or at such place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case or the case of a written resolution, in any document sent therewith) prior to the holding of the relevant meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, before the time appointed for the taking of the poll, or, in the case of a written resolution, prior to the effective date of the written resolution and in default the instrument of proxy shall not be treated as valid.
93. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting or any written resolution forms of instruments of proxy for use at that meeting or in connection with that written resolution. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a written resolution or amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall unless the contrary is stated therein be valid as well for any adjournment of the meeting as for the meeting to which it relates.

94. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other documents sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, or the day before the effective date of any written resolution at which the instrument of proxy is used.
95. Subject to the Companies Acts, the Board may at its discretion waive any of the provisions of these Bye-laws related to proxies or authorisations and, in particular, may accept such verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any Shareholder at general meetings or to sign written resolutions.
96. Notwithstanding any other provision of these Bye-laws, any Shareholder may appoint an irrevocable proxy by depositing at the Registered Office an irrevocable proxy and such irrevocable proxy shall be valid for all general meetings and adjournments thereof, or resolutions in writing, as the case may be, until terminated in accordance with its own terms, or until written notice of termination is received at the Registered Office signed by the proxy. The instrument creating the irrevocable proxy shall recite that it is constituted as such and shall confirm that it is granted with an interest. The operation of an irrevocable proxy shall not be suspended at any general meeting or adjournment thereof at which the Shareholder who has appointed such proxy is present and the Shareholder may not specially appoint another proxy or vote himself in respect of any shares which are the subject of the irrevocable proxy.

APPOINTMENT AND RETIREMENT OF DIRECTORS

97. The number of Directors shall be such number not less than two as the Company by Resolution may from time to time determine and each Director shall, subject to the Companies Acts and these Bye-laws, hold office until the next Annual General Meeting following his election or until his successor is elected.
98. The Company shall, at the Annual General Meeting or may in a general meeting by Resolution, determine the minimum and the maximum number of Directors and may by Resolution determine that one or more vacancies in the Board shall be deemed casual vacancies for the purpose of these Bye-laws. Without prejudice to the power of the Company in any general meeting in pursuance of any of the provisions of these Bye-laws to appoint any person to be a Director, the Board, so long as a quorum of Directors remains in office, shall have power at any time and from time to time to appoint any individual to be a Director so as to fill a casual vacancy.

99. The Company may in a Special General Meeting called for that purpose remove a Director provided notice of any such meeting shall be served upon the Director concerned not less than fourteen days before the meeting and he shall be entitled to be heard at that meeting. Any vacancy created by the removal of a Director at a Special General Meeting may be filled at the Special General Meeting by the election of another person as Director in his place or, in the absence of any such election by the Board.



JURISDICTION POLICY

100. The Board shall establish, maintain and amend as required from time to time to ensure compliance with applicable law and/or guidance, rulings or findings of any tax authority which the Board considers relevant to the Company, a policy setting out restrictions (i) in respect of residency which may prevent a person qualifying for nomination, appointment or continued appointment to the Board; and (ii) on venues for the holding of meetings of the Board or Shareholders of the Company (the “Jurisdiction Policy”).

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

101. The office of a Director shall be vacated upon the happening of any of the following events:
- (a) if he resigns his office by notice in writing delivered to the Registered Office or tendered at a meeting of the Board;
 - (b) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that his office is vacated;
 - (c) if he becomes bankrupt or compounds with his creditors;
 - (d) if he is prohibited by law from being a Director;
 - (e) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Bye-laws.

ALTERNATE DIRECTORS

102. Director may at any time, by notice in writing signed by him delivered to the Registered Office of the Company or at a meeting of the Board, appoint any person (including another Director) to act as Alternate Director in his place during his absence and may in like manner at any time determine such appointment. If such person is not another Director such appointment unless previously approved by the Board shall have effect only upon and subject to being so approved. The appointment of an Alternate Director shall determine on the happening of any event

which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.

103. An Alternate Director shall be entitled to receive notices of all meetings of Directors, to attend, be counted in the quorum and vote at any such meeting at which any Director to whom he is alternate is not personally present, and generally to perform all the functions of any Director to whom he is alternate in his absence.
104. Every person acting as an Alternate Director shall (except as regards powers to appoint an alternate and remuneration) be subject in all respects to the provisions of these Bye-laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for any Director for whom he is alternate. An Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director. Every person acting as an Alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an Alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the terms of his appointment provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

DIRECTORS' FEES AND ADDITIONAL REMUNERATION AND EXPENSES

105. The amount, if any, of Directors' fees shall from time to time be determined by the Company by Resolution and in the absence of a determination to the contrary in general meeting, such fees shall be deemed to accrue from day to day. Each Director may be paid his reasonable travelling, hotel and incidental expenses in attending and returning from meetings of the Board or committees constituted pursuant to these Bye-laws or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-law.

DIRECTORS' INTERESTS

106. A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-law.

107. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
108. Subject to the Companies Acts, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.
109. So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Directors as required by the Companies Acts, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye-laws allow him to be appointed or from any transaction or arrangement in which these Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.
110. Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person, shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.

POWERS AND DUTIES OF THE BOARD

111. Subject to the provisions of the Companies Acts and these Bye-laws the Board shall manage the business of the Company and may pay all expenses incurred in promoting and incorporating the Company and may exercise all the powers of the Company. No alteration of these Bye-laws shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Bye-law shall not be limited by any special power given to the Board by these Bye-laws and a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
112. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other

securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.

113. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.
114. The Board on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.
115. The Board may from time to time appoint one or more of its body to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

DELEGATION OF THE BOARD'S POWERS

116. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
117. The Board may entrust to and confer upon any Director or officer any of the powers exercisable by it upon such terms and conditions with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from

time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

118. The Board may delegate any of its powers, authorities and discretions to any person or to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed upon it by the Board. Further, the Board may authorize any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

PROCEEDINGS OF THE BOARD

119. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, provided that the Board follow the Company's Jurisdiction Policy in accordance with Bye-Law 100. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.
120. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent to him by post, cable, telex, telecopier, electronic means or other mode of representing or reproducing words in a legible and non-transitory form at his last known address or any other address given by him to the Company for this purpose. Written notice of Board meetings shall be given with reasonable notice being not less than 24 hours whenever practicable. A Director may waive notice of any meeting either prospectively or retrospectively.
121. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Board present in person or by alternate. Any Director who ceases to be a Director at a meeting of the Board may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
122. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Companies Acts and these Bye-laws with regard to disclosure of his interest shall be entitled to vote in respect of any contract, transaction or arrangement in which he is so interested and if he shall do so his vote shall be counted, and he shall be taken into account in ascertaining whether a quorum is present.
123. So long as a quorum of Directors remains in office, the continuing Directors may act notwithstanding any vacancy in the Board but, if no such quorum remains, the

continuing Directors or a sole continuing Director may act only for the purpose of calling a general meeting.

124. The Chairman (if any) of the Board or, in his absence the Director who has been appointed as the head of the Board shall preside as chairman at every meeting of the Board. If there is no such Chairman or Director or if at any meeting the Chairman or Director is not present within five (5) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.
125. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.
126. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors (or their Alternate Directors) or members of the committee concerned.
127. A meeting of the Board or a committee appointed by the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. A meeting of the Board or committee appointed by the Board held in the foregoing manner shall be deemed to take place at the place where the largest group of participating Directors or committee members has assembled or, if no such group exists, at the place where the chairman of the meeting participates which place shall, so far as reasonably practicable, be at the Registered Office of the Company.
128. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee or any person duly authorised by the Board or any committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorised.

