Himalaya Shipping Ltd. (HSHP) Announces its Preliminary Results for the Three and Nine Months Ended September 30, 2024

Hamilton, Bermuda, November 7, 2024

Himalaya Shipping Ltd. ("Himalaya," "Himalaya Shipping" or the "Company") announces preliminary unaudited results for the three and nine months ended September 30, 2024.

Highlights for the Third Quarter of 2024

- Total operating revenues of $39.2 million, which is an average time charter equivalent ("TCE") earnings of approximately $36,800 per day, gross[1]. Average Baltic 5TC Capesize Index was $24,909 per day.
- Net income of $10.7 million and Adjusted EBITDA[2] of $31.0 million for the third quarter of 2024.
- Conversion of index linked charters on Mount Blanc and Mount Neblina to fixed charters from July 1, 2024 to July 31, 2024 and on Mount Blanc, Mount Neblina and Mount Hua from September 1, 2024 to September 30, 2024.
- Acquisition of 40% of the shares of 2020 Bulkers Management AS, the company providing key management services to Himalaya Shipping, to fully align the management functions with Himalaya Shipping.
- Payment of cash distributions for May, June, July and August 2024 of $0.04, $0.05, $0.06 and $0.07 per common share, respectively.

Subsequent Events

- Conversion of Mount Etna back to index linked rates from October 1, 2024.
- Declaration and payment of cash distribution for September 2024 of $0.10 per common share in October 2024. Declaration of cash distribution for October 2024 of $0.04 per common share in November 2024.
- Execution of an addendum to the Drew revolving credit facility of up to $10 million, extending the timeframe to drawdown from the facility to December 31, 2025 and the latest repayment date to December 31, 2026.

Contracted CEO, Herman Billung commented:

"2024 started strong with the Baltic Capesize index at $23,970 per day for the first 9 months. This is almost double the level from 2023 at $12,628 per day. Himalaya has had most of its fleet operating in this improving spot market, with 11 of 12 ships currently on index related charters. Due to Himalaya's superior fleet profile, we are earning on average 42% premium to the Baltic Capesize index when trading in the spot market.

In the most recent weeks, the market has experienced a counter seasonal set back. This was driven by a lower Panamax sentiment attacking traditional Capesize coal trades, and a fiscal stimulus package from China that disappointed some market watchers. However, with limited supply of large bulk carriers entering the marketplace in the coming years and an aging fleet, we expect utilization and rates to improve going forward. Ton mile demand is up by 5.4% in the first three quarters of 2024 compared to the same period last year. We expect this to continue, driven by more iron ore production in the Atlantic Basin, with 120 mt of new production capacity coming in Guinea and 50 mt in Brazil.

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[1] The Company uses certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (US GAAP) including average TCE earnings, gross and Adjusted EBITDA. Average TCE earnings, gross, as presented above, represents time charter revenues and voyage charter revenues adding back address commissions and divided by fleet operational days. Please refer to the appendix of this release for a reconciliation of this non-GAAP measure to the most directly comparable financial measures prepared in accordance with US GAAP.

[2] Adjusted EBITDA as presented above represents our net income (loss) plus depreciation of vessels and equipment; total financial expenses, net; and income tax expense. Please refer to the appendix of this report for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measures prepared in accordance with US GAAP.

The Company has continued paying monthly distributions to its shareholders. In aggregate, we have declared cash distributions of $0.43 per share for the nine months ended September 30, 2024. The cash distributions will fluctuate with dry bulk market developments. Substantially all earnings above cash break-even of approximately $16,000 per day (Capesize equivalent rate) are expected to be paid back to shareholders."

Management discussion and analysis

The discussion below compares the preliminary unaudited results for the third quarter of 2024 to the unaudited results of the second quarter of 2024:

(in $ thousands)	**Three months ended September 30, 2024**	**Three months ended June 30, 2024**	**Change ($)**	**Change (%)**
Total operating revenues	**39,199**	**31,202**	**7,997**	**26 %**
Vessel operating expenses	(6,502)	(5,610)	(892)	16 %
Voyage expenses	(436)	(346)	(90)	26 %
General and administrative expenses	(1,287)	(1,261)	(26)	2 %
Depreciation and amortization	(7,279)	(6,469)	(810)	13 %
Total operating expenses	**(15,504)**	**(13,686)**	**(1,818)**	**13 %**
Operating income	**23,695**	**17,516**	**6,179**	**35 %**
Loss from equity method investment	**(1)**	**—**	**(1)**	**100 %**
Total financial expenses, net	**(13,021)**	**(10,653)**	**(2,368)**	**22 %**
Net income	**10,669**	**6,863**	**3,811**	**56 %**
Adjusted EBITDA	**30,973**	**23,985**	**6,988**	**29 %**