OFFICERS

129. The Board may appoint any person as an officer of the Company, whether or not he is a Director to hold such office as the Board may from time to time determine. Any person elected or appointed pursuant to this Bye-law shall hold office for such period and upon such terms as the Board may determine and the Board may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Acts or these Bye-laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Board.

REGISTER OF DIRECTORS AND OFFICERS

130. The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Acts. Every officer that is also a Director and the Secretary must be listed officers of the Company in the Register of Directors and Officers. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Acts between 10.00 a.m. and 12.00 noon on every working day.

MINUTES

131. The Directors shall cause minutes to be made and books kept for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors and other persons (if any) present at each meeting of Directors and of any committee;
 - (c) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of committees;
 - (d) of all proceedings of managers (if any).

SECRETARY AND RESIDENT REPRESENTATIVE

132. The Secretary and Resident Representative, if necessary, shall be appointed by the Board at such remuneration (if any) and upon such terms as it may think fit and any Secretary so appointed may be removed by the Board.
133. The duties of the Secretary shall be those prescribed by the Companies Acts together with such other duties as shall from time to time be prescribed by the Board.

134. A provision of the Companies Acts or these Bye-laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

THE SEAL

135. The Company may, but need not, have a Seal and one or more duplicate Seals for use in any place in or outside Bermuda.
136. If the Company has a Seal it shall consist of a circular metal device with the name of the Company around the outer margin thereof and the country and year of incorporation across the centre thereof.
137. The Board shall provide for the custody of every Seal, if any. A Seal shall only be used by authority of the Board or of a committee constituted by the Board. Subject to these Bye-laws, any instrument to which a Seal is affixed shall be signed by at least one Director or the Secretary, or by any person (whether or not a Director or the Secretary), who has been authorised either generally or specifically to attest to the use of a Seal.
138. The Secretary, a Director or the Resident Representative may affix a Seal attested with his signature to certify the authenticity of any copies of documents.

DIVIDENDS AND OTHER PAYMENTS

139. The Board may from time to time declare cash dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests including such interim dividends as appear to the Board to be justified by the position of the Company. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Board, justifies such payment.
140. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
- (a) all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid, and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-law as paid-up on the share;
 - (b) dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.

141. The Board may deduct from any dividend, distribution or other moneys payable to a Shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
142. No dividend, distribution or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
143. Any dividend, distribution, interest or other sum payable in cash to the holder of shares may be paid through the system maintained by VPS or any other relevant system for such payments, by cheque or warrant sent through the post addressed to the holder at his address in the Register or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his registered address as appearing in the Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other moneys payable or property distributable in respect of the shares held by such joint holders.
144. Any dividend or distribution out of contributed surplus unclaimed for a period of six years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the share into a separate account shall not constitute the Company a trustee in respect thereof.
145. The Board may direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend the Board may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Shareholders.

RESERVES

146. The Board may, before recommending or declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

CAPITALISATION OF PROFITS

147. The Company may, upon the recommendation of the Board, at any time and from time to time pass a Resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid amongst such Shareholders, or partly in one way and partly in the other, and the Board shall give effect to such Resolution, provided that for the purpose of this Bye-law, a share premium account and a capital redemption reserve fund may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid and provided further that any sum standing to the credit of a share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

RECORD DATES

148. Notwithstanding any other provision of these Bye-Laws, the Directors may fix any date as the record date for:
- (a) determining the Shareholders entitled to receive any dividend or other distribution; or
 - (b) determining the Shareholders entitled to receive notice of and to vote at any general meeting of the Company.

ACCOUNTING RECORDS

149. The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Companies Acts.

150. The records of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit, and shall at all times be open to inspection by the Directors: PROVIDED that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three month period. No Shareholder (other than an officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or by Resolution.
151. A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Acts. Where the Board has appointed a person to act as the Finance Officer, pursuant to Bye-law 118, the Board may delegate to the Finance Officer responsibility for the proper maintenance and safe keeping of all of the accounting records of the Company and (subject to the terms of any resolution from time to time passed by the Board relating to the extent of the duties of the Finance Officer) the Finance Officer shall have primary responsibility for (a) the preparation of proper management accounts of the Company (at such intervals as may be required) and (b) the periodic delivery of such management accounts to the Registered Office in accordance with the Companies Acts.

AUDIT

152. Save and to the extent that an audit is waived in the manner permitted by the Companies Acts, auditors shall be appointed and their duties regulated in accordance with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

SERVICE OF NOTICES AND OTHER DOCUMENTS

153. Any notice or other document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Shareholder at his address as appearing in the Register or by delivering it to or leaving it at such registered address. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders. Any notice or other document if sent by post shall be deemed to have been served or delivered two days after it was put in the post, and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post.
154. Any notice of a general meeting of the Company shall be deemed to be duly given to a Shareholder if it is sent to him by cable, telex, telecopier or other mode of

representing or reproducing words in a legible and non-transitory form at his address as appearing in the Register or any other address given by him to the Company for this purpose. Any such notice shall be deemed to have been served twenty-four hours after its despatch.

155. Any notice or other document shall be deemed to be duly given to a Shareholder if it is delivered to such Shareholder by means of an electronic record in accordance with Section 2AA of the Principal Act.
156. Any notice or other document delivered, sent or given to a Shareholder in any manner permitted by these Bye-laws shall, notwithstanding that such Shareholder is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

ELECTRONIC COMMUNICATION

157. It shall be a term of issue of each share in the Company that each Shareholder shall provide the Secretary or the registrar of the Branch Register with an email or other address for electronic communications by and with the Company and any notice or other document shall be deemed to be duly given to a Shareholder if it is delivered to such Shareholder by means of an electronic record in accordance with Section 2AA of the Principal Act. A Shareholder may change such Shareholder's address for electronic communications by sending a notice to the Secretary or the registrar of the Branch Register.
158. The Company may establish an extranet or other similar facility (the "**Company Website**") and publish on the Company Website the Company's memorandum of association and Bye-laws, Register, register of directors and officers, notices of annual general meeting and special general meeting, proxy and voting forms, Shareholder resolutions in writing proposed for execution by voting shareholders, financial statements, prospectuses and circulars and any other documents of the Company required by the Principal Act to be provided to or accessible by Shareholders or which the Board wishes to make applicable to Shareholders.
159. An email or other notification sent to a Shareholder at the email or other address for such Shareholder provided pursuant to Bye-law 158 above notifying the Shareholder that the Company has published a document on the Company Website and which is otherwise in compliance with the provisions of Section 2AA of the Principal Act shall constitute notice of publication of the document and the

Company shall be deemed to have delivered the documents referred in the email or other notification to the Shareholder.

WINDING UP

160. If the Company shall be wound up, the liquidator may, with the sanction of a Resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

161. Subject to the provisions of Bye-law 169, no Director, Alternate Director, Officer, person or member of a committee authorised under Bye-law 118, Resident Representative of the Company or his heirs, executors or administrators shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of his duties, or supposed duties, to the Company or otherwise in relation thereto.
162. Subject to the provisions of Bye-law 169, every Director, Alternate Director, Officer, person or member of a committee authorised under Bye-law 118, Resident Representative of the Company and their respective heirs, executors or administrators shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such Director, Alternate Director, Officer, person or committee member or Resident Representative and the indemnity contained in this Bye-law shall extend to any person acting as such Director, Alternate Director, Officer, person or committee member or Resident Representative in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election.