(in $ thousands)	**September 30, 2024**	**June 30, 2024**	**Change ($)**	**Change (%)**
Cash and cash equivalents	21,513	21,946	(433)	(2)%
Vessels and Equipment	860,275	867,721	(7,446)	(1)%
Total Debt	719,721	725,451	(5,730)	(1)%
Total Equity	160,159	157,245	2,914	2 %

Total operating revenues for the third quarter of 2024 were $39.2 million, an $8.0 million increase compared to the second quarter of 2024. The increase is a result of the increase in the number of operating days as all twelve vessels were in operation for the duration of the quarter in the third quarter of 2024 following the delivery and commencement of operations of three additional vessels during the second quarter of 2024. In addition, the average TCE earnings, gross increased from $34,600/day in the second quarter of 2024 to $36,800/day in the third quarter of 2024.

Vessel operating expenses for the third quarter of 2024 were $6.5 million, a $0.9 million increase compared to the second quarter of 2024. The increase is a result of all twelve vessels being in operation for the duration of the third quarter of 2024 following the delivery and commencement of operations of three additional vessels during the second quarter of 2024. The Company achieved average vessel operating costs per day[3] of $5,900 for the third quarter of 2024 compared to $6,000 in the second quarter of 2024.

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[3] Average vessel operating cost per day is calculated by dividing vessel operating expenses by the number of calendar days in the quarter.

Depreciation and amortization for the third quarter of 2024 were $7.3 million, a $0.8 million increase compared to the second quarter of 2024. The overall increase is a result of the recognition of a full quarter's depreciation in the third quarter of 2024 compared to the recognition of partial depreciation in the second quarter of 2024. As the last three of the Company's twelve vessels were delivered and commenced depreciation on April 19, June 6 and June 13, 2024, respectively, the three vessel were only depreciated for a portion of the second quarter of 2024.

Total financial expenses for the third quarter of 2024 were $13.0 million, a $2.4 million increase compared to the second quarter of 2024. The increase is primarily due to a higher average loan principal outstanding in the third quarter of 2024, following the draw down for the final delivery installments of $147.6 million from CCBFL for the delivery of Mount Denali, Mount Aconcagua and Mount Emai during the second quarter of 2024.

Vessels and equipment as of September 30, 2024 were $860.3 million, a $7.4 million decrease compared to $867.7 million as of June 30, 2024. The decrease is primarily due to vessel depreciation during the quarter.

Total debt as of September 30, 2024 was $719.7 million, a $5.7 million decrease compared to $725.5 million as of June 30, 2024. The overall decrease is primarily due to the repayments of principal of $6.4 million on the sale and leaseback arrangements, offset by amortization of deferred finance costs of $0.7 million.

Cash Flows for the Third Quarter of 2024

Net cash provided by operating activities was $16.5 million, compared to $17.6 million in the second quarter of 2024. The decrease is primarily due to the timing of receipt of charter hire from charterers as reflected in the reduction in other current liabilities in the third quarter of 2024.

Net cash used in investing activities was $0.1 million, primarily consisting of the payment for the acquisition of shares in 2020 Bulkers Management AS of $0.3 million, offset by cash rebates on the newbuildings of $0.2 million.

Net cash used in financing activities was $16.8 million, primarily consisting of payments of cash distributions of $9.7 million, repayments on the sale and leaseback financings of $6.4 million and deferred financing costs of $0.7 million.

Liquidity and Financing

The Company had cash and cash equivalents of $21.5 million as of September 30, 2024 and $10.0 million available to drawdown under the revolving credit facility with Drew Holdings Ltd (the "Drew Facility").