163. Every Director, Alternate Director, Officer, person or member of a committee duly authorised under Bye-law 118, Resident Representative of the Company and their respective heirs, executors or administrators shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Alternate Director, Officer, person or committee member or Resident Representative in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.
164. To the extent that any Director, Alternate Director, Officer, person or member of a committee duly authorised under Bye-law 118, Resident Representative of the Company or any of their respective heirs, executors or administrators is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, the relative indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.
165. The Board may arrange for the Company to be insured in respect of all or any part of its liability under the provision of these Bye-laws and may also purchase and maintain insurance for the benefit of any Directors, Alternate Directors, Officers, person or member of a committee authorised under Bye-law 118, employees or Resident Representatives of the Company in respect of any liability that may be incurred by them or any of them howsoever arising in connection with their respective duties or supposed duties to the Company. This Bye-law shall not be construed as limiting the powers of the Board to effect such other insurance on behalf of the Company as it may deem appropriate.
166. Notwithstanding anything contained in the Principal Act, the Company may advance moneys to an Officer or Director for the costs, charges and expenses incurred by the Officer or Director in defending any civil or criminal proceedings against them on the condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty is proved against them.
167. Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director, Alternate Director, Officer of the Company, person or member of a committee authorised under Bye-law 118, Resident Representative of the Company or any of their respective heirs, executors or administrators on account of any action taken by any such person, or the failure of any such person to take any action in the performance of his duties, or supposed duties, to the Company or otherwise in relation thereto.
168. The restrictions on liability, indemnities and waivers provided for in Bye-laws 161 to 168 inclusive shall not extend to any matter which would render the same void pursuant to the Companies Acts.

169. The restrictions on liability, indemnities and waivers contained in Bye-laws 161 to 168 inclusive shall be in addition to any rights which any person concerned may otherwise be entitled by contract or as a matter of applicable Bermuda law.

CONTINUATION

170. Subject to the Companies Acts, the Company may with the approval of the Board by resolution adopted by a majority of Directors then in office, approve the discontinuation of the Company in Bermuda and the continuation of the Company in a jurisdiction outside Bermuda.

ALTERATION OF BYE-LAWS

171. These Bye-laws may be amended from time to time in the manner provided for in the Companies Acts, provided that any such amendment shall only become operative to the extent that it has been confirmed by Resolution.

REQUIREMENT TO SUPPLY INFORMATION TO THE COMPANY

172. (1) It shall be a term of issue of any share in the Company that the Company may by notice in writing requires any registered shareholder to give such further information as may be required in accordance with Bye-law 172(2).
- (2) A notice under this Bye-law 172 may require the person to whom it is addressed:-
- (a) to give particulars of his own past or present interest in shares comprised in relevant share capital of the Company;
 - (b) where the interest is a present interest and any other interest in the shares subsists to give (so far as lies within his knowledge) such particulars with respect to that other interest as may be required by the notice; or
 - (c) where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.
- (3) The particulars referred to in Bye-laws 172(2)(a) and 172(2)(b) include particulars of the identity of persons interested in the shares in question and of whether person interested in the same shares are or were parties to any agreement or arrangement relating to the exercise of any rights conferred by the holding of the shares.

- (4) A notice under this Bye-law 172 must require any information given in response to the notice to be given in writing within such reasonable time as may be specified in the notice.

REMOVAL OF VOTING RIGHTS WHERE DEFAULT

173. If any shareholder of the Company, or any other person appearing to be interested in shares held by such shareholder, has been duly served with a notice under Bye-law 172 and is in default for the prescribed period in supplying to the Company the information thereby required, then (unless the Board otherwise determines) in respect of:-

- (a) the shares comprising the shareholding account in the register of members of the Company (including any branch register) which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the “default shares”, which expression shall include any further shares which are issued in respect of such shares); and
- (b) any other shares in the Company held by the shareholder;

the shareholder shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred be entitled to vote either personally or by proxy at a shareholders’ meeting or to exercise any other right conferred by virtue of being a shareholder in relation to shareholders’ meetings of the Company.

174. (a) **Deemed interest where not the registered holder**

A person is taken to have an interest in shares of:-

- (i) he enters into a contract for their purchase by him (whether for cash or other consideration); or
- (ii) not being the registered holder, he is entitled to exercise any right conferred by the holding of the shares or is entitled to control the exercise of any such right.

(b) **Further deemed interests**

A person is taken to have an interest in shares if, otherwise than by virtue of having an interest under a trust:-

- (i) he has a right to call for delivery of the shares to himself or to his order; or

- (ii) he has a right to acquire an interest in shares or is under an obligation to take an interest in shares,

whether in any case the right or obligation is conditional or absolute.

(c) **Entitlement to exercise rights**

For purposes of Bye-law 174 (a)(ii), a person is entitled to exercise or control the exercise of any right conferred by the holding of shares if he:-

- (a) has a right (whether subject to conditions or not) the exercise of which would make him so entitled; or
- (b) is under an obligation (whether so subject or not) the fulfillment of which would make him so entitled.

(d) **Joint interests**

Persons having a joint interest are taken each of them to have that interest.

(e) **Unidentifiable interests**

It is immaterial that shares in which a person has an interest are unidentifiable.

(f) **Restrictions on the exercise of rights ignored**

A reference to an interest in shares is to be read as including an interest of any kind whatsoever in the shares; and accordingly there are to be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject.

- (g) A transfer of shares is an approved transfer if the Board is satisfied that the transfer is made pursuant to a bona fide sale of the whole of the beneficial ownership of the shares to a party unconnected with the shareholder or with any person appearing to be interested in such shares including any such sale made through the Listing Exchange.

REGISTER OF BENEFICIAL OWNERS

- 175 (1) Subject to Bye-law 175(2), the Company shall establish a beneficial ownership register and shall enter therein the information required by the Companies Acts (the “statutorily required information”) and shall keep the statutorily required information up-to-date, correct and complete as required by the Companies Acts.

- 175 (2) Bye-laws 175 (1) and 176 shall not apply when the Company’s shares are admitted to listing on an appointed stock exchange or if the Company is otherwise exempt under the Companies Acts from the requirement to maintain a register of beneficial ownership.
- (3) In this Bye-law 175 (1) and in Bye-law 175 (2), the “beneficial owner” and “relevant legal entity” shall bear the same meaning as in the Companies Acts.

WARNING NOTICES AND DECISION NOTICES

- 176 (1) In any case where the Company has served a notice on a Shareholder, beneficial owner or relevant legal entity requesting that such Shareholder, beneficial owner or relevant legal entity confirm, correct or provide any statutorily required information and such Shareholder, beneficial owner or relevant legal entity fails, without reasonable excuse, to confirm, correct or provide the information requested in the notice within the time limit specified by the Company in the notice, then the Company may (a) issue a warning notice to Shareholder, beneficial owner or relevant legal entity advising of the Company’s intentions to impose restrictions on the relevant shares or (b) issue a decision notice to Shareholder, beneficial owner or relevant legal entity advising of the imposition of restrictions on the relevant shares or (c) apply to the court for an order directing that the shares in question be subject to restriction.
- 176 (2) In this Bye-law 176, the expressions “**beneficial owner**” and “**relevant legal entity**” shall bear the same meaning as in the Companies Acts.

PROPER FORUM

177. Unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for any complaint asserting a cause of action arising under the United States Securities Act of 1933, as amended, or the United States Securities Exchange Act of 1934, as amended, to the fullest extent permitted by applicable law, shall be the United States federal district courts.

APPENDIX B

ANNUAL REPORT



2021



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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.

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.