After 180 days following the delivery of each newbuilding, each subsidiary under the sale and leaseback arrangements with CCB Financial Leasing Company Limited ("CCBFL") and Jiangsu Financial Leasing Co. Ltd ("Jiangsu") is required to maintain a minimum cash balance equivalent to the bareboat hire payable within the next three months which amounts to approximately $1.5 million per vessel. As of September 30, 2024, cash and cash equivalents include $7.6 million which the Company is required to maintain as minimum cash balance under the sale and leaseback arrangements with CCBFL and Jiangsu. In October 2024, the total minimum cash balance required under the sale and leaseback arrangements increased to $9.1 million as a result of vessel deliveries and expiry of such 180-day period. This is expected to increase further to $12.3 million in December 2024 for all eight vessels under sale and leaseback arrangements with CCBFL and Jiangsu. There are no further requirements to increase the minimum cash upon reaching this threshold.

All of our vessels have been financed by Chinese leasing houses at a fixed bareboat rate with a maturity of seven years from the delivery of each vessel. This gives the Company a fixed financing cost for our vessels until the maturity of their respective leases.

Financing for the installation of the scrubbers on the first four vessels will be fully paid by the first quarter of 2026. After which, the cash break-even will be reduced by approximately $800 per day.

On October 31, 2024, the Company entered into an addendum with Drew in relation to the revolving credit facility to: (i) include a commitment fee of 1% per annum on any undrawn amount from January 1, 2025 to the end of the availability period, (ii) extend the timeframe to drawdown from the facility to December 31, 2025 and the latest repayment date to December 31, 2026, and (iii) change the margin on the Term Secured Overnight Financing Rate ("SOFR") from 8% to to 6.5% per annum.

Since February 2024, the Company has declared and paid monthly cash distributions to our shareholders. It is the Company's intention to pay a regular dividend in support of our objective to return most of the cash generated after debt service to our shareholders. Any dividends will be at the sole discretion of the Board and will depend upon earnings, market prospects, capital expenditure requirements, available liquidity and distributable reserves, covenants in our debt instruments and other relevant factors. The timing and amount of dividends, if any, is at the discretion of the Board and there is no assurance that the Board will declare dividends in the future or as to the amount or timing of any dividends.

Commercial Update

In the third quarter of 2024 the Company achieved average TCE earnings, gross of approximately $36,800 per day, including average daily scrubber and LNG benefits of approximately $1,800 per day.

In addition, in the third quarter of 2024, the Company's vessels trading on index linked time charters earned approximately $36,600 per day, gross, including average daily scrubber and LNG benefits. Following the conversion of the index linked charters to fixed rate time charters, the Company's vessels trading on fixed rate time charters earned approximately $37,300 per day, gross, including average daily scrubber and LNG benefits.

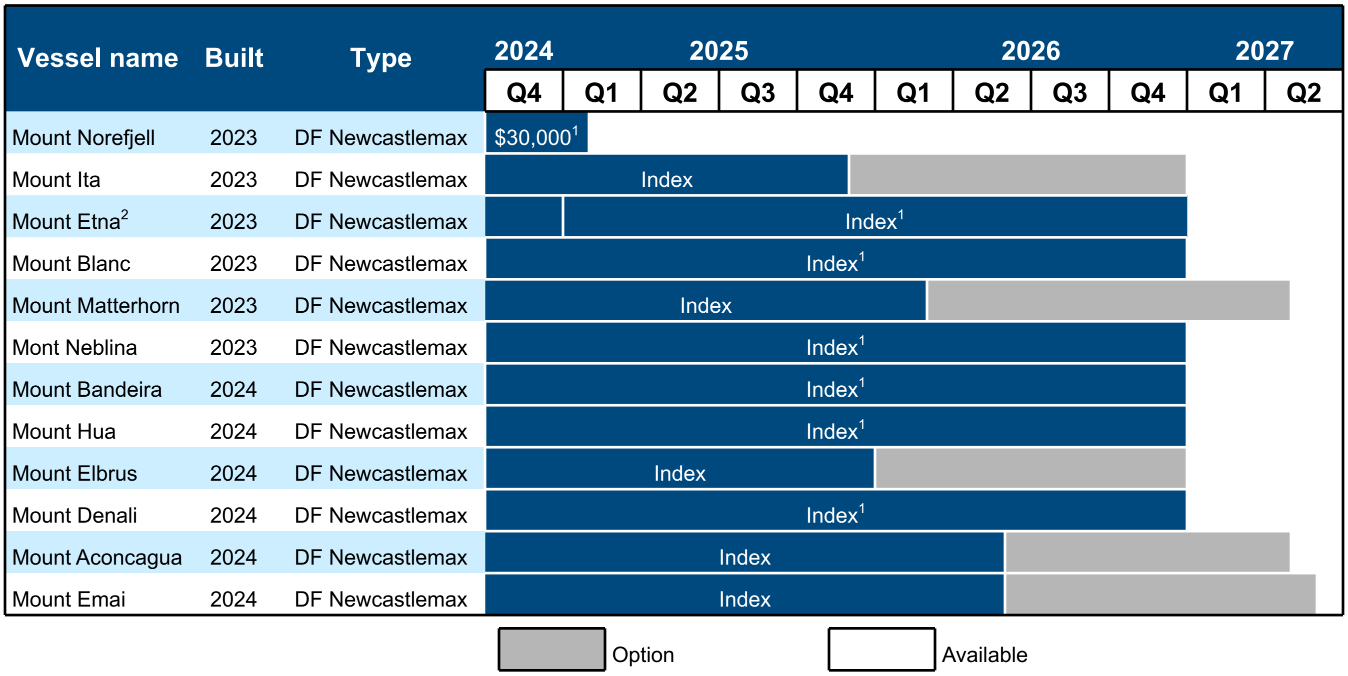
The Baltic 5TC Capesize Index averaged $24,909 per day in the third quarter of 2024.

Fleet Status

In the first quarter of 2024, the Company agreed to convert its index linked charter to fixed rate time charter for Mount Etna from April 1, 2024 to December 31, 2024.

In October 2024, the Company agreed to convert the fixed rate time charter of Mount Etna back to index linked rates from October 1, 2024. The agreed conversion rate was $38,780 from the original conversion rate of $40,810. The difference between these rates will be added to the Baltic 5TC Capesize Index in addition to the premium under the existing time charter agreement until December 31, 2024. The vessel will continue to earn scrubber premium according to the term of its existing time charter agreement.

The table below sets forth information about our fleet and charters.



Vessel name	Built	Type	2024	2025				2026				2027	
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Mount Norefjell	2023	DF Newcastlemax	$30,000[1]										
Mount Ita	2023	DF Newcastlemax	Index	■	■	■	■	▨	▨	▨	▨		
Mount Etna[2]	2023	DF Newcastlemax	■	Index[1]	■	■	■	■	■	■	■		
Mount Blanc	2023	DF Newcastlemax	Index[1]	■	■	■	■	■	■	■	■		
Mount Matterhorn	2023	DF Newcastlemax	Index	■	■	■	■	■	▨	▨	▨	▨	▨
Mont Neblina	2023	DF Newcastlemax	Index[1]	■	■	■	■	■	■	■	■		
Mount Bandeira	2024	DF Newcastlemax	Index[1]	■	■	■	■	■	■	■	■		
Mount Hua	2024	DF Newcastlemax	Index[1]	■	■	■	■	■	■	■	■		
Mount Elbrus	2024	DF Newcastlemax	Index	■	■	■	■	▨	▨	▨	▨		
Mount Denali	2024	DF Newcastlemax	Index[1]	■	■	■	■	■	■	■	■		
Mount Aconcagua	2024	DF Newcastlemax	Index	■	■	■	■	■	■	▨	▨	▨	▨
Mount Emai	2024	DF Newcastlemax	Index	■	■	■	■	■	■	▨	▨	▨	▨

▨ Option ☐ Available

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[1] Evergreen structure

[2] $2,030 per day added to daily rate and premium from October 1, 2024 to December 31, 2024. This vessel will continue to earn scrubber premium according to the terms of the existing time charter agreement.

Market Commentary

The Baltic 5TC Capesize index as of November 5, 2024 stands at $16,310 having averaged $23,528 year to date, an increase from $14,009 during the same period in 2023.

Following strong Capesize demand (measured in ton miles) for iron ore and bauxite in the first two quarters of 2024, demand is increasing moderately at 4% year-on-year in the third quarter of 2024. Overall, total Capesize demand during the first three quarters of 2024 increased by 5.4% compared to the same period last year.

Demand in the third quarter of 2024 continued to be driven by strong shipments of iron ore and bauxite, with volumes increasing by 12mt and 22mt year-on-year, respectively.