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 Bulk Management AS and Himalaya Shipping Ltd.

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 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, 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.

Board of Directors' Report

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
Carl Erik Steen
Director

/s/ Georgina Sousa
Georgina Sousa
Director

/s/ Bjørn Isaksen
Bjørn Isaksen
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 website. 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.uronext.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
Bjørn Isaksen
Director

/s/ Georgina Sousa
Georgina Sousa
Director

/s/ Carl Erik Steen
Carl Erik Steen
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

Notes

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

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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

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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 Bulkera Management AS to purchase certain management services (this agreement replaces the agreement signed in June 2021). 2020 Bulkera 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 Bulkera 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 Bulkera 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.

Notes

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.

Notes

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	-	-	-	-

Notes

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

Notes

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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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independent Auditor's Report – Himalaya Shipping Ltd.



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

Independent Auditor's Report – Himalaya Shipping Ltd.



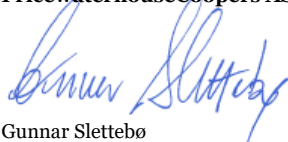
audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Himalaya Shipping Ltd. and its subsidiaries (the “Company”) as of December 31, 2022 and December 31, 2021, and the related consolidated statements of operations, of changes in shareholders’ equity and of cash flows for the year ended December 31, 2022 and the period from March 17, 2021 to December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and the period from March 17, 2021 to December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company is dependent on debt financing and equity financing to finance the scrubber installation under the current newbuilding contracts for the vessels and working capital requirements that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers AS

Oslo, Norway
January 27, 2023

We have served as the Company’s auditor since 2021.

Himalaya Shipping Ltd.

Consolidated Statements of Operations

For the year ended December 31, 2022 and for the period from March 17, 2021 (inception) to December 31, 2021

(In \$ millions, except share and per share data)

	<u>Year ended December 31, 2022</u>	<u>Period from March 17 to December 31, 2021</u>
Operating expenses		
General and administrative expenses	(2.0)	(1.0)
Total operating expenses	<u>(2.0)</u>	<u>(1.0)</u>
Operating loss	<u>(2.0)</u>	<u>(1.0)</u>
Interest expense, net of capitalized interest	—	—
Net loss attributable to shareholders' of Himalaya Shipping Ltd.	<u>(2.0)</u>	<u>(1.0)</u>
Loss per share:		
Basic and diluted loss per share	(0.06)	(0.06)
Weighted average shares outstanding	32,152,857	18,316,970

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

Himalaya Shipping Ltd.**Consolidated Balance Sheets**

As of December 31, 2022 and 2021 (In \$ millions, except share data)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	0.3	11.3
Other current assets	<u>1.4</u>	<u>—</u>
Total current assets	<u>1.7</u>	<u>11.3</u>
Non-current assets		
Newbuildings	176.1	83.5
Other non-current assets	<u>—</u>	<u>0.4</u>
Total non-current assets	<u>176.1</u>	<u>83.9</u>
Total assets	<u>177.8</u>	<u>95.2</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	7.0	—
Accounts payable	14.9	0.8
Amounts due to related parties	2.7	—
Accrued expenses	1.1	—
Other current liabilities	<u>0.3</u>	<u>—</u>
Total current liabilities	<u>26.0</u>	<u>0.8</u>
Non-current liabilities		
Long-term debt	60.5	—
Amounts due to related parties	<u>1.0</u>	<u>2.5</u>
Total non-current liabilities	<u>61.5</u>	<u>2.5</u>
Total liabilities	<u>87.5</u>	<u>3.3</u>
Commitments and contingencies		
Shareholders' equity		
Common shares of par value \$1.0 per share: authorized at December 31, 2022 and 2021: 140,010,000 shares, issued and outstanding at December 31, 2022 and 2021: 32,152,857 shares	32.2	32.2
Additional paid-in capital	61.1	60.7
Retained loss	<u>(3.0)</u>	<u>(1.0)</u>
Total shareholders' equity	<u>90.3</u>	<u>91.9</u>
Total liabilities and shareholders' equity	<u>177.8</u>	<u>95.2</u>

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

Himalaya Shipping Ltd.**Consolidated Statements of Cash Flows****For the year ended December 31, 2022 and for the period from March 17, 2021 (inception) to December 31, 2021 (In \$ millions)**

	<u>Year ended December 31, 2022</u>	<u>Period from March 17 to December 31, 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(2.0)	(1.0)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share based compensation	0.4	—
Changes in assets and liabilities:		
Other current assets	(0.5)	—
Accounts payable	0.4	0.4
Other current liabilities	<u>0.3</u>	<u>0.1</u>
Net cash used in operating activities	<u>(1.4)</u>	<u>(0.5)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to newbuildings	<u>(78.3)</u>	<u>(68.8)</u>
Net cash used in investing activities	<u>(78.3)</u>	<u>(68.8)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds, net of deferred loan costs paid to lender, from issuance of long-term debt . . .	69.6	—
Other deferred loan costs paid	(1.4)	—
Proceeds from issuance of long-term debt from related parties	1.0	—
Proceeds from the issuance of common shares, net of paid issuance costs	<u>(0.5)</u>	<u>80.6</u>
Net cash provided by financing activities	<u>68.7</u>	<u>80.6</u>
Net increase in cash and cash equivalents and restricted cash	<u>(11.0)</u>	<u>11.3</u>
Cash and cash equivalents and restricted cash at the beginning of the period	11.3	—
Cash and cash equivalents and restricted cash at the end of the period	<u>0.3</u>	<u>11.3</u>
Supplemental disclosure of cash flow information		
Non-cash settlement of debt	—	(13.6)
Non-cash share issuance	—	13.6
Non-cash additions in respect of newbuildings	(13.7)	(13.6)
Issuance of liabilities for newbuilding instalments	13.7	13.6
Interest paid, net of capitalized interest	(0.4)	—

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

Himalaya Shipping Ltd.

Consolidated Statements of Changes in Shareholders' Equity

For the year ended December 31, 2022 and for the period from March 17, 2021 (inception) to

December 31, 2021

(In \$ millions, except share data)

	<u>Number of shares</u>	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Retained earnings (deficit)</u>	<u>Total</u>
Incorporation March 17, 2021	10,000	—	—	—	—
Issue of common shares	32,142,857	32.2	62.8	—	95.0
Equity issuance costs	—	—	(2.1)	—	(2.1)
Total loss for the period	—	—	—	(1.0)	(1.0)
Balance as of December 31, 2021	32,152,857	32.2	60.7	(1.0)	91.9
Share based compensation	—	—	0.4	—	0.4
Total loss for the period	—	—	—	(2.0)	(2.0)
Balance as of December 31, 2022	32,152,857	32.2	61.1	(3.0)	90.3

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

Himalaya Shipping Ltd.

Notes to Consolidated Financial Statements

1. General Information

Himalaya Shipping Ltd. was incorporated in Bermuda on March 17, 2021. The Company has been listed on the Euronext Expand since April 2022 under the ticker “HSHIP”. The Company was founded for the purpose of owning high-quality dry bulk vessels in the range of 210,000 dead weight tonnes (“dwt”) and has agreements to acquire twelve dual fueled Newcastlemax dry bulk vessels, which are currently under construction. The twelve vessels are expected to be delivered between March 2023 and August 2024. The Company has entered into sale leaseback financing arrangements for its newbuildings as described in Note 10.