The overall Capesize shipments were up by 41mt or by 5.1% year-on-year in the third quarter of 2024 compared to the same period last year.

Iron ore imports in China continued at a high pace, increasing by 12mt in Q3 year-on-year, and a 1 mt increase in the rest of the world.

Growth in vessel supply for large bulk carriers is still anticipated to be moderate in the coming years with expected Capesize deliveries of 1.6 million dwt (or 0.4 % of existing fleet) for the remainder of 2024, 7.5 million dwt in 2025 (or 1.8 % of existing fleet), 8.2 million dwt (or 2.1% of existing fleet) for 2026 and 11.6 million dwt (or 2.9% of existing fleet) after 2026.

Following the year-to-date orders of Newcastlemax vessels, available newbuilding berths with delivery before the second half of 2028 are expected to be limited. Current newbuilding costs for a dual-fuel Newcastlemax in China are believed to be approximately $95 million.

We continue to see potential upside to the future development in the Capesize market from current levels in the event of continued strong exports of iron ore and bauxite from Brazil and West Africa. The Simandou project in Guinea is reported to be advancing at a good pace, with the first shipment being expected in 2025 with a 36-month ramp-up to 60 million tons per annum for phase 1, and an additional 60 million tons per annum for phase 2. In addition, Vale is targeting a 50 million tons per annum increase in capacity by 2026 from Vargem Grande, Capanema and S11D mine.

Key downside risks to the Capesize market include a continued economic slowdown in China, as well as heightened geopolitical tensions. A Suez Canal reopening could potentially lead to shorter duration on certain trades, although the Capesize trade is less affected than other segments due to trading routes. The physical market in terms of volumes transported, has increased throughout the year, thus to date we have not seen a potential slowdown in the Chinese economy.

Capesize Fleet Development

The global Capesize fleet stands at 400 million dwt as of October 1, 2024, up from 393 million dwt in October 2023. The current order book for Capesize dry bulk vessels currently stands at 7.2% of the existing fleet, up from 5.3% in 2023.

10.5 million dwt has been ordered thus far in 2024, compared to 6.5 million dwt ordered during the same period in 2023, and 0.53 million dwt has been scrapped so far in 2024, compared to 1 million dwt during the same period in 2023.

Operational Update

In the third quarter of 2024, our fleet had 1,104 operational days, and a utilization rate of 99.9% of our delivered vessels.

Outlook

Only about 140 large bulk carriers are due for delivery prior to 2028 and we expect a significant number of vessels to be due for dry docking in the next couple of years. About 23% of the total Capesize fleet from 159k dwt to 211k dwt will engage in dry dock or Special Surveys in 2025. Comparing to the scheduled order book, the fleet will only have an efficient growth of about 2.2%, adjusting for the upcoming dry dock schedule.

Ton mile intensive trades of raw materials sourced in the Atlantic basin with demand in the Far East is expected to continue. Iron ore from Brazil and Guinea, typically have three times longer sailing distance relative to the Pacific basin supply. To put this in context, the potential 160 mt per year incremental iron ore supply from Guinea and Brazil could result in a demand for approximately 250 incremental Capesize equivalent ships, assuming all supply will be directed to China and displacing any iron ore domestically produced.

Himalaya Shipping has the most modern Newcastlemax fleet owned by a listed company in the world. The dual fuel LNG capability of our vessels means that, when a vessel is running on LNG, the CO2 emissions are reduced to more than half compared to a standard Capesize index ship. This should provide benefits to the environment, charterer and owner.

Forward looking statements

This press release and any related discussions contain forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not reflect historical facts and may be identified by words such as “aim”, “believe,” “assuming,” “anticipate,” “could”, “expect”, “intend,” “estimate,” “forecast,” “project,” “likely to”, “plan,” “potential,” “will,” “may,” “should,” or other similar expressions and include statements about plans, objectives, goals, strategies, future events or performance, including outlook, prospects, statements about the benefits of our vessels, including the ability to bunker with LNG, LSFO, or HSFO, the terms of our charters and chartering activity including statements under “Fleet status”, expected market conditions, dry bulk industry trends and market outlook, including activity levels in the industry, expected demand for vessels and expected drivers of demand including projects, developments in trading routes, utilization of the global fleet and our fleet, expected trends in the global fleet including new orderings, impact of the age of fleet, expected supply of new vessels in the coming years and expected cost of newbuilds, yard capacity, statements about our capital strategy, dividend objectives and plans, statements made in the sections above entitled “Market commentary,” “Capesize fleet development,” and “Outlook,” including expected trends in vessel supply and trends in the global fleet, including expected drydocking, statements in this document under the heading “Going Concern” in Note 1 of the Unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2024 included herein, and other non-historical statements. These forward-looking statements are not statements of historical fact and are based upon current estimates, expectations, beliefs, and various assumptions, many of which are based, in turn, upon further assumptions, and a number of such assumptions are beyond our control and are difficult to predict. These statements involve significant risks, uncertainties, contingencies and factors that are difficult or impossible to predict and are beyond our control, and that may cause our actual results, performance or achievements to be materially different from what is expressed, implied or forecasted in such forward-looking statements including:

- general economic, political and business conditions;
- general dry bulk market conditions, including fluctuations in charter hire rates and vessel values;
- our ability to meet the conditions and covenants in our financing agreements;
- changes in demand in the dry bulk shipping industry, including the market for our vessels;
- changes in the supply of dry bulk vessels;
- our ability to successfully re-employ our dry bulk vessels at the end of their current charters and the terms of future charters;
- changes in our operating expenses, including fuel or bunker prices, dry docking and insurance costs;
- changes in governmental regulation, tax and trade matters and actions taken by regulatory authorities;
- compliance with, and our liabilities under, governmental, tax, environmental and safety laws and regulations;
- potential disruption of shipping routes due to accidents, hostilities or political events;
- our ability to refinance our debt as it falls due;
- fluctuations in foreign currency exchange rates;
- potential conflicts of interest involving members of our board and management and our significant shareholder;
- our ability to pay dividends and the amount of dividends we ultimately pay;
- risks related to climate change, including climate-change or greenhouse gas related legislation or regulations and the impact on our business from climate-change related physical changes or changes in weather patterns, and the potential impact of new regulations relating to climate change, as well as the impact of the foregoing on the performance of our vessels;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risks described under "Item 3. Key Information - D. Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission on March 27, 2024.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Himalaya Shipping undertakes no and expressly disclaims any obligation to update publicly any forward-looking statements after the date of this press release whether as a result of new information, future events or otherwise, except as required by law.

About Himalaya Shipping Ltd.

Himalaya Shipping Ltd. is an independent bulk carrier company, incorporated in Bermuda. Himalaya Shipping has twelve vessels in operation.

November 7, 2024

The Board of Directors
Himalaya Shipping Ltd.
Hamilton, Bermuda

Questions should be directed to:

Herman Billung: Contracted CEO, +47 9183 1590

APPENDIX

UNAUDITED NON GAAP MEASURES AND RECONCILIATIONS

Average TCE earnings, gross is a non-U.S. GAAP measure of the average daily revenue performance of a vessel. We believe average TCE revenues provide additional meaningful information for investors to analyze our fleets' daily income performance.Set forth below is a reconciliation of average TCE earnings, gross to total operating revenues for the periods presented.

In $ thousands, except per day and number of days	**Three months ended**			
	September 30, 2024	**June 30, 2024**	**Change**	**% Change**
Total operating revenues	39,199	31,202	7,997	26 %
Add: Address commissions	1,453	1,132	321	28 %
Total operating revenues, gross	40,652	32,334	8,318	26 %
Fleet operational days	1,104	935	169	18 %
Average TCE earnings, gross	36,800	34,600	2,200	6 %

We present Adjusted EBITDA because we believe this measure increases comparability of total business performance from period to period and against the performance of other companies by removing the impact of depreciation and amortization, total financial expenses, net and income tax. Set forth below is a reconciliation of Adjusted EBITDA to net income for the periods presented.

	Three months ended			
In $ thousands	**September 30, 2024**	**June 30, 2024**	**Change**	**% Change**
Net income	10,669	6,863	3,806	55 %
Depreciation and amortization	7,279	6,469	810	13 %
Total financial expenses, net	13,021	10,653	2,368	22 %
Income tax	4	—	4	100 %
Adjusted EBITDA	**30,973**	**23,985**	**6,988**	**29 %**

Non-GAAP financial measures may not be comparable to similarly titled measures of other companies and have limitations and should not be considered in isolation or as a substitute for analysis of our operating results as reported under U.S. GAAP.