As used herein, and unless otherwise required by the context, the term “Himalaya Shipping” refers to Himalaya Shipping Ltd. and the terms “Company”, “we”, “Group”, “our” and words of similar import refer to Himalaya Shipping and its consolidated companies. The use herein of such terms as “group”, “organization”, “we”, “us”, “our” and “its” or references to specific entities, is not intended to be a precise description of corporate relationships.

2. Basis of Preparation and Significant Accounting Policies

Basis of Preparation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Amounts are presented in United States Dollar (“US dollar or \$”) rounded to the nearest million, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements.

The principal accounting policies are set out below.

Principle of Consolidation

The consolidated financial statements include the assets and liabilities of us and our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 equity financing to finance the scrubber installation 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. As of December 31, 2022, the Company has not commenced operations, has cash and cash equivalents of US\$0.3 million and a working capital deficit of US\$24.3 million. The Consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is planning to raise financing through a public offering of the Company’s shares. Given management expects completion of the planned debt financing for scrubber installation 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 consolidated financial statements. There is no assurance that the Himalaya Shipping group will be able to execute this financing.

Fair value measurement

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.

We account for fair value measurement in accordance with the accounting standards guidance using fair value to measure assets and liabilities. The guidance provides a single definition for fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

Reporting and functional currency

The Company and its subsidiaries use the U.S. dollar as their functional currency as the majority of their expenses and financing are denominated in U.S. dollars. Accordingly, the Company's reporting currency is also U.S. dollars. Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of transaction. Gains and losses on foreign currency transactions are included in "Other financial expenses" in the Consolidated Statements of Operations.

Revenue recognition

Our shipping revenues will primarily be generated from time charters. In a time charter voyage, the vessel is hired by the charterer for a specified period of time in exchange for consideration which is based on a daily hire rate. The charterer has the full discretion over the ports visited, shipping routes and vessel speed. In a time charter contract, we are responsible for all the costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance and lubes. Costs incurred by the Company in connection with time charters are recognized on an accruals basis. The charterer bears the voyage related costs such as bunker expenses, port charges and canal tolls during the hire period. The performance obligations in a time charter contract will be satisfied over the term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Group. The time charter contracts will be considered operating leases and therefore will not fall under the scope of ASC 606 Revenue from Contracts with Customers because (i) the vessel is an identifiable asset (ii) we do not have substantive substitution rights and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use. Time charter contracts will be accounted for as operating leases in accordance with ASC 842 Leases and related interpretations. For arrangements where the Company is the lessor, we intend to elect the practical expedient which allows the Company to treat the lease and non-lease components as a single lease component for the leases where the timing and pattern of transfer for the non-lease component and the associated lease component to the lessees are the same and the lease component, if accounted for separately, would be classified as an operating lease.

Income from time charter voyages will be recognized on a straight-line basis over the period of the time charter contract (or lease contract) and at the prevailing rate for the relevant assessment period for variable or index-linked time charter contracts.

As of December 31, 2022 Himalaya Shipping has entered into six index-linked time charters and one fixed time charter for the first seven newbuildings to be delivered from New Times Shipyard.

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 in General and administrative expense in the Consolidated Statements of Operations, 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.

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 plus capitalized interest. Capitalization ceases and depreciation commences once the asset is completed and available for its intended 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 vessels' carrying value as of December 31, 2022, plus estimated costs to complete the vessels and accordingly, has not recorded an impairment charge.

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 consist of Newcastlemax dry bulk vessels under construction. The interest capitalized is calculated using our 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. 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.

Deferred charges

Costs associated with long-term financing, including debt arrangement fees, are deferred and amortized over the term of the relevant loan using the straight-line method as this approximates the effective interest method. Amortization of loan costs will be included in "Other financial expenses" in the Consolidated Statements of Operations. If a loan is repaid early, any unamortized portion of the related deferred charge is charged against "Other financial expenses" in the period in which the loan is repaid. Deferred charges are presented as either a gross asset or as a deduction from the corresponding liability in the Consolidated Balance Sheet.

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 will be expensed when incurred. We will recognize the cost of a drydocking at the time the drydocking takes place. The Group will capitalize 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.

Earnings per share

Basic earnings per share ("EPS") 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, which for the Company includes share options. The determination of dilutive EPS may require us to make adjustments to net loss and the weighted average shares outstanding used to compute basic EPS unless anti-dilutive.

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.

Equity issuance costs

Equity issuance costs are recorded as a reduction of additional paid-in-capital when the equity offering is effective. Prior to the effective date of an equity offering, specific incremental costs directly attributable to a proposed or actual offering of securities are deferred and recorded as “Other current assets” in the Consolidated balance sheets. Should the Company cancel the planned equity offering, these costs will be charged to the Consolidated statements of operations as an expense. US\$0.9 million has been deferred as of December 31, 2022 to the proposed equity offering.

3. Recently issued accounting standards

Adoption of new accounting standards

In May 2021, the FASB issued ASU 2021-04 Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40).

The amendments clarify the issuer’s recognition and measurement considerations resulting from exchanges or modifications to freestanding instruments (written call options) classified in equity. Such exchanges or modifications are treated as adjustments to the cost to raise debt, to the cost to raise equity or as share based payments (ASC 718) when issued to compensate for goods or services. If not treated as costs of debt funding, equity funding or share-based payments, it results in an adjustment to EPS/net income (loss). These amendments are effective from January 1, 2022. The amendments did not have a material impact on the consolidated financial statements.

ASU 2020-04 (ASC 848 Reference Rate Reform)

In March 2020, the FASB issued ASU 2020-04 (ASC 848 Reference Rate Reform), which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In January 2021, the FASB issued ASU 2021-01, which clarified the scope of Topic 848 in relation to derivative instruments and contract modifications. The amendments in these updates are elective and apply to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in these updates are effective for all entities as of March 12, 2020 through December 31, 2022. The Company has determined that reference rate reforms will potentially impact any outstanding amount under the revolving credit facility to which it is a party. Based on the latest guidance from the applicable LIBOR administrator, the reference rates currently in use are expected to be available until June 30, 2023. The Company expects to agree alternative reference rates with its counterparties before the applicable discontinuation date. We expect to take advantage of the expedients and exceptions for applying GAAP provided by the updates to the extent reference rates currently in use are replaced with alternative reference rates before December 31, 2022. In December 2022, the FASB issued ASU 2022-06 Reference Rate Reform (Topic 848) which defer the sunset date of Topic 848 from December 31 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief of Topic 848.

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.

Liberia

The vessel owning companies are not subject to tax on international shipping income.

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. Himalaya Shipping currently has twelve newbuildings under construction at New Times Shipyard in China.

6. Loss Per Share

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

	<u>Year ended December 31, 2022</u>	<u>Period from March 17 to December 31, 2021</u>
Net loss available to common shareholders	(2.0)	(1.0)
Weighted average number of shares, basic and diluted	32,152,857	18,316,970
Loss per share in U.S. Dollars, basic and diluted	(0.06)	(0.06)

Diluted loss per share excludes the potential effect of conversion of 620,000 of share options outstanding issued to management resources and directors as the share options are anti-dilutive.

7. Interest expense

	<u>Year ended December 31, 2022</u>	<u>Period from March 17 to December 31, 2021</u>
Interest expense, gross	(1.8)	—
Capitalized interest on newbuildings	<u>1.8</u>	<u>—</u>
Interest expense, net	<u>—</u>	<u>—</u>

8. Leases

Lessor

The Company has entered into time charter contracts for seven of its vessels that will commence upon their respective deliveries to the Company under the sale and leaseback arrangements. One of the charters is a fixed rate contract, while the remaining six are variable rates as set out in the following table of operating lease contracts:

<u>Ship name</u>	<u>Targeted delivery</u>	<u>Rate US\$⁽³⁾</u>	<u>Charter period</u>
Mount Norefjell	Mar. 2023	30,000	24 months
Mount Ita	Mar. 2023	BCI 5TC plus premium, scrubber benefit	32-38 months ⁽¹⁾
Mount Etna	Apr. 2023	BCI 5TC plus premium, scrubber benefit	32-38 months ⁽²⁾
Mount Blanc	June 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Matterhorn	July 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Neblina	Sep. 2023	BCI 5TC plus premium, scrubber benefit	24 months
Mount Bandeira	Jan. 2024	BCI 5TC plus premium, scrubber benefit	24 months

(1) Option for 11-13 months

(2) Option for 11-13 months

(3) The Company will earn revenues based on the Capesize Index published by the Baltic Exchange plus a premium which will vary depending on contract terms. In addition, the Company will earn a scrubber benefit based on the spread between high sulphur fuel oil and very low sulphur fuel oil or the spread between liquified natural gas and very low sulphur fuel oil.

The minimum future undiscounted minimum lease payments to be received under our fixed rate contract as of December 31, 2022 are as follows:

2023	8.7
2024	10.6
2025	<u>1.8</u>
Total	<u>21.1</u>

9. Newbuildings

Movements in the period ended December 31, 2021 and year ended December 31, 2022 are summarized below:

Balance at March 17, 2021	<u>—</u>
Installment payments	82.1
Other capitalized costs including newbuilding supervision costs	<u>1.4</u>
Balance at December 31, 2021	<u>83.5</u>
Installment payments	88.6
Capitalized interest	1.8
Other capitalized costs including newbuilding supervision costs	<u>2.2</u>
Balance at December 31, 2022	<u>176.1</u>

2021

Installment payments in the period ended December 31, 2021 include expenditures associated with the first and second installment payments to New Times Shipyard for the 12 dual fueled Newcastlemax dry bulk carriers including the non-cash payment of US\$13.6 million paid by Magni on behalf of the Company, see note 13.

Other capitalized costs in the period ended December 31, 2021 include US\$1.1 million in fees to Magni under the Corporate support agreement which was not paid as of December 31, 2022 and 2021 (see note 13) and expenditures associated with supervision of the newbuilding program.

2022

Installment payments in the year ended December 31, 2022 include US\$74.9 million of non-cash payments associated with the third and fourth installment payments to New Times Shipyard for newbuildings “Mount Norefjell”, “Mount Ita”, “Mount Etna”, “Mount Blanc” and “Mount Matterhorn” and the third instalment for newbuilding “Mount Neblina”. The Company has drawn US\$74.9 million on the sale leaseback financing to fund these instalments and the instalment payments were executed by AVIC and CCBFL on behalf of the Company during 2022. In December 2022, the Company agreed with New Times Shipyard to defer payments of the third instalment on newbuildings “Mount Hua” and “Mount Bandeira” of US\$13.7 million from December 2022 until March 31, 2023. This amount has been capitalized as “Installment payments” as progress was made as agreed under the newbuilding contracts and recorded as “Accounts payable” in the “Consolidated balance sheets”.

Other capitalized costs in the year ended December 31, 2022 include US\$0.8 million in pre-delivery cost of which US\$0.5 million was not paid as of December 31, 2022, and US\$1.4 million in expenditures associated with supervision of the newbuilding program of which US\$0.1 million was not paid as of December 31, 2022.

There were no indications of impairment of newbuildings as of December 31, 2022 and 2021.

10. Long-Term Debt

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<i>Other long-term debt</i>		
Vessel financing (Mount Norefjell)	13.6	—
Vessel financing (Mount Ita)	13.6	—
Vessel financing (Mount Etna).	13.6	—
Vessel financing (Mount Blanc).	13.6	—
Vessel financing (Mount Matterhorn)	13.7	—
Vessel financing (Mount Neblina)	<u>6.8</u>	<u>—</u>
Total long-term debt, gross	74.9	—
Less current portion	(7.0)	—
Less deferred loan costs	<u>(7.4)</u>	<u>—</u>
Total long-term debt	<u>60.5</u>	<u>—</u>

The outstanding debt as of December 31, 2022, is repayable as follows:

2023	7.0
2024	11.0
2025	11.7
2026	12.4
2027	13.4
Thereafter	<u>19.4</u>
Total	<u>74.9</u>

Avic International Leasing Co., Ltd. (“AVIC”) – Sale leaseback financing

The Company has entered into sale lease back transactions accounted for as financing transactions. In February 2022, the Company entered into sale lease back arrangements with AVIC for the first four newbuildings “Mount Norefjell”, “Mount Ita”, “Mount Etna”, “Mount Blanc” to be delivered from New Times Shipyard. Pursuant to the lease financing, Himalaya Shipping shall receive pre-delivery financing at a fixed interest rate of 5% per annum for the third and fourth pre-delivery instalments (\$6,791,700 to be paid for each of the third and fourth instalment). As security for the pre-delivery financing, the Company has entered into an agreement to assign in favor of AVIC the first four newbuilding contracts (Carrying value of Newbuildings financed by AVIC is US\$84.8 million as of December 31, 2022) and the related refund Guarantees, as well as a parent company guarantee from the Company, share pledges over the related Subsidiaries, account pledges over the related subsidiaries’ bank accounts and a share pledge over the shares in each related Subsidiary. In addition, upon delivery of the relevant vessels from New Times Shipyard, the vessels will be sold to companies owned and designated by AVIC. The financing amount is the lower

of 90% of the newbuilding contract price and US\$63.0 million. The vessels will be chartered back on seven-year bareboat charters which include purchase options each year from year 3 until the end of the bareboat period. The first purchase option in year 3 is US\$56,934,360 and then declining to US\$47,166,840 after year 7.

Payment of dividends or making of other distributions from each subsidiary to the Company will only be allowed if immediately following such payment or distribution there will be maintained in the bank account an amount no less than the higher of (a) US\$3.6 million and (b) the aggregate of the hire and the operating expenses for the vessel that are payable within the next six months.

During 2022, the Company has drawn US\$54.4 million on the financing to pay scheduled pre-delivery instalments for the first four newbuildings. The fixed price purchase options and a cash penalty of US\$25 million per vessel for not exercising any of the purchase options under the sale leaseback transaction results in a failed sale leaseback and the transaction is accounted for as a financing transaction.

CCB Financial Leasing Co., Ltd. (“CCBFL”) – Sale leaseback financing

In April 2022, the Company entered into sale lease back arrangements with CCBFL for newbuildings “Mount Matterhorn”, “Mount Neblina”, “Mount Bandeira”, “Mount Hua”, “Mount Elbrus”, “Mount Denali”, “Mount Aconcagua” and “Mount Emai” to be delivered from New Times Shipyard. Pursuant to the lease financing, Himalaya Shipping shall receive pre-delivery financing at a fixed interest rate of 5% per annum for the third and fourth pre-delivery instalments (US\$6,841,700 and US\$6,891,700 to be paid for each of the third and fourth instalment for newbuildings “Mount Matterhorn”, “Mount Neblina”, “Mount Bandeira”, “Mount Hua” and “Mount Elbrus”, “Mount Denali”, “Mount Aconcagua” and “Mount Emai”, respectively. As security for the pre-delivery financing, the Company has entered into an agreement to assign in favor of CCBFL the first four newbuilding contracts (Carrying value of Newbuildings financed by CCBFL is US\$91.3 million as of December 31, 2022) and the related refund guarantees, as well as a parent company guarantee from the Company, share pledges over the related subsidiaries, account pledges over the related subsidiaries’ bank accounts and a share pledge over the shares in each related subsidiary. In addition, upon delivery of the relevant vessels from New Times Shipyard, the vessels will be sold to companies owned and designated by CCBFL. The financing amount is the lower of 90% of the newbuilding contract price and US\$63.0 million. The vessels will be chartered back on seven-year bareboat charters which include purchase options each year from year 3 until the end of the bareboat period. The first purchase option in year 3 is US\$56.0 million declining to US\$46.0 million after year 7.

During 2022, the Company has drawn US\$20.5 million on the financing to pay scheduled pre-delivery instalments. The fixed price purchase options under the sale leaseback transaction results in a failed sale leaseback and the transaction is accounted for as a financing transaction.

Each subsidiary under the CCFL sale leaseback arrangement shall procure that at any time during the period from the date falling 180 days from the delivery of each newbuilding, there is maintained in the bank account an amount not less than the bareboat hire that will accrue within the next three months which amounts to approximately US\$1.5 million.

The bareboat rate per day under both sale leaseback arrangements is fixed for the bareboat period and the average bareboat rate per day for the sale leaseback arrangements with AVIC and CCBFL is US\$16,567. The Company has classified the estimated amortization of the bareboat payments due in 2023 as “Current portion of long-term debt” on the “Consolidated Balance sheet”.

In December 2022, the Company signed an agreement to transfer the sale leaseback arrangement for newbuildings “Mount Bandeira” and “Mount Hua” from CCBFL to Jiangsu Financial Leasing. The transfer will be effective in March, 2023. The terms under the sale leaseback arrangement remain unchanged.

Drew Holdings Ltd. (“Drew”) – Revolving Credit facility

In December 2022, the Company drew US\$1.0 million on the Revolving Credit Facility with Drew. The amount is recorded as “Amounts due to related parties” in the consolidated balance sheets, see note 13.

11. Financial Instruments

Foreign exchange risk management

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. The company has not entered into derivative agreements to mitigate the risk of these fluctuations.

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.

There is a concentration of supplier risk with respect to our newbuilding as all newbuildings are being built by New Times Shipyard. However, we believe the risk is remote, as New Times Shipyard is an established shipyard.

Guarantees

The Bank of China Limited, Jiangsu Branch, has given letters of guarantee to two, and the Agricultural Bank of China, Jiangsu Branch to ten, of the twelve Liberian subsidiaries of the group for all installment payments made prior to delivery of the vessels under each of their respective newbuilding contracts.

The Company has issued guarantees to New Times Shipyard for payment of instalments on all the newbuilding contracts.

Fair values

The carrying value and estimated fair value of the Company's financial instruments were as follows:

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

	Hierarchy	December 31, 2022		December 31, 2021	
		Fair value	Carrying value	Fair value	Carrying value
Assets					
Cash and cash equivalents	1	0.3	0.3	11.3	11.3
Liabilities					
Current portion of long-term debt ⁽¹⁾	2	7.0	7.0	—	—
Related party liabilities - current ⁽²⁾	1	2.7	2.7	—	—
Long term debt ⁽¹⁾	2	66.9	60.5	—	—
Related party liabilities – non-current ⁽³⁾	1	1.0	1.0	2.5	2.5

(1) Fair value of long-term debt is estimated at US\$66.9 million and have been corroborated using discounted cash flow model and market interest rate as of December 31, 2022.

(2) The carrying value approximates the fair value due to their near term expected payment of cash, see description of Corporate Support Agreement in note 12.

(3) The carrying value approximates the fair value due to their near term expected payment of cash, see description of Revolving Credit Facility in note 12.

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

12. Commitments and Contingencies

As of December 31, 2022, the Company had twelve vessels under construction. In addition, in August 2022, the Company entered into agreements with New Times Shipyard to install exhaust gas cleaning systems on the twelve vessels under construction for a total cost of \$28.8 million payable at delivery of the vessels. As of December 31, 2022, the outstanding commitments under the twelve newbuilding contracts, including the installation of the exhaust gas cleaning systems, are as follows:

2023	377.8
2024	<u>324.1</u>
Total	<u>701.9</u>

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.

13. Related Party Transactions

Drew Holdings Ltd (“Drew”) and Magni Partners (Bermuda) Ltd.(“Magni”)

Drew is considered a related party due to its significant ownership in the Company and Magni is considered a related party since it is an affiliate of Drew.

In May 2021, Magni paid a total of US\$13,583,400 in instalment payments to New Times Shipyard, on the Company’s behalf, which was structured as a loan. The loan was interest free. On June 15, 2021, the loan from Magni was converted and a payment of US\$1,416,600 was made for issuance of 15,000,000 shares at par value US\$1 to Magni.

In March 2022, the Company entered into a US\$15.0 million revolving credit facility agreement with Magni. The facility is an unsecured revolving credit facility, which is interest-bearing at a rate of LIBOR for the applicable interest periods under the facility, plus a margin of 8% p.a. The Magni Facility is available to the Company until December 31, 2023 and must be repaid latest on December 31, 2024. In December 2022 the revolving credit facility was cancelled and a new revolving credit facility with Drew was entered into on same terms. US\$1.0 million was drawn on December 19, 2022 and US\$1.0 million was outstanding as of December 31, 2022.

Drew subscribed for 1,000,000 shares and 714,285 shares at a price of US\$3 per share and US\$7 per share in the private placements in July 2021 and October 2021, respectively. Both subscriptions were paid in cash.

Management agreement

In October 2021, the Company signed an agreement with 2020 Bulkera Management AS to purchase certain management services (this agreement replaced the agreement signed in June 2021). The contracted management of Himalaya Shipping are all employees of 2020 Bulkera Management AS. 2020 Bulkera Management AS was considered a related party at the time of the transaction. For the period from incorporation on March 17, 2021, until December 31, 2021, 2020 Bulkera Management AS charged Himalaya Shipping Ltd. and its subsidiaries US\$0.3 million (US\$0.1 million was recorded as general and administrative expenses in the Consolidated statements of operations and US\$0.2 million was capitalized to “Newbuildings” on the Consolidated balance sheets) and US\$0.09 million (included in Trade payables in the Consolidated balance sheet) was outstanding as of December 31, 2021. As of December 31, 2022, 2020 Bulkera Management AS is no longer considered a related party due to Drew’s reduced ownership in 2020 Bulkera Ltd.

Corporate support agreement

The Company’s incorporator and initial, sole shareholder, 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 as well as the private placements. The Company has entered into a corporate support agreement with Magni whereby Magni is compensated for its services to 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-financing and post-financing of the Company's newbuilding program, in finding employment for the vessels, in recruiting suitable individuals to the Company's organization and with general high-level administrative support. The parties agreed in 2021 a compensation in the amount of US\$2.7 million which shall be paid by the Company in four equal tranches.

The tranches will be split equally on each of the first four newbuildings to be delivered from New Times Shipyard in 2023, so that US\$0.674 million is 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.

As of December 31, 2022, the Company has recorded the total fee of US\$2.7 million (US\$2.5 million as of December 31, 2021) as related party liabilities for services provided since inception of the Company. The fee has been allocated to services provided in relation to the newbuilding contracts: US\$1.1 million (2021:US\$1.1 million) capitalized to "Newbuildings" in the consolidated balance sheets, the private placements: US\$0.9 million (2021: US\$0.9 million) recorded as a reduction in Additional paid-in capital in the Consolidated Statements of Changes in Shareholders' Equity), the sale and leaseback arrangements: US\$0.6 million (2021: US\$0.4 million recorded as "Other non-current assets" which was transferred to deferred loan cost under "Long term debt" in 2022 when the Company drew on the sale leaseback financing) recorded as deferred loan cost to "Long term debt" in the Consolidated balance sheets) and other administration support: US\$0.1 million (2021: US\$0.1 million) recorded as "General and administrative expenses in the Consolidated Statements of Operations.

Affinity Shipholdings I LLP and affiliated companies ("Affinity")

Affinity is considered a related party due to being a principal shareholder.

Affinity is the broker between New Times Shipyard and Himalaya Shipping for the twelve newbuilding contracts. No consideration has or will be paid from Himalaya Shipping to Affinity.

Affinity subscribed for 166,667 shares and 71,429 shares at a price of US\$3 per share and US\$7 per share in the private placements in July 2021 and October 2021, respectively. Both subscriptions were paid in cash.

Affinity is the broker on the fixed time charter agreement the Company has entered into. Affinity will receive 1.25% of the charter hire of US\$30,000 per day.

14. Share based 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 management resources (employees from 2020 Bulkers Management AS providing management services) and directors. In March 2022 the Board approved a further grant of 120,000 share options to management resources with the same terms. The share options granted to date have a five-year term and cliff vest three years from the date of grant. The exercise price is US\$8.0 and will be reduced by any dividends and cash distributions paid. Stock compensation expense of US\$0.4 million was expensed in 2022 (2021: US\$0.03 million), and is recognized in "General and administrative expenses" in the Consolidated Statements of Operations.

The table below sets forth the number of share options, weighted average remaining life, weighted average exercise price and weighted average grant date fair value price for the years ended December 31, 2021 and 2022, respectively:

	Outstanding share options	Weighted Average remaining life	Weighted Average exercise price (in US\$)	Weighted Average grant date fair value (in US\$)
Outstanding at March 17, 2021	—	—	—	—
Granted	<u>500,000</u>	<u>4.0</u>	<u>8.0</u>	<u>2.2</u>
Exercisable	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2021 – unvested	<u>500,000</u>	<u>4.0</u>	<u>8.0</u>	<u>2.2</u>
Outstanding at December 31, 2021 – exercisable	—	—	—	—
Granted	<u>120,000</u>	<u>4.0</u>	<u>8.0</u>	<u>1.95</u>
Exercisable	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2022 – unvested	<u>620,000</u>	<u>3.0</u>	<u>8.0</u>	<u>2.15</u>
Outstanding at December 31, 2022 – exercisable	—	—	—	—

The fair value of the share options granted in March 2022 and December 2021 was calculated using the Black-Scholes option pricing model using the following inputs:

	<u>2022</u>	<u>2021</u>
Grant date	March 10	December 8
Risk-free rate	2%	1.52%
Expected life	4 years	4 years
Expected future volatility	<u>56%</u>	<u>57%</u>

In 2022 and 2021 the expected future volatility was based on peer group volatility due to the short lifetime of the Company. As of December 31, 2022 and 2021, there was no intrinsic value for both vested and unvested outstanding awards.

15. Share Capital

The authorized share capital of the Company as of December 31, 2022 and 2021 is \$140,010,000 represented by 140,010,000 authorized common shares of par value \$1.00 each.

The Company's issued and outstanding share capital is as follows:

<i>(number of shares of US\$1.00 each)</i>	<u>2022</u>	<u>2021</u>
Balance at the start of the year/period	<u>32,152,857</u>	—
Shares issued		
March 17, 2021	—	10,000
June 15, 2021	—	15,000,000
July 16, 2021	—	10,000,000
October 11, 2021	—	<u>7,142,857</u>
Balance at the end of the year/period	<u>32,152,857</u>	<u>32,152,857</u>

Changes in the Company's issued and outstanding share capital are described below:

- Issuance of 10,000 common shares at inception at a purchase price of US\$1.00 per common share;
- Issuance of 15,000,000 common shares at US\$1.00 per share on June 15, 2021 in a conversion of debt of US\$13,583,400 and payment cash of US\$1,416,600;

- Issuance of 10,000,000 common shares at US\$3.00 per share on July 16, 2021 in a private placement, for gross proceeds of US\$30.0 million before issuance costs of US\$0.8 million. US\$0.4 million of the issuance costs relate to the Corporate support agreement and was not paid as of December 31, 2021 and 2022, respectively, see note 13.
- Issuance of 7,142,857 common shares at US\$7.00 per share on October 11, 2021 in a private placement, for gross proceeds of US\$50.0 million before issuance costs of US\$1.3 million. US\$0.5 million of the issuance costs was paid in 2022. US\$0.5 million of the issuance costs relating to the Corporate support agreement (see note 13) was not paid as of December 31, 2021 and 2022, respectively.

16. Subsequent Events

Subsequent events have been evaluated through January 27, 2023, the date these consolidated financial statements were available to be issued.



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Hamilton HM11
Bermuda

Valuation

As requested, Arrow Valuations has made an assessment of the key particulars of each vessel stated below (each a "Vessel") (and other relevant works of reference in its possession) and is able to state that in its opinion the approximate value of each Vessel on 28th March 2023, on the assumptions set out below and as between a "willing buyer and a willing seller", is:-

<u>Vessel Name</u>	<u>IMO</u>	<u>Key Particulars</u>	<u>Value - US\$</u>
MV Mount Norefjell	9939008	Scrubber, Dual Fuel	\$81,000,000

Assumptions

This valuation is provided on the following assumptions and bases: (i) each Vessel would be in a position to give early delivery, within an acceptable area, free of charter or any contract of employment, for cash payment on normal commercial terms; (ii) the sellers of each Vessel could give delivery of the Vessel free from all registered encumbrances, maritime liens and all debts; (iii) each Vessel has been maintained to standards expected for a ship of her age and type; (iv) each Vessel fully complies with latest IMO/MARPOL/SOLAS requirements, is in a sound trading condition, being fully classed to the requirements of her Classification Society, is free of recommendations and has clean and valid trading certificates, conforming in all respects with the requirements of the appropriate Registry; (v) the above 'key particulars' are correct; and (vi) Arrow Valuations has not made a physical inspection of any Vessel nor inspected any classification records. Arrow Valuations does not accept responsibility for the accuracy of the assumptions.

Use and Sharing

This valuation is a statement of opinion only and is based on the above assumptions, and is our opinion of the market as of 28th March 2023 and should not be taken to apply to any other date. Prior to entering into any transaction in respect of any Vessel you should satisfy yourself (by inspection or otherwise) that the assumptions are appropriate and the 'key particulars' are correct. Arrow Valuations gives no assurance that any above stated value can be sustained or is realisable in an actual transaction. In addition, each Vessel has been valued individually therefore no assurance is given that, if all (or a substantial number) of the Vessels were placed on the market at the same time, the amount realised would be equal to the total of the individual valuations.

This valuation is given solely for the private internal use of the addressee and is not for publication or circulation other than as permitted by Arrow Valuations' Terms of Business and with prior written consent.

Terms of Business

The Valuation is provided in accordance with, and subject to, Arrow Valuations' [Terms of Business](https://arrowship.com/ValuationsTermsofBusiness.pdf). These are available at: <https://arrowship.com/ValuationsTermsofBusiness.pdf>

Simon Stokes

Date: 28th March 2023

For and on behalf of **ARROW VALUATIONS**

Arrow Valuations Reference: 0323454